



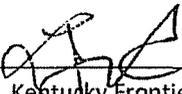
April 10, 2012

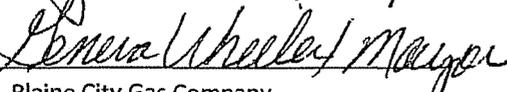
Mayor Geneva Wheeler
Blaine City Gas Company
19041 Hwy 32
Blaine, Kentucky 41124

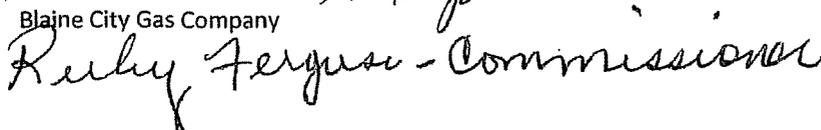
Re: Term Sheet for the acquisition of Blaine City Gas Company

1. Kentucky Frontier Gas, LLC or "Frontier" will purchase the Blaine area inventory assets of Blaine City Gas Company for \$1.00 to be paid in cash. Assets include the gas distribution system mains and service in and around Blaine, Kentucky, including meters, regulator stations, pipe, parts and inventory, tools and other related gas utility system equipment, along with all rights-of-ways, permits, franchises, certificates, KY PSC-DOT-customer records and all files pertaining to the gas utility. It does not include; mineral leases, vehicles, corporate stock, accounts receivables, and buildings, other than meter houses.
2. Frontier does not assume any corporate, persona debt, and/or litigations of Blaine City Gas Company.
3. Frontier will not hire any of Blaine City Gas Company employees.
4. The terms of this proposal are subject to due diligence that will be performed by Frontier within 30 days of the acceptance of this proposal and will be more fully described in an Asset Purchase agreement to be executed by all parties upon approval of transfer of assets by all parties upon approval of transfer of assets by KPSC. Frontier will, upon signing of this Term Sheet, immediately file an application with the KPSC for approval of the transfer of assets to Frontier.
5. Closing is expected to occur on July 25th, 2012, and the Effective Date shall be Aug 1st, 2012.
6. Frontier has inspected the Blaine City Gas Company and both parties agree and understand this purchase is on a where is/as is basis.

AGREED TO this 25th day of July, 2012

By: 
Kentucky Frontier Gas, LLC, LARRY J. RICH

By: 
Blaine City Gas Company


Kirby Ferguson - Commissioner