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RECEIVED

FEB 01 2016

PUBLIC SERVICE
COMMISSION

V. AUSTIN SHAVER
Direct Dial: 615.726.5761
Direct Fax: 615.744.5761
E-Mail Address: vshaver@bakerdonelson.com

January 29, 2016

VIA FACSIMILE

Virginia Gregg, Esq.
COMMONWEALTH OF KENTUCKY /
PUBLIC SERVICE COMMISSION
211 Sower Boulevard
Frankfort, Kentucky 40601

Case No. 2016-00065

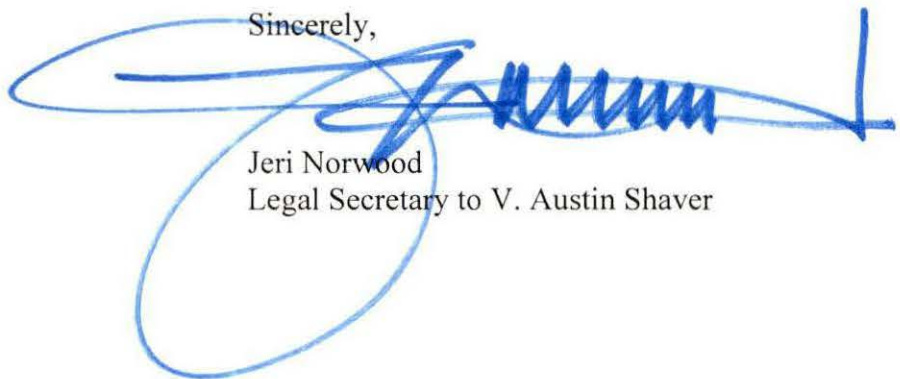
Re: Application for Approval of Transportation Agreement

Dear Ms. Gregg:

Enclosed for filing is an original and sixteen (16) copies of an *Application for Approval of Transportation Agreement*. Please file and return a stamped received copy in the enclosed, self-addressed stamped envelope.

Thank you so much for your assistance.

Sincerely,



Jeri Norwood
Legal Secretary to V. Austin Shaver

/jn
Enclosures

RECEIVED

FEB 01 2016

PUBLIC SERVICE
COMMISSION

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

**APPLICATION OF NAVITAS KY NG, LLC)
FOR APPROVAL OF TRANSPORTATION)
AGREEMENT WITH FSR SERVICES, LLC TO)
CONSTRUCT PIPELINE EXTENSION IN)
ALBANY, CLINTON COUNTY, KENTUCKY)**

Case No. 2016-00065

APPLICATION FOR APPROVAL OF TRANSPORTATION AGREEMENT

COMES NOW, Applicant Navitas KY NG, LLC ("Navitas"), by and through counsel, and hereby requests an order by the Public Service Commission (the "Commission") approving a certain Transportation Agreement executed by Navitas and FSR Services, LLC ("FSR") for the purpose of the constructing a limited pipeline extension in the usual course of business to transport natural gas from Navitas' existing Albany, Kentucky LDC natural gas pipeline to the FSR truck remanufacturing plant located at 368 KY Hwy, 90 East, Albany, Clinton County, Kentucky 42602 (hereinafter the "FSR Pipeline Project") pursuant to KRS 278.020(2)(a)-(c) and 807 KAR 5:001(1)(3). KRS 278.020(2)(a)-(c) and 807 KAR 5:001(1)(3) allow Navitas to pursue said approval from the Commission for "ordinary extensions of existing systems in the usual course of business" as an exception to the usual statutory requirements for the issuance of a Certificate of Public Convenience and Necessity (CPCN).

In support of this Application, Navitas would show unto the Commission as follows:

1. Navitas KY NG, LLC (hereinafter referred to as "Navitas") is a Kentucky limited liability company with its principal place of business located at 3186-D Airway Avenue, Costa Mesa, California 92626. A certified copy of the Articles of Organization and Navitas' corporate structure were submitted with the Company's first Joint Application with

Gasco Distribution Systems, Inc. for Approval of an Acquisition of Ownership and Control of Gas Utility Systems in 2010 (Case No. 2010-00468). Navitas is in the business of distributing and selling natural gas to residential, agricultural and industrial customers in Albany, Clinton County, Kentucky. At present, Navitas has approximately 125 customers in Kentucky. Its utility operations and its rates, services, practices and charges in connection therewith are subject to general regulation by the Commission.

2. The Commission has jurisdiction over this matter pursuant to KRS 278.010 *et seq.*, 807 KAR 5:001.

3. In February 2011, the Commission entered an Order approving the transfer of control and authority of Gasco Distribution Systems, Inc.'s gas utility system to Navitas, including the authority to provide utility services deriving from its Certificate of Public Convenience and Necessity, in Albany, Clinton County, Kentucky.

4. This request derives from the attached Transportation Agreement, executed in January 2016, to construct a pipeline extension from Navitas' existing Albany, Kentucky LDC natural gas pipeline to the FSR Services truck remanufacturing facility located at 368 KY Hwy, 90 East, Albany, Clinton County, Kentucky 42602. A true and exact copy of the executed Transportation Agreement is affixed hereto as **Exhibit A**.

5. In 2015, Navitas hired Bell Engineering of Lexington, Kentucky to prepare a study of the pipeline proposal and make recommendations with regard to the project. A true and exact copy of the study is affixed hereto as **Exhibit B**.

6. The construction of the pipeline extension is scheduled to take approximately six (6) months, following receipt of all approvals and authorizations required to construct and install the pipeline, in which Navitas will design, inspect, engineer, modify, construct, equip

and place into service the pipeline in exchange for the payment of \$25,000.00 from FSR in two installments. The first installment will consist of a payment in the amount of \$10,000.00 to be paid within thirty (3) days of the effective date of the Transportation Agreement. The second installment will consist of a payment in the amount of \$15,000.00 to be paid within thirty (30) days after the date that Navitas receives all requisite approvals of the construction of the pipeline extension from the Commission and any other regulatory agencies.

7. The FSR pipeline will be connected to the FSR remanufacturing plant at the Gas Delivery Point. Natural gas transported through the pipeline for delivery to the FSR plant shall be delivered to, and custody thereof shall be transferred to FSR at the Gas Delivery Point, wherein FSR will take possession, custody and control of, and be solely responsible for the handling of all such natural gas once it passes through the Gas Delivery Point. Ex. B, ¶ 3.3. A detailed description of the precise route, including the construction plans, documents and specifications have been prepared by Bell Engineering.

8. At this time, Navitas does not foresee the need to obtain any crossing permits for highway crossings, rights-of-way, railroads or waterways. The proposed pipeline extension is being constructed in the normal course of business for a short distance from the existing Albany, Kentucky LDC natural gas pipeline and, therefore, comes within the exception under KRS 278.020(2)(a)-(c) and 807 KAR 5:001(1)(3) for “ordinary extensions of existing systems in the usual course of business” to the usual statutory requirements for the issuance of a Certificate of Public Convenience and Necessity (CPCN).

9. The project will be financed by Navitas with its own funds.

10. Navitas will be the owner and operator of the pipeline and all payments required under the Agreement will be paid by FSR to Navitas. Bidding for the construction

contracts is not anticipated until after the approval of the Transportation Agreement is granted by the Commission. Navitas will require the construction contractor to be OQ Certified as a condition of bidding on the project.

11. The potential impact of the FSR Pipeline Project on Navitas' customers is minimal.

12. Approving the Transportation Agreement for the FSR Pipeline Project is in the public interest and will enhance the rural communities in which Navitas serves by providing affordable natural gas service to a large industrial employer. The cost savings to the company and the expansion of Navitas' customer base will have a positive ripple effect for the community at large by ensuring the longevity and continued operation of both companies in South Central, Kentucky. To date, there has been no opposition to the pipeline project.

13. Prior to the filing of this Application, Navitas has met with city and county officials to discuss and obtain their approval for the pipeline project.

14. Notices and Communications regarding the Application should be sent to:

Klint W. Alexander, Esq.
V. Austin Shaver, Esq.
BAKER, DONELSON, BEARMAN, CALDWELL & BERKOWITZ, PC
Baker Donelson Center
211 Commerce Street, Suite 800
Nashville, TN 37201
T: 615.726.5600
kalexander@bakerdonelson.com
Counsel for Navitas KY NG, LLC

WHEREFORE, Navitas respectfully requests the Commission to issue an Order:

1. Approving the Transportation Agreement between Navitas and FSR Services to construct a pipeline existing from Navitas' existing Albany, Kentucky LDC natural gas

pipeline to the FSR plant located at 368 KY Hwy, 90 East, Albany, Clinton County, Kentucky 4260; and

2. Granting such other and further relief as the Commission may determine to be fair, just and equitable in the premises.

Dated this the 29th day of January, 2016.

Respectfully submitted,



Klint W. Alexander (BPR #88343)

V. Austin Shaver (BPR #96896)

BAKER, DONELSON, BEARMAN, CALDWELL
& BERKOWITZ, PC

Baker Donelson Center

211 Commerce Street, Suite 800

Nashville, TN 37201

T: 615.726.5600

F: 615.726.0464

Counsel for Navitas KY NG, LLC

VERIFICATION OF NAVITAS KY NG, LLC

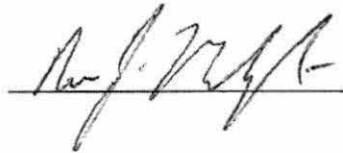
STATE OF CALIFORNIA)
)
COUNTY OF ORANGE) ss.

I, Thomas Hartline, Secretary of Navitas KY NG, LLC, being duly sworn according to law, makes oath and affirm that I have read the foregoing documentation, know the contents thereof, and that the same is true to the best of my knowledge, information and belief.

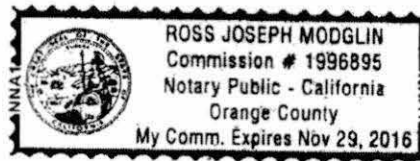

THOMAS HARTLINE

Subscribed and sworn to (or affirmed) before me on this 28th day of January, 2016, by Thomas Hartline, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Notary Public Signature



Notary Public Seal



CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 29th day of January, 2016, a true and correct copy of the foregoing instrument was deposited in the United States Mail, with postage prepaid, and addressed to the following:

Jennifer Hans, Esq.

Office of the Attorney General
Capitol Suite 118
700 Capitol Avenue
Frankfort, Kentucky 40601-3449

Richard Raff, Esq.

Division of General Counsel
Public Service Commission
Commonwealth of Kentucky
21 1 Sower Blvd.
PO Box 6 15
Frankfort, Kentucky 40601

Jeff Derouen, Esq.

Division of General Counsel
Public Service Commission
Commonwealth of Kentucky
21 1 Sower Blvd.
PO Box 6 15
Frankfort, Kentucky 40601


Klint Alexander

TRANSPORTATION AGREEMENT

This Transportation Agreement (this “**Agreement**”) is entered into effective January __, 2016 (the “**Effective Date**”), by and between Navitas KY NG, LLC, a Kentucky limited liability company (“**Navitas**”), with offices at 121 Eakly Campus Road, Eakly, Oklahoma 73033, and FSR Services, LLC, a (“**FSR**”), with offices at 1225 Livingston Hwy, Byrdstown, TN 38549. The parties to this Agreement may from time to time be referred to individually as a “**Party**” or collectively as the “**Parties**.”

RECITALS

WHEREAS, Navitas is in the business of distributing natural gas by pipeline; and

WHEREAS, FSR owns a truck remanufacturing facility located at 368 KY Hwy. 90 East, Albany, Kentucky 42602 (the “**FSR Facility**”); and

WHEREAS, FSR desires to have a pipeline connection for the transportation and delivery of natural gas to the FSR Plant; and

WHEREAS Navitas is willing to construct a pipeline (together with any required connections, meters and safety apparatus, (the “**Pipeline**”) for the purpose of transporting natural gas from its existing Albany, Kentucky LDC natural gas pipeline (the “**Existing Line**”) to the FSR Plant in accordance with the terms hereof; and

WHEREAS, as an incentive to Navitas to construct the Pipeline, FSR has committed, in accordance with the terms hereof, to pre-pay a portion of the costs of transporting a specified amount of natural gas along and through the Pipeline;

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

I. DEFINITIONS AND INTERPRETATION

- 1.1 Definitions. For purposes of this Agreement, including the foregoing Recitals, the following terms shall have the meanings indicated below:

“**Affiliate**” means in respect of either Party, any Person which controls, is controlled by or is under common control with that Party. For purposes of this definition, “**control**” means the power to direct, directly or indirectly, the management or policies of the Person, whether through the ownership of more than fifty percent (50%) of the ownership of voting securities, by contract or otherwise.

“**Applicable Law**” means (i) any law, statute, regulation, code, ordinance, license, decision, order, writ, injunction, decision, directive, judgment, policy or decree of any Governmental Authority (including consent decrees and settlements) and any

judicial or administrative interpretations thereof, and (ii) any applicable tariff (including the Tariff), license, permit or compliance requirement of any Governmental Authority applicable to either Party, including Environmental Laws.

"Authorizations" means (i) any franchise, permit, license, authorization, order, certificate, rights of ingress and egress, servitudes, patents or patent licenses, registration or other consent or approval required by any Governmental Authority, and (ii) any rights of way or easements required from any Person in order to construct, install, operate and maintain the Pipeline.

"Bankrupt" means a Person or entity that (i) is dissolved, other than pursuant to a consolidation, amalgamation or merger, (ii) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due, (iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors, (iv) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditor's rights, or a petition is presented for its winding-up or liquidation, (v) has a resolution passed for its winding-up, official management or liquidation, other than pursuant to a consolidation, amalgamation or merger, (vi) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for all or substantially all of its assets, (vii) has a secured party take possession of all or substantially all of its assets, or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets, (viii) causes or is subject to any event which, under Applicable Law, has an analogous effect to any of the events specified in clauses (i) through (vii) above, inclusive, or (ix) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in any of the foregoing acts.

"Base Rate" has the meaning set forth in Section 7.2.

"Business Day" means any day that banks are open for general commercial business in Oklahoma City, Oklahoma.

"Change in Law" means the adoption or implementation of any laws, rules or regulations by any Governmental Authority with jurisdiction subsequent to the Effective Date that causes Navitas to incur additional expenses in order to operate the Pipeline in accordance with Applicable Laws.

"Completion Date" has the meaning set forth in Section 3.7.

"Compliance Costs" means all non-Affiliate third party expenses, including non-Affiliate third party capital expenditures incurred by Navitas in connection with a Change in Law.

"Confidential Information" has the meaning set forth in Section 16.8.

"Contract Year" means each twelve (12) month period beginning on the first day of the calendar month coincident with or next following the Completion Date or on an anniversary thereof during the Term, it being understood and agreed that the first Contract Year may be a period of twelve (12) full months and one (1) partial month.

"Defaulting Party" has the meaning set forth in Section 15.2.

"Environmental Law" means any Applicable Law or any legally binding requirement that governs or purports to govern the protection of persons, natural resources or the environment (including the protection of ambient air, surface water, groundwater, land surface or subsurface strata, endangered species or wetlands), occupational health and safety and the manufacture, processing, distribution, use, generation, handling, treatment, storage, disposal, transportation, release or management of solid waste, industrial waste or hazardous substances or materials.

"Event of Default" has the meaning set forth in Section 15.1.

"Event of Force Majeure" has the meaning set forth in Section 9.1.

"Existing Line" has the meaning set forth in the Recitals of this Agreement.

"First Installment" has the meaning set forth in Section 3.2(A).

"Gas Delivery Point" means the outlet of the meter located at the terminus of the Pipeline at or near the FSR Plant and identified as the Gas Delivery Point on Exhibit A.

"Governmental Authority" means any federal, state, regional, local or municipal governmental body, agency, instrumentality, authority or entity established or controlled by a government or subdivision thereof, including any legislative, administrative or judicial body, or any Person purporting to act therefore.

"Guaranteed Volume" has the meaning set forth in Section 4.3.

"Initial Term" has the meaning set forth in Section 2.1.

"FSR" has the meaning set forth in the preamble to this Agreement.

"MCF" means one thousand cubic feet, measured at 14.65 pounds per square inch at a temperature of 60 degrees Fahrenheit.

"Monthly Nomination" has the meaning set forth in Section 4.3.

“Navitas” has the meaning set forth in the preamble to this Agreement.

“Nomination Period” means the partial calendar month commencing on the Completion Date (if the Completion Date falls on a day that is not the first day of a calendar month) and otherwise means a calendar month during the Term.

“Party(ies)” has the meaning set forth in the preamble to this Agreement.

“Performing Party” has the meaning set forth in Section 15.2.

“Person” means an individual, corporation, partnership, limited liability company, joint venture, trust or unincorporated organization, joint stock company or any other private entity or organization, Governmental Authority, court or any other legal entity, whether acting in an individual, fiduciary or other capacity.

“Pipeline” means the pipeline referred to in the Recitals of this Agreement to be constructed by Navitas in accordance with the terms of this Agreement, commencing at the Existing Line serving the Keystone Plant at or near the intersection of KY Hwy. 127 and KY Hwy. 90 and terminating at the FSR Plant, as illustrated on Exhibit A-1. The Pipeline shall include: (i) approximately one (1) miles of six-inch polyethylene pipeline, and (ii) related facilities necessary to connect the Pipeline to the Existing Line, and to the FSR Plant.

“Renewal Term” has the meaning set forth in Section 2.2.

“Rules and Regulations” means the Rates, Rules and Regulations For Natural Gas Service issued by the Kentucky Public Service Commission (and effective) on March 1, 2011 in Case No. 2011-00044, as such may be amended, superseded or replaced from time to time.

“Second Installment” has the meaning set forth in Section 3.2(B).

“Tariff” means the base rate for the transportation of natural gas through the Pipeline chargeable to industrial customers as reflected in Rules and Regulations, as same may be amended from time to time, or any subsequent or superseding tariff filing with the Governmental Authority having jurisdiction over rates charged for natural gas transported through the Pipeline.

“Term” has the meaning set forth in Section 2.2.

“Total Guaranteed Volume” has the meaning set forth in Section 4.2.

“Transportation Fee” has the meaning set forth in Article V.

“Transportation Fee Credit” means an amount (calculated on a per MCF basis) equal to one-half of the Transportation Fee chargeable for the transportation of one MCF of natural gas through the Pipeline, and which (in the aggregate) shall not exceed an amount equal to the Transportation Fee Pre-Payment.

“Transportation Fee Pre-Payment” means the Twenty-five Thousand Dollar (\$25,000.00) payment from FSR to Navitas, which payment is to be made in two (2) installments in accordance with the terms of this Agreement.

- 1.2 **Interpretation.** In this Agreement, unless the context indicates otherwise: (i) the singular includes the plural and the plural the singular; (ii) references to statutes are to be construed as including all statutory or regulatory provisions consolidating, amending, replacing, succeeding or supplementing the statute referred to; (iii) references to “writing” include printing, typing, lithography, facsimile reproduction and other means of reproducing words in a tangible visible form (excluding electronic transmissions (including e-mail)); (iv) the words “including”, “includes” and “include” shall be deemed to be followed by the words “without limitation” or “but not limited to” or words of similar import; (v) references to articles, sections, schedules and exhibits are to those of this Agreement unless otherwise indicated; (vi) references to this Agreement shall be deemed to include all schedules and exhibits attached hereto and all subsequent amendments and other modifications hereto; (vii) references to other agreements, instruments or documents shall be deemed to include all amendments and other modifications thereto, but only to the extent such amendments or other modifications are permitted by the terms of this Agreement; and (viii) references to a Party include its respective successors and permitted assigns.

- 1.3 The following Exhibits and Schedules are attached hereto and made a part hereof:

<u>Exhibit A</u>	The Pipeline
<u>Exhibit A-1</u>	Pipeline Map
<u>Schedule 1</u>	Indemnification
<u>Schedule 2</u>	Indemnification Procedures

II. TERM

- 2.1 **Initial Term.** Subject to the terms and conditions otherwise set forth herein, this Agreement shall be in full force and effect on the Effective Date and shall continue (a) for a period of ten (10) years from the Completion Date or (b) if such date is other than the last day of a calendar month, until the last day of the calendar month in which the tenth (10th) anniversary of the Completion Date occurs (the ***“Initial Term”***).

III. CONSTRUCTION AND INSTALLATION OF THE INFRASTRUCTURE; TRANSPORTATION FEE PRE-PAYMENT; AND AUTHORIZATIONS

- 3.1 Pipeline. Navitas shall, design, inspect, engineer, modify, construct, equip, and place into service the Pipeline. The Pipeline shall be constructed in a good and workmanlike manner and in accordance with the specifications set forth in Exhibit A and Applicable Law and shall be capable of delivering natural gas from the Existing Pipeline to the FSR Plant in accordance with the Bell Engineering Study.
- 3.2 Transportation Fee Pre-Payment. FSR shall pay Navitas a Transportation Fee in the total amount of Twenty-Five Thousand Dollars (\$25,000.00) in two (2) installments in accordance with this Section 3.2. Each such installment shall be made to Navitas in immediately available funds, without offset or deduction, by check payable to Navitas KY NG, LLC
- A. *First Installment*. Within thirty (30) days after the Effective Date, FSR shall pay to Navitas, or cause Navitas to be paid, a first installment (the "**First Installment**") of the Transportation Fee Pre-Payment in an amount equal to Ten Thousand Dollars (\$10,000.00). It is understood and agreed that the First Installment is to be used by Navitas in connection with seeking Authorizations, conducting engineering, soliciting and evaluating construction bidding and other pre-construction matters; and that the First Installment shall not be refundable under any circumstances with respect to any such costs actually incurred and documented by Navitas for such services.
- B. *Second Installment*. Within thirty (30) days after the date that Navitas receives approvals for the construction of the Pipeline in accordance with this Agreement, FSR shall pay to Navitas, or cause Navitas to be paid, a second installment (the "**Second Installment**") of the Transportation Fee Pre-Payment in an amount equal to Fifteen Thousand Dollars (\$15,000.00) which amount shall be the final installment of the Transportation Fee Pre-Payment. Upon payment of the Second Installment, no part of the First Installment is refundable to FSR. Should FSR not pay said Second Installment within thirty (30) days after receipt of the Second Installment Notice in full and otherwise in accordance with the terms hereof, (i) Navitas shall have no obligation to perform any work on or in connection with the Pipeline unless and until FSR so pays the Second Installment, and (ii) FSR shall INDEMNIFY AND HOLD HARMLESS Navitas from and against any and all costs, expenses and damages in any way relating to or resulting from FSR's failure to pay the Second Installment within said thirty (30) day period. EXCEPT AS PROVIDED IN SECTION 3.6, THE TRANSPORTATION FEE PRE-PAYMENT IS AND SHALL BE NON-REFUNDABLE. However, after the Transportation Fee Pre-Payment has been made, FSR shall be entitled to receive the Transportation Fee Credit in accordance with the terms, conditions and limitations contained in this Agreement.

- 3.3 Pipeline Connections. The Pipeline will be connected to the FSR Plant at the Gas Delivery Point. Natural gas transported through the Pipeline for delivery to the FSR Plant shall be delivered to, and custody thereof shall be transferred to FSR at the Gas Delivery Point, it being understood and agreed that FSR shall take possession, custody and control of, and be solely responsible for the handling of, all such natural gas once it passes through the Gas Delivery Point.
- 3.4 Authorizations. Navitas shall, apply for, secure, and maintain throughout the Term all Authorizations as may be required for the purpose of designing, constructing, owning and operating the Pipeline, if, as and when applicable.
- 3.5 Notice To Proceed. Within thirty (30) days of receipt of the Second Installment, Navitas will issue a notice to proceed to the Pipeline contractor. The Pipeline contractor shall be instructed to commence (or continue, as the case may be) work within thirty (30) days of receiving each such notice to proceed.
- 3.6 Required Start Date. If the construction of the Pipeline has not commenced within twelve (12) months of receipt of the First Installment, FSR shall have the right to terminate this Agreement, and Navitas's only obligation to FSR shall be the obligation to reimburse FSR for the Second Installment, to the extent actually paid by FSR and without interest.
- 3.7 Completion Date. Navitas expects that the construction of the Pipeline will take approximately six (6) months after receipt of all Authorizations required to construct and install the Pipeline. Navitas agrees to use its commercially reasonable efforts to obtain all Authorizations to construct and install the Pipeline within twelve (12) months after the Effective Date. Navitas shall (a) keep FSR informed of the status of obtaining all such Authorizations, (b) promptly notify FSR in writing in the event Navitas determines it will not obtain all such Authorizations by such date and (c) promptly notify FSR in writing when it has obtained all such Authorizations. In the event Navitas does not obtain all such Authorizations by such date, the Parties agree to work together in good faith so that such Authorizations are obtained as promptly as reasonably possible after such date. The completion date for the Pipeline (the "**Completion Date**") shall be the first day of the first month after all construction on the Pipeline is complete and the Pipeline is placed into service. Navitas shall use reasonable commercial efforts to achieve the Completion Date within nine (9) months after receiving all Authorizations required to construct the Pipeline. If at any time Navitas determines that it will not complete the Pipeline by such date, it shall promptly notify FSR in writing. In such event the Parties agree to work together in good faith so that the Pipeline is completed as promptly as reasonably possible following such date. Notwithstanding the foregoing, Navitas makes no representation or warranty with respect to when the Completion Date will actually occur and Navitas shall incur no liability to FSR under this Agreement if the Completion Date is later than nine (9) months after receiving all Authorizations

required to construct the Pipeline, unless such delay is due solely to Navitas's failure to comply with its obligations under this paragraph. If the Completion Date is delayed, in whole or in part, due to an event of Force Majeure, the Completion Date shall be extended on a day for day basis for each day of Force Majeure. The Parties shall execute a written acknowledgement identifying the Completion Date and the end date of the Initial Term.

IV. OPERATION OF THE PIPELINE

- 4.1 Operation; Compliance with Laws. Subject to the terms and conditions of this Agreement, beginning as of the Completion Date, Navitas shall at its sole cost, risk, and expense, operate and maintain the Pipeline in compliance with the Tariff then in effect, all Applicable Laws and this Agreement.
- 4.2 Available Pipeline Capacity. Navitas shall make capacity on the Pipeline available to FSR on an open access, non-discriminatory basis and otherwise in accordance with the terms and provisions of the Tariff, Applicable Law and the terms hereof. However, pipeline capacity is limited,
 - A. Through December 31, 2018 the Keystone Plant Agreement has priority for 10,833 MCF per month of available capacity. To date the maximum monthly capacity delivered to the Keystone Plant is 6,711 MCF in April 2015. Total hourly capacity is calculated to be 20 MCF.
- 4.3 Nominations and Minimum Transportation Obligation. At least ten (10) days before each Nomination Period, FSR shall provide Navitas a written nomination of the amount of natural gas (expressed in MCF) it desires to have transported through the Pipeline for delivery and purchase at the FSR Plant during the relevant Nomination Period (the "*Monthly Nomination*"). Provided there is available capacity in the Pipeline, Navitas agrees to transport the Monthly Nomination through the Pipeline to the FSR Plant. If there is not sufficient available capacity in the Pipeline to transport all of the Monthly Nomination, Navitas agrees that FSR's Monthly Nomination greater than the Guaranteed Volume will be reduced on a pro rata non-discriminatory basis. Any provision herein to the contrary notwithstanding, FSR covenants, agrees and commits that (i) the total Monthly Nominations shall not be less than 45 MCF per month or less than 1,500 MCF per Contract Year.
- 4.4 Purchases of Natural Gas. This Agreement includes the transportation of natural gas through the Pipeline and FSR's obligation to purchase the Guaranteed Volume and, as applicable, the Total Guaranteed Volume on a take or pay basis.
- 4.5 Meters; Location. The volumes of natural gas measured by the meters at the Gas Delivery Point shall be the conclusive measurement of all natural gas received into and transported through the Pipeline by Navitas for FSR.

- 4.6 Ownership of the Pipeline. The Parties acknowledge and agree that Navitas shall be the owner and operator of the Pipeline and that all payments required hereunder by FSR shall be paid to Navitas.

V. TRANSPORTATION RATE

The base transportation fee (the "**Transportation Fee**") for all natural gas transported through the Pipeline for delivery to the FSR Plant shall be equal to the Tariff as in effect from time to time; provided, however, and notwithstanding any provision herein to the contrary, the Transportation Fee during the Initial Term shall be the greater of (i) the Tariff and (ii) \$4.62 per MCF. On the Effective Date, the Tariff is \$4.62 per MCF; however, the Parties understand and agree that the Tariff, and thus the Transportation Fee, is subject to change from time to time, including a Compliance Cost surcharge in the event of a Change in Law. The Transportation Fee shall be in addition to and not inclusive of the cost of any natural gas delivered to and purchased by FSR. The foregoing provision regarding the Transportation Fee notwithstanding, it is recognized and agreed that FSR shall be entitled to receive a credit against the Transportation Fee equal to the Transportation Fee Credit (initially \$2.31 per MCF) for each MCF of natural gas transported through the Pipeline for delivery to FSR at the FSR Plant. At such time as the aggregate amount of the Transportation Fee Credit credited to FSR equals the Transportation Fee Pre-Payment, FSR shall no longer receive any Transportation Fee Credit, and it shall be required to pay the full Transportation Fee (without reduction) for natural gas transported through the Pipeline and delivered to the FSR Plant. Thus, as an example and for purposes of clarification only, if the Transportation Fee Pre-Payment is \$25,000 and the Transportation Fee Credit is not escalated and remains a constant \$2.31 per MCF, the Transportation Fee Credit would be extinguished after 10,823 MCF of natural gas is delivered to FSR through the Pipeline at the FSR Plant – ($\$2.31 \times 10,823 \text{ MCF} = \$25,000$).

VI. THROUGHPUT RECORDS AND REPORTS

During the Term, Navitas shall maintain monthly records of all throughput of natural gas for delivery to the FSR Plant through the Pipeline. Navitas shall promptly deliver such records to FSR as soon as such information is final and available for distribution, but in no event later than the end of the month following the month of such activity. Navitas shall maintain all such records in a readily accessible format for a period of two (2) years after the expiration of each Contract Year under this Agreement.

VII. PAYMENTS

- 7.1 Payment. Navitas shall invoice FSR for all amounts due under this Agreement, including the Transportation Fee (reduced by Transportation Fee Credit if and when applicable) on or about the 7th day of each month for FSR's usage in the immediately prior month. FSR shall pay the amounts owed hereunder in accordance with the rules and regulations of the Kentucky Public Utilities Commission or, if such rules and regulations do not address the payment of any amounts owed

hereunder, within fifteen (15) days after the date of such invoice by electronic transfer of immediately available funds to the bank account specified in Section 3.2.

- 7.2 Late Payments. If FSR fails to pay any amount due hereunder when due which is not otherwise being disputed in good faith, then Navitas shall be entitled to collect the amount due, together with interest thereon, at a rate which is equal to the lesser of (i) the maximum, applicable non-usurious legal rate of interest allowed by Applicable Law, or (ii) a rate equal to the prime rate published by the Wall Street Journal plus two percent (2%) per annum, during the period from the date such payment was due (or such other date as may be specified in the rules and regulations of the Kentucky Public Utilities Commission) to the date of payment (said applicable rate is referred to herein as the "**Base Rate**").
- 7.3 Disputed Payments. If any amount invoiced hereunder is disputed in good faith, then FSR shall pay the full undisputed amount when due and non-payment of such disputed amount shall not be considered an Event of Default hereunder, unless (a) it is determined that such amount was actually owed and (b) FSR does not pay the amount determined to be owed, together with interest at the Base Rate from the date payment was originally due (or such other date as may be specified in the rules and regulations of the Kentucky Public Utilities Commission) to the date of payment, within fifteen (15) days of the determination that the disputed amount is due and owing. In the event FSR pays Navitas amounts hereunder which are later determined not to have been owed, Navitas shall refund such amount together with interest at the Base Rate from the date of such payment until the date of such refund.
- 7.4 Termination of Services. Navitas may terminate transportation services for nonpayment upon the later of (i) ten (10) days after FSR's receipt of written notice of late payment, and (ii) twenty-seven (27) days from the date of mailing of the original invoice, if such payment default is not cured during such periods.

VIII. LAWS; RULES AND REGULATIONS

In performing hereunder, each Party, and their respective employees, contractors, and agents, agrees to and shall comply with all Applicable Laws, including Environmental Laws. Without limiting the foregoing, the Parties recognize and agree that the transportation and delivery of natural gas to the FSR Plant are subject to Applicable Law, including the Rules and Regulations. FSR acknowledges that it has read the Rules and Regulations and understands its obligations and Navitas's rights thereunder.

IX. FORCE MAJEURE

- 9.1 Event of Force Majeure Defined. "**Event of Force Majeure**" means any event or occurrence beyond the reasonable control of a Party that prevents in whole or in part the performance by such Party of any obligation or condition under this Agreement, including but not limited to strikes, lockouts or other industrial disturbances, wars, sabotage, terrorism, blockades, insurrections or acts of the

public enemy; epidemics, landslides, lightning, earthquakes, tornadoes, interruption of utility services, fires, explosions, storms, floods, washouts or other acts of God; arrests or restraints of governments and people; riots or civil disturbances, failures, disruptions, breakdowns or accidents to machinery, facilities or lines of pipe (whether owned, leased or rented); freezing of lines; embargoes, priorities, expropriation or condemnation by Governmental Authorities; interference by civil or military authorities. A third-party's Event of Force Majeure preventing the performance of a Party hereunder will be deemed an Event of Force Majeure for such Party to the extent that such event would be an Event of Force Majeure hereunder.

- 9.2 Notice of Event of Force Majeure. If an Event of Force Majeure renders a Party unable, in whole or in part, to carry out its obligations under this Agreement, that Party must give the other Party notice and full particulars of the Event of Force Majeure (including its known or estimated duration) in writing promptly after the occurrence of the causes relied on, or promptly give notice by telephone and follow the notice with a written confirmation within seventy-two (72) hours. The Party providing the notice shall use commercially reasonable efforts to (i) ameliorate the conditions, (ii) resume the continuation of its performance under this Agreement, and (iii) minimize the impact of the condition on the other Party. Neither Party shall be compelled to resolve any strikes, lockouts, or other industrial disputes other than as it shall determine to be in its best interests. Any provision herein to the contrary notwithstanding, an Event of Force Majeure shall not relieve a Party from any obligations to make payments or perform its indemnity obligations under this Agreement.

X. ASSIGNMENT; NO THIRD PARTY BENEFICIARY

This Agreement may not be assigned or transferred directly or indirectly (including, pursuant to a stock or asset sale) by either Party without the prior written consent of the other Party, which consent will not be unreasonably withheld, delayed or conditioned; provided, however, that this Agreement may be assigned without the prior written consent of the other Party to (a) Affiliates of a Party who are under common, majority ownership with such Party, (b) wholly-owned subsidiaries of a Party, or (c) a third party in connection with the sale or other transfer of all or substantially all of a Party's assets; provided that, the transferee is at least as creditworthy as the transferor. This Agreement is binding upon and inures to the benefit of the Parties hereto and their respective successors and permitted assigns. This Agreement is not intended to confer any rights or benefits on any persons other than the Parties, it being agreed that all third-party beneficiary rights are hereby expressly denied.

XI. GOVERNING LAW, VENUE AND WAIVER OF JURY

This Agreement will be governed and construed in accordance with the laws of the State of Delaware, without reference to the choice of law principles thereof, except with respect to applicable regulatory matters which are subject to the laws of the State of Kentucky. The Parties will submit any disputes arising out of this Agreement to the

exclusive jurisdiction of the U.S. District Court located in Delaware if federal jurisdiction is available, and to the courts of the State of Delaware if federal jurisdiction is not available. EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ITS RIGHT TO A TRIAL BY JURY.

XII. NOTICE

Notices will be in writing and delivered either by overnight courier to the address set forth below, by facsimile to the number set forth below confirmed within one (1) Business Day after being sent by facsimile, by certified U.S. mail, return receipt requested, or by overnight courier to the address set forth below. A Party may change its notice address or fax number upon notice to the other Party.

If to FSR:

FSR Services, LLC
1225 Livingston Hwy.
Byrdstown, TN 38549
Attn: General Manager
Facsimile:

If to Navitas:

Navitas KY NG, LLC
121 Eakly Campus Road
P. O. Box 183
Eakly, Oklahoma 73033
Attn: Thomas Hartline
Facsimile: 714-850-0876

XIII. INDEMNITY; LIMITS OF LIABILITY

- 13.1 Indemnification. The indemnification and liability obligations of the Parties shall be as specified in Schedule 1.
- 13.2 Indemnification Procedures. The indemnification procedures specified in Schedule 2 shall apply to any claim for indemnification by a Party under this Agreement.
- 13.3 Limitation of Liability. EXCEPT WITH RESPECT TO CLAIMS OF THIRD PARTIES NOT AFFILIATED WITH EITHER PARTY, IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY INCIDENTAL, SPECIAL, INDIRECT, EXEMPLARY, PUNITIVE, CONSEQUENTIAL OR SIMILAR DAMAGES INCURRED BY THE OTHER PARTY AND RESULTING FROM OR ARISING OUT OF THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS,

LOST BUSINESS OPPORTUNITIES OR BUSINESS INTERRUPTIONS, REGARDLESS OF HOW THEY ARE CAUSED, INCLUDING BY THE NEGLIGENCE OF SUCH PARTY.

XIV. COSTS AND EXPENSES; TAXES; INSURANCE

- 14.1 Costs and Expenses; Taxes. Except as otherwise expressly provided herein, each Party shall bear and pay its own costs and expenses, including but not limited to, attorneys' fees, incurred in connection with this transaction. Navitas shall pay or be responsible for all ad valorem taxes that may be levied on or assessed against the Pipeline. FSR shall pay any (a) gross receipts tax, unless it is exempt from gross receipts tax and provide adequate documentation of such exemption, and (b) use taxes, use fees, or sales taxes imposed by any Governmental Authority on the transportation of natural gas through the Pipeline or in connection with the purchase of any natural gas pursuant to this Agreement.
- 14.2 Insurance and Insurance Coverages. Each Party shall procure and maintain in full force and effect throughout the Term of this Agreement insurance coverages in the types and amounts specified below and with insurance companies rated not less than A- by A.M. Best, or otherwise reasonably satisfactory to the other Party. Each Party shall cause its insurance carriers to furnish the other Party with insurance certificates, in a standard form and from a properly authorized party, evidencing the existence of the coverages and endorsements required.
- A. Workers Compensation at statutory limits and Employer's Liability Insurance in the minimum amount of One Million Dollars (\$1,000,000) each accident, One Million Dollars (\$1,000,000) disease – each employee and One Million Dollars (\$1,000,000) disease – policy limit.
 - B. Commercial general liability coverage (or other liability coverage for the operations described herein), including products/completed operations, and contractual liability coverage, in the minimum amount of One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) aggregate.
 - C. Commercial Automobile Liability Insurance covering all owned, non-owned, and hired vehicles with a combined single limit for bodily injury and property damage of \$1,000,000 per accident.
 - D. Pollution legal liability insurance with minimum limits of Five Million Dollars (\$5,000,000) per occurrence and Five Million Dollars (\$5,000,000) aggregate. The parties agree that this requirement can be satisfied with sudden and accidental pollution liability coverage under the Commercial General Liability and Excess Liability policies.

- E. Excess liability insurance coverage in excess of the terms and limits of insurance specified in subparagraphs A (Employer's Liability), B, and C above with a combined limit of \$5,000,000. This policy will include sudden and accidental pollution legal liability coverage unless a separate, stand-alone pollution policy is carried.

14.3 Additional Insurance Requirements.

- A. The foregoing insurance policies shall (i) include an endorsement that the underwriters waive all rights of subrogation against the FSR Indemnitees and Navitas Indemnitees (as applicable and as defined in Schedule 1), and (ii) be primary and non-contributory to any policy of any FSR Indemnitees and Navitas Indemnitees (as applicable), in each case except (as applicable) for those claims, and to the extent of those claims, for which FSR has an indemnity obligation to Navitas and Navitas has an indemnity obligation to FSR pursuant to Schedule 1.
- B. All policies shall cause its insurers to name the FSR Indemnitees and Navitas Indemnitees (as applicable) as additional insureds on its commercial general liability, pollution legal liability and excess liability insurance policies, to the extent of Navitas's and FSR's respective indemnification obligations hereunder.
- C. The mere purchase and existence of insurance does not reduce or release a Party from any liability incurred or assumed under this Agreement.
- D. The Parties may carry insurance with deductibles and nonetheless be considered in compliance with the foregoing insurance requirements. Each Party's self-insurance claim expenses, loss and costs, deductibles, self-insurance retention costs, captive reinsurance, fronting deductibles or fronting arrangements, and similar self-funded programs applicable to the insurance policies required herein, are the sole responsibility of such Party.

XV. EVENTS OF DEFAULT AND REMEDIES

15.1 Events of Default. Notwithstanding any other provision of this Agreement, an event of default ("*Event of Default*") shall be deemed to occur with respect to a Party when:

- A. Such Party fails to make any undisputed payment when due under this Agreement, within ten (10) Business Days of a written demand therefor;
- B. Other than an Event of Default described in Section 15.1.A, such Party fails to perform any obligation or covenant to the other Party under this Agreement and such matter is not in dispute, which failure is not cured to

the reasonable and commercially acceptable satisfaction of the other Party within thirty (30) calendar days from the date that such Party receives written notice that corrective action is needed;

- C. Such Party becomes Bankrupt; or
- D. An assignment or purported assignment of this Agreement in violation of the provisions of Article X.

15.2 Remedies. Notwithstanding any other provision of this Agreement, upon the occurrence of an Event of Default with respect to either Party (the "**Defaulting Party**"), the other Party (the "**Performing Party**") shall in its reasonable discretion, in addition to all other remedies available to it and without incurring any liabilities to the Defaulting Party or to third parties, be entitled as long as such Event of Default is continuing to do one or more of the following: (a) suspend its performance under this Agreement with prior notice of five (5) Business Days to the Defaulting Party, (b) proceed against the Defaulting Party for damages occasioned by the Defaulting Party's failure to perform, and (c) upon five (5) Business Days' notice to the Defaulting Party, if the Event of Default has not been cured, terminate this Agreement. Notwithstanding the foregoing, in the case of an Event of Default described in Section 15.1.C above, no prior notice shall be required. The Defaulting Party shall reimburse the Performing Party for all costs and expenses related to the Performing Party's claim with respect to such breach, including but not limited to reasonable attorneys' fees. The remedies provided in this provision are in addition to any and all other remedies available to the Performing Party under this Agreement and Applicable Law.

XVI. MISCELLANEOUS

- 16.1 Recitals Incorporated; Entire Agreement; Modification of Terms. The Recitals stated above are incorporated into and made a part of this Agreement by this reference. This Agreement, and any applicable lease connection agreement between the Parties, constitutes the entire understanding between the Parties with respect to this transaction, superseding all prior negotiations, statements, representations, correspondence, offers, discussions, agreements and understandings relating to this transaction. This Agreement may not be modified or altered orally or in any manner other than by an express agreement in writing signed by all persons or entities who are parties to this Agreement at such time. This Agreement and the terms and conditions hereof apply to and are binding upon the heirs, legal representatives, successors, and permitted assigns of the Parties.
- 16.2 Titles and Headings. The titles of Articles in this Agreement are not a part of this Agreement and shall have no effect upon the construction or interpretation of any part.

- 16.3 Enforceability. Should any provision of this Agreement be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby, and the invalid, illegal or unenforceable provision shall be modified so that it is no longer invalid, illegal or unenforceable while still, to the maximum extent possible, being consistent with the original intent of such provision.
- 16.4 No Partnership or Venture. Nothing contained in this Agreement shall create or be construed as creating a partnership, joint venture, or employment relationship between Navitas and FSR.
- 16.5 Recordkeeping and Audit Rights. For a period two (2) years after the close of each Contract Year under this Agreement the Parties (and/or their duly authorized representatives) shall have the right upon delivery of prior written notice, to audit each other's records, documents, and other data pertaining to this Agreement during normal business hours. The Parties shall reasonably cooperate in furnishing the other such records, documents, and other data in connection with such audit; provided that the Party requesting such audit shall bear all costs and expenses related thereto.
- 16.6 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- 16.7 Waiver. No waiver of a breach of or a default in any terms, covenants, or conditions of this Agreement by a Party shall be, or shall be construed to be, a waiver of any succeeding breach of or default in the same or any other term, covenant, or condition hereof; and no delay or failure by a Party to exercise or to avail itself of any right, power, or privilege that such Party has or may have under this Agreement shall operate as a waiver of any such right, power, or privilege in the same or a different circumstance.
- 16.8 Confidentiality. The Parties agree that the terms of this Agreement, and the substance of discussions and correspondence between the Parties concerning its subject matter, and all information provided by or on behalf of a Party to the other Party and designated as confidential, is confidential ("**Confidential Information**") and each Party shall, except as required by Applicable Law (i) hold the Confidential Information in confidence during the Term and for two (2) years thereafter, exercising a degree of care not less than the care used by each respective Party to protect its own proprietary or confidential information, (ii) restrict disclosure of the Confidential Information solely to those directors, officers, employees, Affiliates, contractors and consultants with a "need to know" and not to disclose it to any other person, (iii) advise those persons, to whom the Confidential Information is disclosed, of their confidentiality obligations hereunder, and (iv) use the Confidential Information for the sole purpose of meeting obligations contained herein. Confidential Information shall no longer be

considered confidential and subject the non-disclosure obligations of this Section 16.8 if and to the extent it is or becomes general known to the public or otherwise a part of the public domain, other than as the result of a breach of the provisions of this Section 16.8. The Parties acknowledge that in the event of an unauthorized disclosure, the damages incurred to a Party due to the disclosure may be difficult to ascertain, and that such damaged Party may seek injunctive relief as well as monetary damages against a Party that breaches this Agreement and causes such damages. In the event of a conflict between this Section 16.8 and the other terms, conditions and provisions of this Agreement, related to confidentiality or nondisclosure, the terms of this Section 16.8 shall control.

[Signature Page to Follow]

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed by its duly authorized officer as of the date first above written.

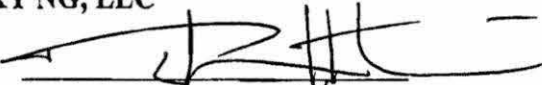
FSR SERVICES, LLC

By: 

Printed Name: Tommy C. Fitzgerald

Title: Member

NAVITAS KY NG, LLC

By: 

Printed Name: Thomas Hartine

Title: Secretary

EXHIBIT A

The Pipeline

EXHIBIT A-1

Pipeline Map

SCHEDULE 1 INDEMNIFICATION

I. FSR INDEMNIFICATION FOR FSR EMPLOYEES AND PROPERTY.

TO THE FULL EXTENT PERMITTED BY LAW, FSR (i) IS LIABLE FOR, AND (ii) AGREES TO RELEASE, INDEMNIFY, AND HOLD HARMLESS, NAVITAS, AND NAVITAS'S SUBSIDIARIES, AND AFFILIATES, AND THE OFFICERS, DIRECTORS, SHAREHOLDERS, MEMBERS, PARTNERS AND EMPLOYEES OF EACH SUCH ENTITY (COLLECTIVELY, THE "**NAVITAS INDEMNITEES**"), FROM AND AGAINST:

a) ALL CLAIMS, LAWSUITS, HEARINGS, PROCEEDINGS, DEBTS, JUDGMENTS, DEMANDS, DAMAGES, INJUNCTIONS, ORDERS, AWARDS, SETTLEMENTS, LOSSES, LIABILITIES, LIENS AND ENCUMBRANCES OF EVERY KIND OR CHARACTER (COLLECTIVELY, "**CLAIMS**"), AND

b) ANY AND ALL COSTS AND EXPENSES OF EVERY KIND AND CHARACTER, INCLUDING WITHOUT LIMITATION, COURT COSTS, ATTORNEYS' FEES AND INVESTIGATIVE COSTS, AND COSTS AND EXPENSES RELATED TO ARBITRATION, MEDIATION, LITIGATION, DEFENSE AND SETTLEMENT (COLLECTIVELY, "**COSTS**"),

PERTAINING TO OR ARISING OUT OF (1) PERSONAL INJURY TO, OR DEATH OF, ANY EMPLOYEE OF FSR OR OF ANY EMPLOYEE OF ANY SUBSIDIARY, OR AFFILIATE OF FSR, OR (2) LOSS OF, OR DAMAGE TO, THE PROPERTY OF FSR OR TO THE PROPERTY OF ANY SUBSIDIARY, OR AFFILIATE OF FSR, OR OF ANY OF THEIR RESPECTIVE EMPLOYEES, ARISING OUT OF, OR IN ANYWAY CONNECTED WITH, THIS AGREEMENT, EVEN IF CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE (WHETHER SOLE, JOINT, OR CONCURRENT), OR STRICT LIABILITY, OF ANY NAVITAS INDEMNITEE; PROVIDED, HOWEVER, FSR'S LIABILITY AND DUTY TO RELEASE, INDEMNIFY AND HOLD HARMLESS THE NAVITAS INDEMNITEES DOES NOT EXTEND TO CLAIMS AND COSTS TO THE EXTENT ATTRIBUTABLE TO THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY NAVITAS INDEMNITEE.

II NAVITAS INDEMNIFICATION FOR NAVITAS EMPLOYEES AND PROPERTY.

TO THE FULL EXTENT PERMITTED BY LAW, NAVITAS IS LIABLE FOR, AND AGREES TO RELEASE, INDEMNIFY, AND HOLD HARMLESS, FSR, AND FSR'S SUBSIDIARIES AND AFFILIATES, AS WELL AS THE OFFICERS, DIRECTORS, SHAREHOLDERS, MEMBERS, PARTNERS AND EMPLOYEES OF EACH SUCH ENTITY (COLLECTIVELY, "**FSR INDEMNITEES**"), FROM AND AGAINST ANY

AND ALL CLAIMS AND COSTS (AS DEFINED IN SECTION 1 OF THIS SCHEDULE),

PERTAINING TO OR ARISING OUT OF (1) PERSONAL INJURY TO, OR DEATH OF, ANY EMPLOYEE OF NAVITAS, OR OF ANY EMPLOYEE OF ANY SUBSIDIARY, OR AFFILIATE OF NAVITAS, OR (2) LOSS OF, OR DAMAGE TO, THE PROPERTY OF NAVITAS OR TO THE PROPERTY OF ANY SUBSIDIARY, OR AFFILIATE OF NAVITAS, OR OF ANY OF THEIR RESPECTIVE EMPLOYEES, ARISING OUT OF, OR IN ANYWAY CONNECTED WITH, THIS AGREEMENT, EVEN IF CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE (WHETHER SOLE, JOINT, OR CONCURRENT), OR STRICT LIABILITY, OF ANY FSR INDEMNITEE; PROVIDED, HOWEVER, NAVITAS'S LIABILITY AND DUTY TO RELEASE, INDEMNIFY AND HOLD HARMLESS THE FSR INDEMNITEES DOES NOT EXTEND TO CLAIMS AND COSTS TO THE EXTENT ATTRIBUTABLE TO THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY FSR INDEMNITEE.

III. FSR INDEMNIFICATION FOR OTHER CLAIMS

SUBJECT TO THE OBLIGATIONS SET FORTH IN SECTION I ABOVE, FSR IS LIABLE FOR AND AGREES TO RELEASE, INDEMNIFY, DEFEND, AND HOLD HARMLESS THE NAVITAS INDEMNITEES FROM ANY AND ALL CLAIMS AND COSTS ASSERTED AGAINST THE NAVITAS INDEMNITEES BY ANY THIRD PARTY (i.e. ANY PERSON OR ENTITY WHICH IS NOT ONE OF THE NAVITAS INDEMNITEES OR THE FSR INDEMNITEES) FOR (I) PERSONAL INJURY TO, OR DEATH OF, ANY PERSON, OR (II) FOR LOSS OF, OR DAMAGE TO, ANY PROPERTY, ARISING OUT OF, OR IN ANYWAY CONNECTED WITH, THIS AGREEMENT, AND RESULTING FROM, BUT ONLY TO THE EXTENT OF, THE (1) STRICT LIABILITY, (2) FAULT, (3) ANY BREACH OF THIS AGREEMENT BY THE FSR INDEMNITIES, OR (4) NEGLIGENCE, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE FSR INDEMNITEES. NOTHING IN THIS SECTION III SHALL REQUIRE FSR TO INDEMNIFY ANY NAVITAS INDEMNITEE FOR THE STRICT LIABILITY, FAULT OR NEGLIGENCE OF ANY NAVITAS INDEMNITEE AND, TO THE EXTENT THE STRICT LIABILITY, FAULT OR NEGLIGENCE IS JOINT OR CONCURRENT BETWEEN THE FSR INDEMNITEES AND THE NAVITAS INDEMNITEES, THE OBLIGATION TO INDEMNIFY UNDER THIS SECTION III SHALL BE COMPARATIVE, AND FSR SHALL INDEMNIFY THE NAVITAS INDEMNITEES ONLY TO THE EXTENT THAT THE STRICT LIABILITY, FAULT OR NEGLIGENCE OF THE FSR INDEMNITEES WAS THE CAUSE OF SUCH PERSONAL INJURY, DEATH, LOSS OR DAMAGE.

IV. NAVITAS INDEMNIFICATION FOR OTHER CLAIMS

SUBJECT TO THE OBLIGATIONS SET FORTH IN SECTION II ABOVE, NAVITAS IS LIABLE FOR AND AGREES TO RELEASE, INDEMNIFY, DEFEND, AND HOLD HARMLESS THE FSR INDEMNITEES FROM ANY AND ALL CLAIMS AND COSTS ASSERTED AGAINST THE FSR INDEMNITEES BY ANY THIRD PARTY (i.e. ANY PERSON OR ENTITY WHICH IS NOT ONE OF THE NAVITAS INDEMNITEES OR THE FSR INDEMNITEES) FOR (I) PERSONAL INJURY TO, OR DEATH OF, ANY PERSON, OR (II) FOR LOSS OF, OR DAMAGE TO, ANY PROPERTY, ARISING OUT OF, OR IN ANYWAY CONNECTED WITH, THIS AGREEMENT, AND RESULTING FROM, BUT ONLY TO THE EXTENT OF, THE (1) STRICT LIABILITY, (2) FAULT, (3) ANY BREACH OF THIS AGREEMENT BY THE NAVITAS INDEMNITIES, OR (4) THE NEGLIGENCE, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE NAVITAS INDEMNITEES. NOTHING IN THIS SECTION IV SHALL REQUIRE NAVITAS TO INDEMNIFY ANY FSR INDEMNITEE FOR THE STRICT LIABILITY, FAULT OR NEGLIGENCE OF ANY FSR INDEMNITEE AND, TO THE EXTENT THE STRICT LIABILITY, FAULT OR NEGLIGENCE IS JOINT OR CONCURRENT BETWEEN THE FSR INDEMNITEES AND THE NAVITAS INDEMNITEES, THE OBLIGATION TO INDEMNIFY UNDER THIS SECTION IV SHALL BE COMPARATIVE, AND NAVITAS SHALL INDEMNIFY THE FSR INDEMNITEES ONLY TO THE EXTENT THAT THE STRICT LIABILITY, FAULT OR NEGLIGENCE OF THE NAVITAS INDEMNITEES WAS THE CAUSE OF SUCH PERSONAL INJURY, DEATH, LOSS OR DAMAGE.

V. INDEMNIFICATION PROCEDURES

ANY CLAIM FOR INDEMNIFICATION PURSUANT TO THIS SCHEDULE 1 SHALL BE SUBJECT TO THE PROCEDURES SET FORTH IN SCHEDULE 2.

SCHEDULE 2 INDEMNIFICATION PROCEDURES

1. Indemnification Notice. Each Party entitled to indemnification pursuant to Schedule 1 ("*Indemnified Party*") who determines that an event has occurred giving rise (or which may give rise) to a right of indemnification hereunder in favor of such Indemnified Party (an "*Indemnity Claim*"), shall promptly notify the Party obligated to provide indemnification or from whom indemnification is being or will be sought (the "*Indemnifying Party*") in writing of such Indemnity Claim (a "*Claim Notice*") describing in reasonable detail the facts giving rise to the claim for indemnification hereunder and shall include in such Claim Notice (if then known) the amount or the method of computation of the amount of such Indemnity Claim; provided, however, the failure of any Indemnified Party to give timely notice thereof shall not affect any of its rights to indemnification hereunder nor relieve the Indemnifying Party from any of its indemnification obligations hereunder, except to the extent the Indemnifying Party is materially prejudiced by such failure.

2. Indemnification Procedure. Any obligation to provide indemnification shall be subject to the following terms and conditions:

a. Upon receipt of a Claim Notice, the Indemnifying Party shall, at its cost and expense and upon notice to the Indemnified Party within thirty (30) days of its receipt of such Claim Notice (or any shorter time period as the circumstances may warrant), assume and control the defense, compromise, settlement and investigation of such Indemnity Claim, including the management of any proceeding relating thereto; provided, however, that if there exists a material conflict of interest (other than one of a monetary nature) or if the Indemnified Party has been advised by counsel that there may be one or more legal or equitable defenses available to it that are different from or additional to those available to the Indemnifying Party, which, in either case, would make it inappropriate for the same counsel to represent both the Indemnifying Party and the Indemnified Party, then the Indemnified Party shall be entitled to retain its own counsel at its cost and expense.

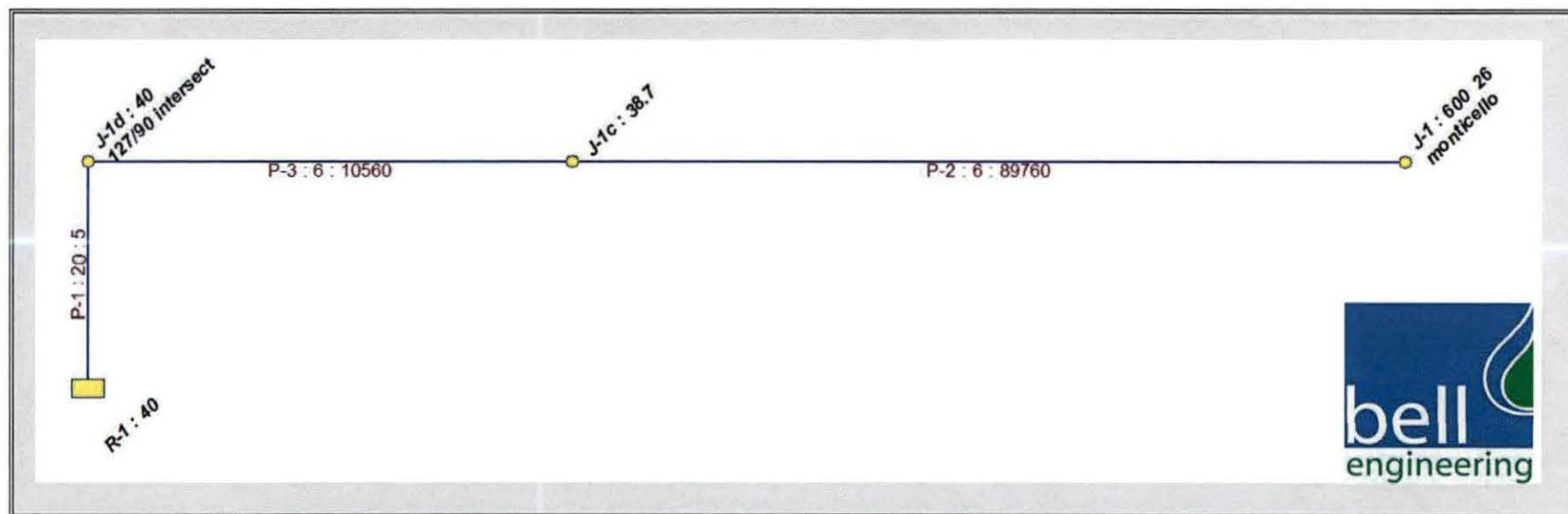
b. The Indemnified Party may, at its own cost and expense, participate in the defense of such Indemnity Claim and agrees to cooperate with the Indemnifying Party in such efforts and make available to the Indemnifying Party all witnesses, records, materials and information in the Indemnified Party's possession, under its control or to which it may have access as may be reasonably required by the Indemnifying Party. The Indemnifying Party will keep the Indemnified Party reasonably informed of the progress of the defense of any such Indemnity Claim. If the Indemnifying Party fails to so assume the defense and investigation of any such Indemnity Claim, (i) the Indemnified Party shall have the right to undertake the defense, compromise, settlement and investigation of such Indemnity Claim on behalf of, and at the reasonable cost and expense of and for the account and risk of the Indemnifying Party, (ii) the Indemnifying Party agrees to cooperate reasonably with the Indemnified Party in such efforts and (iii) the Indemnified

Party will keep the Indemnifying Party reasonably informed of the progress of the defense of any such Indemnity Claim.

3. Settlement of Indemnity Claims. The Indemnifying Party shall not, without the written consent of the Indemnified Party, (a) settle or compromise any Indemnity Claim or consent to the entry of any final judgment which does not include as an unconditional term thereof the delivery by the claimant or plaintiff of a written release or releases from all liability in respect of such Indemnity Claim of all Indemnified Parties affected by such Indemnity Claim, or (b) settle or compromise any Indemnity Claim if the settlement imposes equitable remedies or material obligations on the Indemnified Party other than financial obligations for which such Indemnified Party will be indemnified hereunder. No Indemnity Claim that is being defended in good faith by the Indemnifying Party shall be settled or compromised by the Indemnified Party without the written consent of the Indemnifying Party.

pt load at monticello MCF/day	4" hdpe		6" hdpe		8" hdpe	
	127 & 90	monticello	127 & 90	monticello	127 & 90	monticello
274	46.5	25.7	29	25.3	26	24.9
400	62.5	25.8	32.5	25.3	27	24.9
600	90	25.2	40	26	30	25.7

pressures at indicated locations (psig)



stick model - 6 inch 600 mcfpd

*** GAS2010 Version 2.0 ***

GAS DISTRIBUTION NETWORK ANALYSIS
COPYRIGHT 2010 - DON J. WOOD, SRINI LINGIREDDY
LEXINGTON, KY
Updated March 2010

INPUT DATA FILE NAME FOR THIS SIMULATION = i:\projects\594\NAVITA~2\STICKM~1.K
YP\stick_mo.DAT
OUTPUT DATA FILE NAME FOR THIS SIMULATION = i:\projects\594\NAVITA~2\STICKM~1.K
YP\stick_mo.OT2

DATE FOR THIS COMPUTER RUN : 6-02-2015
START TIME FOR THIS COMPUTER RUN : 14:49:56:74

SUMMARY OF DISTRIBUTION SYSTEM CHARACTERISTICS:

NUMBER OF PIPES = 4
NUMBER OF JUNCTION NODES = 4

UNITS SPECIFIED = ENGLISH

PROPERTIES OF THE GAS FOR THIS ANALYSIS ARE:

OPERATING TEMPERATURE = 62.000 DEGREES FAHRENHEIT
REFERENCE DENSITY (@ STD. PRESSURE) = .49E-01 POUNDS/CUBIC FOOT
GAS MOLECULAR WEIGHT = 18.500
GAS SPECIFIC GRAVITY = .639
RATIO OF SPECIFIC HEATS = 1.310
GAS CONSTANT = 83.532
ABSOLUTE VISCOSITY = .223E-06 POUND SECONDS/SQUARE FOOT

USER SPECIFIED FLOW UNITS (USFU) = MSCF/DAY
USER SPECIFIED PRESSURE UNITS (USPU) = PSI (GAUGE)

----- SUMMARY OF PIPE NETWORK GEOMETRIC AND OPERATING DATA -----

PIPE NAME	NODE #1	NODE #2	LENGTH (FT.)	DIAM. (IN.)	ROUGHNESS (MILLIFEET)	SUM-M FACT.	PUMP ID	ELEVATION CHANGE
P-1	R-1	J-1d	5.0	20.0	.200	.0	0	.0
P-2	J-1c	J-1	89760.0	5.4	.200	.0	0	.0
P-3	J-1d	J-1c	10560.0	5.4	.200	.0	0	.0

JUNCTION NODE DEMAND FPN

stick model - 6 inch 600 mcfpd

NAME	TITLE	(USFU)	PRESSURE
J-1	monticello	600.00	
J-1c		.00	
J-1d	127/90 intersect	.00	
R-1		.00	40.00

===== RESULTS FOR THIS SIMULATION FOLLOW =====

Solution was obtained in 4 trials
 Flow Accuracy = .0000E+00[< .500E-02]
 RV Accuracy = .0000E+00[< .100E-02]

PIPE NO.	NODE #1	NODE #2	FLOW (USFU)	LOSS (USPU)	VELOCITY (FT/S)	DENSITY (#/CF)	FRICTION FACTOR	AREA RATIO
P-1	R-1	J-1d	600.000	.00	.86	.181	.0228	.001
P-2	J-1c	J-1	600.000	12.70	13.92	.156	.0194	.018
P-3	J-1d	J-1c	600.000	1.30	12.12	.179	.0194	.015
R-1	R-1	R-1	600.000	.00	.00	.181	*****	.000

JUNCTION NAME	NODE TITLE	DEMAND (USFU)	PRESSURE (USPU)	PRESSURE (PSIA)	PRESSURE (PSIG)	DENSITY (#/CF)
J-1	monticello	600.00	26.00	40.70	26.00	.134
J-1c		.00	38.70	53.40	38.70	.176
J-1d	127/90 intersec	.00	40.00	54.70	40.00	.181
R-1		.00	40.00	54.70	40.00	.181

* This designates the use of default density in a low pressure region

THE NET SYSTEM DEMAND (USFU) = 600.000

SUMMARY OF INFLOWS(+) .AND. OUTFLOWS(-) :

NAME	FLOW (USFU)	FPN TITLE
R-1	600.0	R-1

MAXIMUM MACH NUMBER = .01 IN LINE NO. P-2

 SUMMARY OF MINIMUM.AND.MAXIMUM VELOCITIES (FT/S)

MINIMUM		MAXIMUM	
R-1	.00	P-2	13.92
P-1	.86	P-3	12.12
P-1	.86	P-3	12.12
P-1	.86	P-3	12.12
P-1	.86	P-3	12.12

 SUMMARY OF MINIMUM.AND.MAXIMUM LOSS/1000. (PSI)

MINIMUM		MAXIMUM	
P-1	.00	P-2	.14
R-1	.01	P-3	.12
R-1	.01	P-3	.12
R-1	.01	P-3	.12
R-1	.01	P-3	.12

 SUMMARY OF MINIMUM.AND.MAXIMUM PRESSURES (USPU)

MINIMUM		MAXIMUM	
J-1	26.00	R-1	40.00
J-1c	38.70	J-1c	38.70
J-1c	38.70	J-1c	38.70
J-1c	38.70	J-1c	38.70
J-1c	38.70	J-1c	38.70

***** END OF KYGAS SIMULATION *****

DATE FOR THIS COMPUTER RUN : 6-02-2015
 START TIME FOR THIS COMPUTER RUN : 14:49:56:75