

JOHN N. HUGHES
Attorney at Law
Professional Service Corporation
124 West Todd Street
Frankfort, Kentucky 40601

Telephone: (502) 227-7270

inhughes@fewpb.net

Telefax (502) 875-7059

RECEIVED

May 14, 2012

MAY 14 2012

PUBLIC SERVICE
COMMISSION

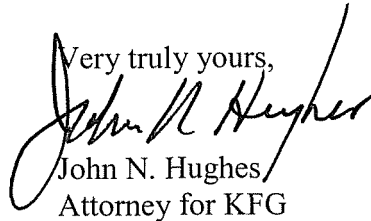
Jeff Derouen
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

Re: KY Frontier Gas/B.T.U. Gas
Case 2012-00099

Dear Mr. Derouen:

KY Frontier Gas, LLC, submits for filing a copy of the loan commitment letter and the adoption notice of Dema Gas Company.

Please contact me if you have any questions about this matter.

Very truly yours,

John N. Hughes
Attorney for KFG

Attachments

Cc; Attorney General



building communities...built on trust™

P. O. Box 2917
Pikeville, Kentucky 41501-2917
606-432-1414

346 North Mayo Trail
Pikeville, Kentucky 41501-1492

COMMERCIAL LOAN COMMITMENT

Date: May 10, 2012

Kentucky Frontier Gas, LLC
4891 Independence St. #200
Wheat Ridge, CO. 80033-6714

RE: Purpose: Purchase BTU Gas Systems:
(herein, the "Purchase")

Dear Mr. Oxford, Mr. Shute and Mr. Rich:

We are pleased to inform you that your application for financing for the above mentioned Purchase (herein, the "Loan") has been approved by Community Trust Bank, Inc. (herein, the "Bank"), subject to the following terms, conditions and requirements.

1. **BORROWER:** Kentucky Frontier Gas, LLC
2. **AMOUNT:** \$237,000 Evidenced by the promissory note of the borrower.
3. **TERM:** 15 Years
4. **INTEREST RATE:** 5% fixed rate for 60 months then converting to WSJ Prime + 1.75%
5. **REPAYMENT:** The loan shall have monthly interest and principal payments based on a 15-year amortization. The initial monthly payment shall be as follows:
Note: \$1,883.31
6. **CORPORATE GUARANTOR:** Industrial Gas Service, Inc.
4891 Independence St. #200
Wheat Ridge, CO. 80033-6714
7. **INDIVIDUAL GUARANTORS:**

Robert J. Oxford	Steven E. Shute
5862 McIntyre Ct.	P. O. Box 1054
Golden, CO. 80403	Glenwood Springs, CO. 81602

Larry Rich
104 Sand Castle Dr.
Emerald Island, N.C. 28594

8. FEES: SBA FEE: \$5,332.50 (estimated)
Packaging Fee: \$1,500.00

All fees shall be deemed duly earned upon acceptance of this Commitment by the Borrower and shall be paid at loan closing.

9. PURPOSE: To purchase (1) Local natural gas distribution company
Currently operating under the name of BTU Gas Company

10. FEES AND COSTS: Borrower will pay all fees and costs related to the loan or otherwise incurred by the Bank, even in the event the loan does not close for any reason including, but not limited to: title opinions, title insurance, document preparation, mortgage and security interest perfection, and appraisals.

11. OTHER INSURANCE: Where applicable Hazard and Physical Damage Insurance, acceptable to the Bank and naming the Bank as Lender's Loss Payable/mortgagee, with a 30-day minimum cancellation notice provision shall be in full force and effect prior to the loan closing.

12. PERMITS: All operating, permits and state approvals necessary to manage and operate the individual local distribution companies, including but not limited to approval from Kentucky Public Service Commission.

13. LOAN AGREEMENT: Subject to the negotiation of a definitive loan agreement satisfactory to the Bank, and all other loan documents as approved by the Bank's counsel.

Subject to a 75% SBA guaranty approval.

Full Compliance with all conditions of the SBA Loan Authorization


14. FINANCIAL CONDITION: Provided no substantial adverse changes have occurred in the financial positions of the Borrower or the Guarantors since their application for this loan and that the financial statements the Bank has already received are complete and accurate.
15. COLLATERAL: The Borrower shall provide the Bank with all necessary leases, assignments and related assets, that the Bank may request pertaining to Kentucky Frontier Gas, and BTU Gas Company.
16. Acceptable Business Plan
17. Acceptable Historical, Proforma and Projected Financial Statements.
18. Acceptable Annual Personal financial statements 30 days prior to expiration date or upon Banks request and tax returns within 15 days of filing

19. SBA Required Certifications included in the "Application for Loan Guarantee" and related documents.
20. This Commitment Letter shall terminate on May 30, 2012, unless accepted by the Borrower. If this commitment is accepted, the loan closing must occur by July 30, 2012. If the loan does not close by that date, the commitment shall expire and the Borrower shall not be entitled to any refund of the loan origination fee already paid.

All understandings and agreements previously made between the parties hereto are merged into this agreement which fully expresses the agreement with neither party relying upon any statement or representation made by the other not embodied in this agreement. This agreement may not be changed orally, and may not be assigned by the Borrower.

Please review this commitment, and if it meets your approval, please sign the acceptance below and return one originally executed copy to me.

Sincerely,



Stephen Belcher
Senior Vice President

SB/smc

I/we hereby acknowledge the acceptance of the terms of the aforementioned loan commitment.

"BORROWER"

KENTUCKY FRONTIER GAS, LLC

BY: Robert [Signature]

TITLE: Member Manager

DATE: 5/14/12

"GUARANTORS

Robert J. Oxford

ROBERT J. OXFORD

Date: 5/14/12

STEVEN E. SHUTE

Date: _____

LARRY RICH

Date: _____

INDUSTRIAL GAS SERVICES, INC.

BY: Alennis R. L. Jones

TITLE: President

DATE: 5/14/12

State of Colorado
County of Jefferson

The foregoing instrument was acknowledged before me this 14th day of May, 2012 by Robert J. Oxford, Member Mgr. of Kentucky **Frontier Gas, LLC.**

Margaret Boston
Notary Public
My Commission Expires: 10/25/2014

State of Colorado
County of Jefferson

The foregoing instrument was acknowledged before me this 14th day of May, 2012 by **Robert J. Oxford.**

Margaret Boston
Notary Public
My Commission Expires: 10/25/2014



State of _____
County of _____

The foregoing instrument was acknowledged before me this _____ day of _____, 2012 by **Steven E. Shute**.

Notary Public
My Commission Expires: _____

State of _____
County of _____

The foregoing instrument was acknowledged before me this _____ day of _____, 2012 by **Larry Rich**.

Notary Public
My Commission Expires: _____

State of Colorado
County of Jefferson

The foregoing instrument was acknowledged before me this 14th day of May, 2012 by Dennis R. Horner, President, of **Industrial Gas Services, Inc.**

Margaret Redew

Notary Public
My Commission Expires: 10/25/2014



ADOPTION NOTICE

The undersigned DEMA GAS COMPANY
(Name of Utility) System

of Prestonsburg, KY hereby adopts, ratifies, and makes its
own, in every respect as if the same had been originally filed and posted by it, all tariffs
and supplements containing rates, rules and regulations for furnishing
natural gas service at Magoffin County, KY area
(Nature of Service)

in the Commonwealth of Kentucky, filed with the Public Service Commission of
Kentucky by B.T.U. Gas Company of Magoffin County, KY
(Name of Predecessor)

and in effect on the 1st day of June, 2012, the date on which
the public service business of the said B.T.U. Gas Company was acquired.
(Name of Predecessor)

This notice is issued on the 1st day of June, 2012, in conformity
with 807 KAR 5:011, Section 11, of the Regulations for the filing of Tariffs of Public
Utilities with the Public Service Commission of Kentucky.

Dema Gas Company

By Robert Oxford
