

CASE

NUMBER:

99 - 191

HISTORY INDEX FOR CASE: 99-191
WBI SOUTHERN, INC.
Transfer/Sale/Purchase/Merger
OF KENTUCKY PIPELINE AND STORAGE

KY. PUBLIC SERVICE COMMISSION
AS OF : 08/12/99

PAGE 1

IN THE MATTER OF THE APPLICATION OF WBI SOUTHERN, INC. FOR
AN ORDER AUTHORIZING THE PURCHASE OF THE ISSUED AND
OUTSTANDING CAPITAL STOCK OF KENTUCKY PIPELINE AND STORAGE
COMPANY, INC.

SEQ NBR	ENTRY DATE	REMARKS
0001	05/13/99	Application.
0002	05/14/99	Acknowledgement letter.
0003	05/20/99	No deficiencies letter
0004	07/07/99	Final Order entered approving the transfer of stock for WBI; 10 days notice.
M0001	07/22/99	KEITH TIGGELAAR WBI SOUTHERN INC-NOTICE OF ACQUISITION
M0002	08/12/99	J. MEL CAMENISCH, JR.-LETTER REQUESTING ORIGINAL AGREEMENT BE REPLACED WITH COPY

STOLL, KEENON & PARK, LLP

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VIA HAND DELIVERY

August 12, 1999

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Commonwealth of Kentucky
Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, Kentucky 40602
Attn: Susan Hutcherson

Re: Case No. 99-191
WBI Southern, Inc.

Dear Ms. Hutcherson:

This firm represents WBI Southern, Inc. which recently filed an Application for approval of its purchase of the capital stock of Kentucky Pipeline and Storage Company, Inc., which Application has been designated as Case No. 99-191. Apparently, WBI Southern's only original of its Stock Purchase Agreement for the acquisition of this stock was filed as an exhibit with the Application. Needless to say, WBI Southern would like to have the original of this Agreement so that its files will be complete. We request, therefore, that the Public Service Commission return the original copy of this Agreement to us and allow us to replace it with an exact copy of that Agreement which is attached to this letter. ✓ 

RECEIVED

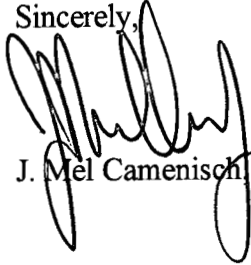
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PUBLIC SERVICE
COMMISSION

Commonwealth of Kentucky
August 12, 1999
Page 2

I appreciate your attention to this matter and apologize if it has caused you any inconvenience.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Mel Camenisch, Jr.", written over the printed name.

J. Mel Camenisch, Jr.

JMC/das
Enclosure
(320)C:\Work\069\WBI\Hutcherson Letter
cc: Keith Tigelaar

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

WBI Southern, Inc.)

Case No. 99-191

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JUL 21 1999
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COMMISSION

NOTICE OF ACQUISITION

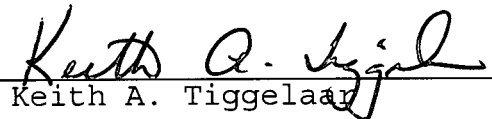
On May 13, 1999, WBI Southern, Inc. (WBI Southern) filed an application with the Public Service Commission of Kentucky (PSC of Kentucky) for approval of its acquisition of all of the issued and outstanding capital stock of Kentucky Pipeline and Storage Company, Inc. (KYPSCO). On July 7, 1999, in Case No. 99-191, the PSC of Kentucky approved WBI Southern's proposed acquisition of capital stock.

WBI Southern hereby notifies the PSC of Kentucky that WBI Southern acquired all of the issued and outstanding capital stock of KYPSCO effective July 16, 1999.

Dated at Bismarck, North Dakota this ~~19th~~ day of July, 1999.

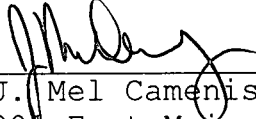
WBI Southern, Inc.

By


Keith A. Tiggelaar
Manager
Regulatory Affairs

STOLL, KEENON & PARK, LLP

By:


J. Mel Camenisch, Jr.
201 East Main Street
Suite 1000
Lexington, KY 40507-1380
(606) 231-3000

Counsel for WBI Southern, Inc.

AFFIDAVIT

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COMMISSION

STATE OF NORTH DAKOTA)
)
COUNTY OF BURLEIGH)

I, Keith A. Tiggelaar, being duly sworn, do hereby depose and say that I am the Manager - Regulatory Affairs for WBI Southern, Inc.; that I have read the foregoing document and know the contents thereof; that I am authorized to execute such document; and that all such statements and matters set forth therein are true and correct to the best of my knowledge, information and belief.

Dated this 19th day of July, 1999

Keith A. Tiggelaar
Keith A. Tiggelaar
Manager
Regulatory Affairs

Subscribed and sworn to before me this 19th day of July, 1999.

Arllis Brown
Arllis Brown, Notary Public
Burleigh County, North Dakota
My Commission Expires: 3-15-02



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

CERTIFICATE OF SERVICE

RE: Case No. 99-191
WBI SOUTHERN, INC.

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on July 7, 1999.

Parties of Record:

WBI Southern, Inc.
1250 West Century Avenue
Bismark, ND. 58501

Honorable J. Mel Camenisch
Attorney at Law
Stoll, Keenon & Park, LLP
201 East Main Street
Suite 1000
Lexington, KY. 40507 1380

Stephan Bell

Secretary of the Commission

SB /lnh
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF WBI SOUTHERN, INC.)
FOR AN ORDER AUTHORIZING THE)
PURCHASE OF THE ISSUED AND OUTSTANDING) CASE NO. 99-191
CAPITAL STOCK OF KENTUCKY PIPELINE)
AND STORAGE COMPANY, INC.)

O R D E R

On May 13, 1999, WBI Southern, Inc. ("WBI") applied for approval to acquire all of the issued and outstanding capital stock of Kentucky Pipeline and Storage Company, Inc. ("KYPSCO"). KYPSCO is a utility that transports and stores natural gas in Kentucky.¹

KRS 278.020 provides that in order to acquire or transfer ownership or control of a utility, prior Commission approval must be obtained. The Commission shall grant its approval if the person or entity acquiring the utility has the financial, technical, and managerial abilities to provide reasonable service. The statute further provides that the Commission shall grant, modify, refuse, or prescribe appropriate terms and conditions with respect to the application.

After reviewing the evidence of record and being otherwise advised, the Commission finds that:

¹ Case No. 91-074, The Application of Kentucky Pipeline and Storage Company, Inc. for Recognition as an Interstate Pipeline.

1. WBI is a Delaware corporation with its principal office and place of business located at 1250 West Century Avenue, Bismarck, North Dakota. WBI is a business corporation authorized to do business in the Commonwealth of Kentucky.

2. KYPSCO is a Delaware corporation authorized to do business in the Commonwealth of Kentucky. Howard Energy Co., Inc., a Delaware corporation, owns KYPSCO.

3. The transfer of the stock of KYPSCO to WBI is to be accomplished under the terms of a Stock Purchase Agreement, dated May 11, 1999, whereby Howard Energy Co., Inc. will transfer all issued and outstanding stock to WBI for the consideration stated in the Agreement.

4. WBI is actively engaged in investments in energy-related assets, including natural gas pipeline transportation, gathering, and storage.

5. WBI Holdings is the parent of WBI. The parent of WBI Holdings, Centennial Energy Holdings, Inc., has provided the long-term debt financing for WBI. WBI has assets, as shown in Exhibit B filed with its application, of approximately \$3.9 million as of March 13, 1999.

6. WBI has filed an Adoption Notice adopting all tariffs filed by KYPSCO.

7. The financial statement of WBI, together with additional information filed with the application, demonstrates that WBI possesses the financial, managerial, and technical abilities to provide reasonable service in the Commonwealth of Kentucky.

The Commission finds that WBI has demonstrated the financial, technical, and managerial abilities to provide reasonable service and further finds that the proposed

transaction will be made in accordance with law, for a proper purpose, and consistent with the public interest. Consequently, the proposed transfer should be approved.

IT IS THEREFORE ORDERED that:

1. The proposed transfer of all of the issued and outstanding capital stock of KYPSCO to WBI is hereby approved.

2. Applicant shall notify the Commission within 10 days of the consummation of the proposed transfer or, in the alternative, shall notify the Commission if the proposed transaction does not occur.

Done at Frankfort, Kentucky, this 7th day of July, 1999.

By the Commission

ATTEST:


Executive Director



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

May 20, 1999

WBI Southern, Inc.
1250 West Century Avenue
Bismark, ND. 58501

Honorable J. Mel Camenisch
Attorney at Law
Stoll, Keenon & Park, LLP
201 East Main Street
Suite 1000
Lexington, KY. 40507 1380

RE: Case No. 99-191
WBI SOUTHERN, INC.

The Commission staff has reviewed your application in the above case and finds that it meets the minimum filing requirements. Enclosed please find a stamped filed copy of the first page of your filing. This case has been docketed and will be processed as expeditiously as possible.

If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,

Stephanie Bell

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

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May 13, 1999

VIA HAND DELIVERY

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Hon. Helen Helton
Executive Director
Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, Kentucky 40602

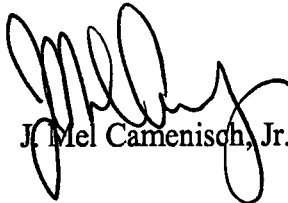
Re: WBI Southern, Inc.

Dear Ms. Helton:

CASE 99-191

We enclose for filing an original and eleven (11) copies of the Application of WBI Southern, Inc., a Delaware corporation, for approval of its acquisition of the stock of Kentucky Pipeline and Storage Company, Inc., a Delaware corporation. Please stamp one of the enclosed copies as filed and return it to our courier. If you have any questions regarding this application, please do not hesitate to give Robert M. Watt III or me a call at the number above. Thank you for your kind assistance in connection with this matter.

Sincerely,


J. Mel Camenisch, Jr.

JMC/das

Enclosures

(320)C:\Work\069\WBI\Helton Letter

cc: Dale Lawrence
Robert M. Watt III

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MAY 13 1999

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FILED
MAY 13 1999
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COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

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May 14, 1999

WBI Southern, Inc.
1250 West Century Avenue
Bismark, ND. 58501

Honorable J. Mel Camenisch
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201 East Main Street
Suite 1000
Lexington, KY. 40507 1380

RE: Case No. 99-191
WBI SOUTHERN, INC.
(Transfer/Sale/Purchase/Merger) OF KENTUCKY PIPELINE AND STORAGE

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received May 13, 1999 and has been assigned Case No. 99-191. In all future correspondence or filings in connection with this case, please reference the above case number.

If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,

Stephanie J. Bell

Stephanie Bell
Secretary of the Commission

SB/jc

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May 13, 1999

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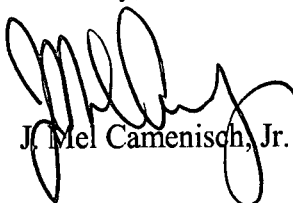
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Re: WBI Southern, Inc.

Dear Ms. Helton:

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Sincerely,



J. Mel Camenisch, Jr.

JMC/das

Enclosures

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cc: Dale Lawrence
Robert M. Watt III

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MAY 13 1999

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CASE 99-191

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAY 13 1999

In the Matter of:

PUBLIC SERVICE
COMMISSION

THE APPLICATION OF WBI SOUTHERN,)
INC. FOR AN ORDER AUTHORIZING THE)
PURCHASE OF THE ISSUED AND)
OUTSTANDING CAPITAL STOCK OF)
KENTUCKY PIPELINE AND STORAGE)
COMPANY, INC.)

CASE NO. 99-191

APPLICATION

WBI Southern, Inc. (WBI Southern) respectfully submits its application herein pursuant to Kentucky Revised Statutes, Sections 278.020(4) and (5), and states as follows, to wit:

1. WBI Southern is a Delaware corporation with its principal office and place of business located at 1250 West Century Avenue, Bismarck, North Dakota 58501.
2. A certified copy of WBI Southern's "Certificate of Incorporation" and a copy of WBI Southern's "Application for Certificate of Authority" to transact business in Kentucky is included as Exhibit A to this Application.
3. The business of WBI Southern is any lawful activity including, but not limited to, investments in energy-related assets including natural gas pipeline transportation, gathering, processing, and storage.

4. As of March 31, 1999, WBI Southern owned a 1/6 interest in the assets of various offshore pipeline and associated facilities of Blue Dolphin Energy Company.

5. WBI Southern was incorporated on February 19, 1999. Attached hereto as Exhibit B is the financial information for WBI Southern as requested by 807 KAR 5:001, Section 6.

6. WBI Southern desires to acquire all of the issued and outstanding capital stock of Kentucky Pipeline and Storage Company, Inc. (KYPSCO), a Delaware corporation, which is currently owned by Howard Energy Co., Inc. (Howard), a Delaware Corporation. Following the acquisition of stock, WBI Southern shall be the sole shareholder of KYPSCO. KYPSCO is currently involved in the storage of natural gas in the state of Kentucky.

7. The purchase of KYPSCO stock by WBI Southern is proposed to be accomplished in accordance with the Stock Purchase Agreement (Purchase Agreement) between WBI Southern, Howard and KYPSCO dated May 11, 1999, a true copy of which is attached hereto and designated as Exhibit C. WBI Southern will not finance the purchase of KYPSCO but shall pay cash for it.

8. In order to provide service with the facilities being purchased, WBI Southern requests permission to adopt and implement KYPSCO's rates, charges and other

tariffs currently on file with the Public Service Commission of Kentucky (PSC of Kentucky). Pursuant to 807 KAR 5:011, Section 11, a copy of the Adoption Notice is attached hereto as Exhibit D.

9. The purchase of KYPSCO by WBI Southern is contingent on approval from the PSC of Kentucky. The purchase is to be made in accordance with applicable law, for a proper purpose, and is consistent with the public interest and, accordingly, should be approved. WBI Southern believes the instant application is complete and straightforward and is in the best interest of the involved parties and the customers of KYPSCO. WBI Southern further states it will expedite all data requests or additional information requested from the PSC of Kentucky concerning this application. For these reasons, WBI Southern believes good cause exists for the PSC of Kentucky to expedite proceedings herein and to act on the instant application as soon as possible, but in no event no later than 30 days after the filing of such application.

WHEREFORE, WBI Southern respectfully requests that the PSC of Kentucky enter its Order:


(1) Authorizing the purchase in accordance with the Purchase Agreement;

(2) Granting WBI Southern a Certificate of Convenience and Necessity to consummate the purchase of KYPSCO;

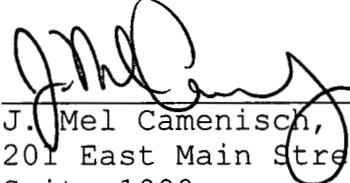
(3) Granting permission for WBI Southern to adopt and implement KYPSCO's rates, charges and tariffs currently on file with the PSC of Kentucky; and

(4) Granting such other relief to which WBI Southern may be entitled.

WBI Southern, Inc.

By: 
Keith A. Tiggelaar
Manager
Regulatory Affairs

STOLL, KEENON & PARK, LLP

By: 
J. Mel Camenisch, Jr.
201 East Main Street
Suite 1000
Lexington, KY 40507-1380
(606) 231-3000

Counsel for WBI Southern, Inc.

**Certificate of
Incorporation**

WBI SOUTHERN, INC.

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "WBI SOUTHERN, INC.", FILED IN THIS OFFICE ON THE NINETEENTH DAY OF FEBRUARY, A.D. 1999, AT 10 O'CLOCK A.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.



A handwritten signature in cursive script, reading "Edward J. Freel".

Edward J. Freel, Secretary of State

3006861 8100

991065200

AUTHENTICATION:

9585393

DATE:

02-19-99

**CERTIFICATE OF INCORPORATION
OF
WBI SOUTHERN, INC.**

THE UNDERSIGNED, in order to form a corporation pursuant to the provisions of the General Corporation Law of the state of Delaware, hereby certifies:

- FIRST:** The name of the Corporation is WBI Southern, Inc. (the "Corporation").
- SECOND:** The registered office of the Corporation in the state of Delaware is located at 1209 Orange Street, Wilmington, New Castle County, Delaware 19801. The name of its registered agent at such address is The Corporation Trust Company.
- THIRD:** The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware as presently in effect or as it may hereafter be amended.
- FOURTH:** The total number of shares of all classes of stock which the Corporation shall have authority to issue is one thousand (1,000) shares of Common Stock; all of such shares shall be without par value.
- FIFTH:** The name and mailing address of the Incorporator is Centennial Energy Holdings, Inc., Schuchart Building, 918 East Divide Avenue, P.O. Box 5650, Bismarck, North Dakota 58506-5650.
- SIXTH:** The names and mailing addresses of the persons who are to serve as directors until the first annual meeting of stockholders or until their successors are elected and qualified are as follows:

Martin A. White	918 East Divide Avenue P.O. Box 5650 Bismarck, ND 58506-5650
-----------------	--

John K. Castleberry	200 North Third Street Suite 300 Bismarck, ND 58501
---------------------	---

Douglas C. Kane	918 East Divide Avenue P.O. Box 5650 Bismarck, ND 58506-5650
-----------------	--

Lester H. Loble, II

918 East Divide Avenue
P.O. Box 5650
Bismarck, ND 58506-5650

Darwin L. Subart

200 North Third Street
Suite 300
Bismarck, ND 58501

SEVENTH: The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatever.

EIGHTH: In furtherance, and not in limitation of the powers conferred by statute, the Board of Directors of the Corporation is expressly authorized and empowered:

To make, alter, or repeal the bylaws of the Corporation.

To authorize and cause to be executed mortgages and liens upon the real and personal property of the Corporation.

To set apart out of any of the funds of the Corporation available for dividends a reserve or reserves for any proper purpose or to abolish any such reserve in the manner in which it was created.

By resolution or resolutions passed by a majority of the Board of Directors, to designate one or more committees, each committee to consist of two or more of the directors of the Corporation, which, to the extent provided in said resolution or resolutions or in the bylaws of the Corporation, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation, and may have power to authorize the seal of the Corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be stated in the bylaws of the Corporation or as may be determined from time to time by resolutions adopted by the Board of Directors.

When and as authorized by the affirmative vote of the holders of a majority of the stock issued and outstanding having voting power given at a stockholders' meeting duly called for that purpose, or when authorized by the written consent of the holders of a majority of the voting stock issued and outstanding, the Board of Directors shall have power and authority to sell, lease, or exchange all of the property and assets of the Corporation, including its good will and its corporate franchises, upon such terms and conditions and for such consideration, which may be in whole or in part shares of stock in and/or other securities of any corporation or corporations, as its Board of Directors shall deem expedient and for the best interests of the Corporation.

The Corporation may in its bylaws confer powers upon its Board of Directors in addition to the foregoing, and in addition to the powers and authorities expressly conferred upon it by statute.

NINTH: For the management of the business and for the conduct of the affairs of the Corporation, and in further definition, limitation, and regulation of the powers of the Corporation and of its directors and stockholders, it is further provided:

1. The election of directors of this Corporation need not be by written ballot.

2. Both stockholders and directors shall have power, if the bylaws so provide, to hold their meetings, and to have one or more offices within or without the state of Delaware, and to keep the books of the Corporation (subject to the provisions of the statutes), outside of the state of Delaware at such places as may be from time to time designated by the Board of Directors.

3. No director of the Corporation shall be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director except for liability (a) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) under Section 174 of the Delaware General Corporation Law, or (d) for any transaction from which the director derived an improper personal benefit.

4. The Corporation reserves the right to amend, alter, change or repeal any provision contained in this certificate of incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

IN WITNESS WHEREOF, the undersigned Incorporator does hereby certify that the facts hereinabove stated are truly set forth and accordingly has hereunto set its hand.

Dated: February 18, 1999.

CENTENNIAL ENERGY HOLDINGS, INC.
Incorporator

ATTEST:



Warren L. Robinson
Treasurer and Assistant Secretary

By: 

Douglas C. Kane
Vice President

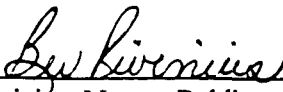
STATE OF NORTH DAKOTA)
) ss:
COUNTY OF BURLEIGH)

DOUGLAS C. KANE, being first duly sworn, deposes and says that he is Vice President of Centennial Energy Holdings, Inc., the Incorporator, that the execution of this instrument is the act and deed of said Corporation, that he has read the foregoing Certificate of Incorporation and knows the contents thereof, and that the statements therein are true.



Douglas C. Kane, Vice President

Subscribed and sworn to before me this 18th day of February, 1999.



Bev Rivinius, Notary Public
Burleigh County, North Dakota
My commission expires: 2/5/2004

BOOK 00539 0218



RECEIVED & FILED
Mar 10 1 48 PM '99
JOHN Y. BROWN III
SECRETARY OF STATE
KY

APPLICATION FOR CERTIFICATE OF AUTHORITY

Pursuant to the provisions of KRS Chapter 271B, 273 or 274, the undersigned hereby applies for authority to transact business in Kentucky on behalf of the corporation named below and for that purpose submits the following statements:

- The corporation is a business corporation (KRS 271B). a nonprofit corporation (KRS 273).
 a professional service corporation (KRS 274).
- The name of the corporation is WBI Southern, Inc.
- The name of the corporation to be used in Kentucky is WBI Southern, Inc.
(If "real name" is unavailable for use)
- Delaware is the state or country under whose law the corporation is incorporated.
- February 19, 1999 is the date of incorporation and the period of duration is perpetual
- The street address of the corporation's principal office is
200 North Third Street, Suite 300, Bismarck, ND 58501
- The street address of the corporation's registered office in Kentucky is
c/o C T Corporation System, Kentucky Home Life Building, Louisville, KY 40202
and the name of the registered agent at that office is
C T CORPORATION SYSTEM
- The names and usual business addresses of the corporation's current officers and directors are as follows:
President See attached.
Vice President _____
Secretary _____
Treasurer _____
Directors _____
(Attach a continuation sheet, if necessary)
- If a professional service corporation, all the individual shareholders, not less than one half of the directors, and all of the officers other than the secretary and treasurer are licensed in one or more states or territories of the United States or District of Columbia to render a professional service described in the statement of purposes of the corporation.
- A certificate of existence duly authenticated by the Secretary of State accompanies this application.
- This application will be effective upon filing, unless a delayed effective date and/or time is specified: N/A
(Delayed effective date and/or time)

Lester H. Loble, II
Signature
Lester H. Loble, II, General Counsel
Type or Print Name & Title and Secretary
Date: March 5, 1999

I, C T CORPORATION SYSTEM
Type or print name of registered agent consent to serve as the registered agent on behalf of the corporation.

Michele E. Justesen
Signature of Registered Agent
Michele E. Justesen
Type or Print Name & Title

ATTACHMENT

8. Directors and addresses:

Martin A. White	918 East Divide Avenue P.O. Box 5650 Bismarck, ND 58506-5650
John K. Castleberry	200 North Third Street Suite 300 Bismarck, ND 58501
Douglas C. Kane	918 East Divide Avenue P.O. Box 5650 Bismarck, ND 58506-5650
Lester H. Loble, II	918 East Divide Avenue P.O. Box 5650 Bismarck, ND 58506-5650
Darwin L. Subart	200 North Third Street Suite 300 Bismarck, ND 58501

8. Officers and addresses:

Martin A. White	Chairman of the Board 918 East Divide Avenue P.O. Box 5650 Bismarck, ND 58506-5650
John K. Castleberry	President and Chief Executive Officer 200 North Third Street Suite 300 Bismarck, ND 58501
Steven L. Bietz	Vice President and Controller 200 North Third Street Suite 300 Bismarck, ND 58501
Darwin L. Subart	Vice President 200 North Third Street Suite 300 Bismarck, ND 58501

Warren L. Robinson

Treasurer and Chief Financial Officer
918 East Divide Avenue
P.O. Box 5650
Bismarck, ND 58506-5650

Lester H. Loble, II

General Counsel and Secretary
918 East Divide Avenue
P.O. Box 5650
Bismarck, ND 58506-5650

Paul K. Sandness

Assistant Secretary
918 East Divide Avenue
P.O. Box 5650
Bismarck, ND 58506-5650

Office of the Secretary of State **BOOK 00539 PAGE 0221**

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "WBI SOUTHERN, INC." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE FOURTH DAY OF MARCH, A.D. 1999.

AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE NOT BEEN ASSESSED TO DATE.

Document No.: DN1999044549
Lodged By: MAIL
Recorded On: 03/18/1999 10:04:42
Total Fees: 11.00
Transfer Tax: .00
County Clerk: Bobbie Holsclaw
Deputy Clerk: DENKIN



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Edward J. Freel, Secretary of State

9608729

AUTHENTICATION:

DATE:

03-04-99

END OF DOCUMENT

RECEIVED
APR 20 1999
WILLISTON BASIN

WBI SOUTHERN, INC.
FINANCIAL EXHIBIT

- (1) Amount and kinds of stock authorized.

WBI Southern has 1,000 shares of common stock authorized.

- (2) Amount and kinds of stock issued and outstanding.

WBI Southern has 1,000 shares of common stock issued and outstanding.

- (3) Terms of preference of preferred stock whether cumulative or participating or on dividends or assets or otherwise.

No preferred stock has been authorized or issued by WBI Southern.

- (4) Brief description of each mortgage on property of applicant, giving date of execution, name of mortgagor, name of mortgagee, or trustee, amount of indebtedness authorized to be secured thereby, and the amount of indebtedness actually secured, together with any sinking fund provisions.

There are no mortgages on WBI Southern.

- (5) Amount of bonds authorized, and amount issued, giving the name of the public utility which issued the same, describing each class separately, and giving date of issue, face value, rate of interest, date of maturity and how secured, together with amount of interest paid thereon during the last fiscal year.

No bonds have been authorized or issued by WBI Southern.

- (6) Each note outstanding, giving date of issue, amount, date of maturity, rate of interest, in whose favor, together with amount of interest paid thereon during the last fiscal year.

WBI Southern has no outstanding notes.

- (7) Other indebtedness, giving same by classes and describing security, if any, with a brief statement of the devolution or assumption of any portion of such

indebtedness upon or by person or corporation if the original liability has been transferred, together with amount of interest paid thereon during the last fiscal year.

As of March 31, 1999, WBI Southern has \$2,411,261 of debt classified as long-term. This debt is through a commercial paper program with Centennial Energy Holdings, Inc., the parent of WBI Holdings, Inc., which is the parent of WBI Southern. No interest had been paid during the last fiscal year since WBI Southern was incorporated on February 19, 1999. Since the date of incorporation, WBI Southern has paid \$11,617.42 in interest associated with the above-stated long-term debt.

- (8) Rate and amount of dividends paid during the five (5) previous fiscal years, and the amount of capital stock on which dividends were paid each year.

No dividends have been paid by WBI Southern.

- (9) Detailed income statement and balance sheet.

WBI Southern's Income Statement for the two months ending March 31, 1999 and its Balance Sheet, at March 31, 1999, are attached.

WBI SOUTHERN, INC.
Income Statement
For the Two Months Ending March 31, 1999

Description	Current Balance
<hr/>	
Operating Revenues	
Transportation/Gathering.....	\$36,934.00
Miscellaneous Revenue	<u>15,186.00</u>
Total Operating Revenue	52,120.00
 Operating Expenses	
Operations	<u>32,967.18</u>
Total Operating Expenses	<u>32,967.18</u>
 TOTAL OPERATING INCOME	 19,152.82
 Other Income (Deductions)	 1,340.06
Interest Expense	<u>11,617.42</u>
Income Before Income Taxes	8,875.46
Income Taxes	<u>3,550.00</u>
Earnings (Loss) on Common Stock	<u>\$ 5,325.46</u>

WBI SOUTHERN, INC.
Balance Sheet
at March 31, 1999

DESCRIPTION	CURRENT BALANCE
ASSETS	
Property, Plant, & Equipment	
Non-Utility Plant.....	\$3,749,120.00
Total Plant.....	<u>3,749,120.00</u>
Net Plant.....	<u>3,749,120.00</u>
 Current Assets	
Cash.....	51,076.44
Accounts Receivable.....	<u>51,305.75</u>
Total Current Assets	<u>102,382.19</u>
TOTAL ASSETS	<u>\$3,851,502.19</u>
 CAPITALIZATION & LIABILITIES	
Capitalization	
Common Stock	\$ 1,000.00
Other Paid In Capital	1,400,000.00
Retained Earnings	<u>5,325.46</u>
Total Common Stockholder Investment	1,406,325.46
Long-Term Debt	<u>2,411,261.14</u>
Total Capitalization.....	<u>3,817,586.60</u>
 Current Liabilities	
Accounts Payable.....	30,781.00
Income Taxes Payable	<u>3,134.59</u>
Total Current Accrued Liabilities	<u>33,915.59</u>
TOTAL CAPITALIZATION & LIABILITIES	<u>\$3,851,502.19</u>

STOCK PURCHASE AGREEMENT

by and between

WBI SOUTHERN, INC.

and

HOWARD ENERGY CO. INC.,
THE SOLE STOCKHOLDER OF
KENTUCKY PIPELINE AND STORAGE COMPANY

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STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT ("Agreement") dated as of the 11th day of May, 1999, by and between WBI SOUTHERN, INC., a Delaware corporation ("WBIS"), and HOWARD ENERGY CO. INC., a Delaware corporation ("HEC"), the sole stockholder ("Stockholder") of KENTUCKY PIPELINE AND STORAGE COMPANY, INC., a Delaware corporation ("KYPSCO").

WHEREAS, WBIS desires to acquire all of the capital stock of KYPSCO in exchange for a cash amount of \$5,500,000; and

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

ARTICLE 1

DEFINITIONS; HEADINGS

1.01 Defined Terms. As used in this Agreement, including the preamble and recitals hereof, the following terms have the meanings set forth below:

- (1) "Closing" has the meaning ascribed to such term in Section 2.03.
- (2) "Closing Date" has the meaning ascribed to such term in Section 2.03.
- (3) "Code" means the Internal Revenue Code of 1986, as amended.
- (4) "Company" means KYPSCO.
- (5) "Company Stock" means the KYPSCO stock.
- (6) "Current Assets" means the aggregate amount of cash, accounts receivable, prepaid items (including, but not limited to, prepaid insurance and prepaid rent), inventory, deferred income tax asset, income tax receivables and marketable securities, in each case net of applicable reserves, of the Company, and which must be reflected on the Closing Balance Sheet.
- (7) "Current Liabilities" means accounts payable, accrued payroll and withholding payable, accrued state sales taxes, billings in excess of costs and estimated earnings on uncompleted contracts, the current portion of deferred income taxes, the current portion of long term indebtedness for borrowed money and capital lease obligations, notes payable and income taxes payable and other current liabilities, of the Company, and which must be reflected on the Closing Balance Sheet.
- (8) "Debt" means the amount of the aggregate principal and accrued or unpaid interest on indebtedness for borrowed money or capital lease obligations of the Company outstanding on the Closing Date, other than the current portion of long-term indebtedness for borrowed money, capitalized lease obligations included in Current Liabilities, and current amounts outstanding under lines of credit.
- (9) "Environmental Laws" means all applicable federal, state and local rules and regulations relating to pollution or protection of human health or the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata), including, without limitation, laws and regulations relating to Releases or threatened Releases of Hazardous Materials, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials.
- (10) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

(11) "Governmental Authority" means any federal, state or local court, arbitration tribunal or governmental department, board, commission, bureau, agency, authority or instrumentality.

(12) "Hazardous Materials" means: (a) any petroleum or petroleum products, radioactive materials, asbestos in any form that is friable, urea-formaldehyde foam insulation, and transformers or other equipment that contain dielectric fluid containing polychlorinated biphenyl's (PCBs); (b) any chemicals, materials or substances which are now defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous wastes," "restricted hazardous wastes," "toxic substances," "toxic pollutants," or words of similar import, under any Environmental Law; and (c) any other chemical, material, substance or waste, exposure to which is prohibited, limited or regulated by any Governmental Authority in a jurisdiction in which KYPSCO operates.

(13) "Indemnified Purchaser" means WBI Southern, Inc., any subsidiary or affiliate thereof (including, without limitation, KYPSCO), and each of their subsidiaries' and affiliates' respective successors, directors, officers, employees, attorneys, accountants and other affiliates, representatives and controlling persons.

(14) "Indemnified Seller" means the Stockholder and its respective successors, representatives and assigns.

(15) "Intellectual Property" means intangible assets, properties and rights including, but not limited to, patents, trademarks, service marks and copyrights, and proprietary information.

(16) "Knowledge" as used (i) with respect to the Company or WBIS, as the case may be, shall mean those facts that are actually known or should reasonably have been or become known in the ordinary course of business by the officers of KYPSCO, or WBIS, as the case may be; and (ii) with respect to the Stockholder shall mean facts that are actually known or should reasonably have been or become known to the Stockholder in the ordinary course of business.

(17) "Laws" mean all (i) federal, state, or local or foreign laws, rules and regulations; (ii) orders; (iii) permits; and (iv) agreements with federal, state, local or foreign regulatory authorities to which WBIS, Stockholder, or KYPSCO, as the case may be, is a party or by which any of them is bound.

(18) "Liens" means all liens, liabilities, claims, security interests, mortgages, pledges, agreements, obligations, restrictions, or other encumbrances of any nature whatsoever, whether absolute, legal, equitable, accrued, contingent or otherwise, including, without limitation, any rights of first refusal.

(19) "PBGC" means the Pension Benefit Guaranty Corporation.

(20) "Permits" means all permits, licenses, franchises, orders, certificates and approvals.

(21) "PUHCA" means the Public Utility Holding Company Act of 1935, as amended.

(22) "Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment.

(23) "Stockholder" means Howard Energy Co. Inc., the sole shareholder of Company.

(24) "Taxes" means any taxes or other governmental charges or assessments of whatsoever kind or nature imposed by the United States or by any state, county, municipality or governmental subdivision, including without limitation, any income, franchise or any other similar taxes based on or measured by income or otherwise, any sales or use taxes, property, employment and employer withholdings, unemployment, social security, occupational, customs, excise or other taxes, together with any interest or penalties relating thereto.

(25) "Tax Reports" means all returns or reports required to be filed relating to Taxes.

(26) "Year 2000 Problem" means, as it relates to a given entity, the risk that certain computer applications and equipment used by such entity (or any of the material suppliers, customers or vendors of such entity) may be unable to recognize and properly perform date-sensitive functions involving dates prior to and/or after December 31, 1999.

1.02 Other Definitional Provisions. Wherever the context so requires, words used herein in the masculine gender shall be deemed to include the feminine and neuter. A definition of any terms shall be equally applicable to both the singular and plural forms of the term defined.

1.03 Titles: Headings. All titles and headings appearing in this Agreement are for identification only and are not to be used for interpretive purposes.

ARTICLE 2

PURCHASE AND SALE OF STOCK; CLOSING

2.01 Purchase and Sale of Stock. Subject to the terms and conditions herein stated, Stockholder agrees to sell, assign, transfer and deliver to WBIS on the Closing Date, and WBIS agrees to purchase from Stockholder on the Closing Date, the number of shares of Company Stock set forth opposite the name of Stockholder on Schedule 2.01, which Schedule 2.01, also sets forth the address and social security number of Stockholder. The certificates representing the Company Stock shall be duly endorsed in blank or by assignment separate from certificate by the Stockholder transferring the same, with signature guaranteed by a domestic commercial bank or trust company, with all necessary transfer tax and other revenue stamps, acquired at the Stockholder's expense, affixed and canceled. Stockholder agrees to cure any deficiencies with respect to the endorsement of the certificates representing the Company Stock owned by Stockholder or with respect to the stock power accompanying any such certificate.

2.02 Exchange of Consideration. On the Closing Date, Stockholder shall surrender the certificate or certificates representing all the issued and outstanding shares of Company Stock owned, beneficially or of record, by Stockholder, as set forth opposite Stockholder's name on Schedule 2.01. On the Closing Date, WBIS shall pay to the Stockholder its pro-rata share of \$5,500,000 in immediately available funds (the "Cash Payment") to such accounts as they may designate.

2.03 Closing. The closing of the transaction provided for herein (the "Closing") shall take place within ten days of the date that approval of the transaction is received from the Kentucky Public Service Commission, or such other date as may be mutually agreed upon by the parties hereto (the "Closing Date"). Closing shall be at such place as is mutually agreed upon between the parties.

ARTICLE 3

REPRESENTATION AND WARRANTIES OF THE STOCKHOLDER

Stockholder represents, warrants and covenants to WBIS, as of the date hereof and as of Closing, as follows:

3.01 Ownership of Shares. (i) Stockholder is the lawful owner, beneficially and of record, of all of the issued and outstanding shares of Company Stock, free and clear of all Liens, and (ii) the total number of shares of Company Stock set forth on Schedule 2.01 constitutes all of the issued and outstanding shares of KYPSCO Stock.

3.02 Stockholder's Due Execution, Enforceability Against Stockholder. This Agreement has been duly executed and delivered by the Stockholder and is a valid and binding obligation of the Stockholder, enforceable in accordance with the terms hereof, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application referring to or affecting enforcement of creditors' rights and general principles of equity. The execution, delivery and performance of this Agreement by the Stockholder will not violate or conflict with any agreement, instrument, judgment or decree to which Stockholder is a party or is subject.

3.03 Stockholder's Capacity. Stockholder has full legal right, power, authority and capacity to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereunder.

3.04 Organization; Existence. KYPSCO is a Delaware corporation, qualified to do business in Kentucky, duly organized and validly existing under the laws of its jurisdiction of incorporation, with all requisite corporate power and authority to own, operate, and lease its properties and assets and to carry on its business as now being conducted.

3.05 Capital Stock. HEC is the sole stockholder of KYPSCO which has an authorized capitalization consisting solely of 100,000 shares of KYPSCO Stock of which 100,000 shares are issued and outstanding. Other than the KYPSCO Stock, there is no class or series of equity security of KYPSCO authorized, issued or outstanding. All such outstanding

shares of KYPSCO Stock have been duly authorized and validly issued and are fully paid and nonassessable. HEC owns 100 percent of the KYPSCO Stock and there are no outstanding options, warrants, rights, calls, commitments, conversion rights, rights of exchange plans or other agreements of any character providing for the purchase, issuance or sale of any shares of any equity security of KYPSCO, including any KYPSCO Stock, other than as contemplated by this Agreement.

3.06 Subsidiaries. KYPSCO has no subsidiaries and holds no equity or ownership interest of any kind, whether beneficially or of record, in any corporation, partnership, limited liability company, joint venture, or other enterprise or entity of any nature whatsoever.

3.07 Authority of Stockholder. Stockholder has the corporate authority to execute, deliver, and perform its obligations under this Agreement and to consummate the transactions contemplated hereby, and has taken all necessary corporate action to authorize the execution, delivery and performance of this Agreement.

3.08 Due Execution and Enforceability as to Stockholder. This Agreement is a valid and binding obligation of HEC, enforceable against HEC in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application referring to or affecting enforcement of creditors' rights and general principles of equity.

3.09 No Restrictions Against Performance. Except as set forth on Schedule 3.09 hereto, neither the execution, delivery nor performance of this Agreement, nor the consummation of the transactions contemplated in this Agreement will, with or without the giving of notice or the passage of time, or both, violate any provisions of, conflict with, result in a breach of, constitute a default under, or result in the creation or imposition of any Lien or adverse condition under:

- (i) the Articles of Incorporation or By-Laws of KYPSCO;
- (ii) any Law which is applicable to KYPSCO or any of its property or assets;
- (iii) any contract, indenture, instrument, agreement, mortgage, lease, right or other obligation or restriction to which KYPSCO or Stockholder is a party or by which KYPSCO or Stockholder or any of their properties or assets is or may be bound.

3.10 Historical Financial Information. The Company Financial Statements, hereby defined to include the balance sheets and income statements, true and complete copies of which have previously been delivered to WBIS present fairly the financial position, assets and liabilities of the Company as of the dates thereof and the revenues, expenses, results of operations and cash flows of the Company for the periods covered thereby. The Company Financial Statements are in accordance with the books and records of KYPSCO and do not reflect any transactions which are not bona fide transactions; however, the oral storage contract between KYPSCO and H&H Star Energy, Inc. is between affiliated companies that was not negotiated at arms length but it is believed rates are reflective of market value. The

books and records of KYPSCO have been maintained in accordance with applicable laws, rules and regulations, and in the ordinary course of business.

3.11 No Debt; No Undisclosed Liabilities. The amount of KYPSCO's Debt is Zero Dollars (\$0). No material claim against, or liability of, KYPSCO, or Stockholder of any nature, exists on the date hereof, other than those which have been disclosed in the Company Financial Statements except for those that are not properly accruable thereon and those incurred since the dates thereof in the ordinary course of business of the Company and consistent with past practices of the Company and except as set forth on Schedule 3.11. For purposes of this Section 3.11, a claim or liability shall be deemed to be "material" if it involves an amount in excess of \$25,000, individually or in the aggregate, as the context requires.

3.12. Current Assets Greater Than Current Liabilities. As of the date hereof and as of closing, current assets of KYPSCO are greater than its current liabilities. There are no undisclosed or unrecorded liabilities on the closing balance sheet.

3.13 No Adverse Effects or Changes. Except as listed on Schedule 3.13, since September 30, 1998, KYPSCO has not experienced an event that has had a material adverse effect on its business or:

- (a) made any change in its authorized capital or outstanding securities;
- (b) issued, sold or delivered, or agreed to issue, sell or deliver, any capital stock, bonds or other corporate securities (whether authorized and unissued or held in the treasury), or granted or agreed to grant any options, warrants or other rights calling for the issue, sale or delivery thereof;
- (c) borrowed or agreed to borrow any funds, guaranteed the repayment of any indebtedness or incurred any other contingent financial obligations, except borrowings incurred in the ordinary course of its business in accordance with its past practices;
- (d) satisfied any obligation or liability (absolute or contingent), other than obligations and liabilities incurred in the ordinary course of its business in accordance with its past practices that are in excess of \$10,000 individually or \$50,000 in the aggregate;
- (e) declared or made, or agreed to declare or make, any payment of dividends or distributions of any assets of any kind whatsoever in respect of its capital stock, or purchased, redeemed or otherwise acquired, or agreed to purchase, redeem or otherwise acquire, any of its outstanding capital stock;
- (f) sold, transferred or otherwise disposed of, or agreed to sell transfer or otherwise dispose of, any material assets, properties or rights, except inventory and equipment in the ordinary course of its business in accordance with its past practices, or canceled or otherwise terminated, or agreed to cancel or otherwise terminate, any debts or claims other than accounts receivable write-offs and writedowns in the ordinary course of its business in accordance with its past practices;

(g) other than in the ordinary course of business in accordance with its past practices, entered, or agreed to enter, into any agreement or arrangements to sell any of its assets, properties or rights, including inventories and equipment, or requiring the consent of any party to the transfer or assignment of any of its assets, properties or rights;

(h) made or permitted any amendment or termination of any material contract, agreement, permit or license to which it is a party of by which it or any of its properties are bound;

(i) made, directly or indirectly, any accrual or arrangement for or payment of any bonuses or special compensation of any kind or any severance or termination pay to any present or former officer, director or executive employee;

(j) except for customary raises granted in the ordinary course of its business in accordance with its past practices, increased the rate of compensation payable, or to become payable, by it to any of its officers, directors or employees or adopted any new, or made any increase in, any profit sharing, bonus, deferred compensation, savings, insurance, pension, retirement or other employee benefit plan payment or arrangement made to, for or with any present or former officers, directors or employees;

(k) incurred, or become subject to, any uninsured claim or liability of any material damages for any negligence or other tort or breach of contract;

(l) made any capital expenditures (or commitments therefor) which in the aggregate exceed \$25,000;

(m) suffered any damages, destruction or casualty losses in excess of \$10,000 in the aggregate; or

(n) entered into any material transaction other than in the ordinary course of its business in accordance with its past practices.

3.14 Third Party and Governmental Consents. Except for filings required with the Kentucky Public Service Commission, which will be made upon execution of this document, and except as set forth on Schedule 3.14 hereto, no approval, consent, waiver, order or authorization of, or registration, qualification, declaration, or filing with, or notice to, any governmental Authority or other third party is required on the part of Stockholder or KYPSCO in connection with the execution and delivery of this Agreement by Stockholder or KYPSCO or the consummation of the transactions contemplated hereby. All of the consents and approvals set forth on Schedule 3.14 have been obtained. WBIS will be responsible for the preparation and prosecution of the necessary filings with the Kentucky PSC and will bear the costs of such filings.

3.15 Real and Personal Property.

(a) Real Property. Schedule 3.15(a) sets forth a list of all real properties and major structures thereon owned, leased, or subject to a contract of purchase and sale or a lease commitment by KYPSCO, written or oral (collectively "Real Property"), and with respect to all owned Real Property, a description of the nature and amount of any Liens,

mortgages and encumbrances affecting such Real Property. Except as set forth in Schedule 3.15(a), the buildings, premises and equipment that are owned or leased by KYPSCO are in good operating condition and repair, subject only to ordinary wear and tear customary within the local trade. Except as set forth on Schedule 3.15(a), to the Knowledge of the Stockholder or the Company there is not any pending or threatened change in the zoning or building ordinances affecting the Real Property, or the operation and maintenance thereof as now operated or maintained, contravenes any zoning ordinance or other similar governmental or administrative regulation (whether or not permitted because of a prior non-conforming use) or violates any restrictive covenant, the effect of which in any material respect would interfere with or prevent the continued use of any of the Real Property for the purposes for which it is now being used or would materially affect the value thereof. There is no pending or contemplated eminent domain or similar proceeding pursuant to which any portion of any Real Property owned or leased by KYPSCO would be acquired for public use or the right of KYPSCO to use such property as presently used would be restricted in any material respect. Except as set forth on Schedule 3.15(a), to the knowledge of KYPSCO it acquired good, valid, marketable, legal and beneficial title to the Real Property and easements upon the acquisition thereof and KYPSCO has done nothing to encumber or impair its title to the Real Property and easements.

(b) Real Property Leases and Easements. Schedule 3.15(b) sets forth a true, correct and complete list of all real property leases and easements to which KYPSCO is a party, whether as lessor or lessee. All leases and easements listed on such Schedule are valid and subsisting and in full force and effect, and all rent and other payments now due have been paid. KYPSCO enjoys and is in peaceful and undisturbed possession under each lease and easement so listed in which it is a lessee or grantee. KYPSCO has not received any notice of, and to the Knowledge of the Company or the Stockholder, there does not exist any event of default or event, occurrence or act which, with the giving of notice or the lapse of time or both, would become a default under any such lease or easement. The real property under the leases and easements referred to in Schedule 3.15(b) is free from material physical defects. Such real property and the buildings, fixtures, equipment, and other property attached, situated or appurtenant thereto are in good operating condition and repair, in compliance with all applicable Laws and adequate and suitable for the purposes for which they are presently being used, except for such matters which in the aggregate would not have a material adverse effect on the business of KYPSCO. Schedule 3.15(b) also sets forth a true, correct and complete list of all notices issued within the past six months by KYPSCO regarding such real property leases and easements. Such notices were timely made and in accordance with the applicable lease agreement or easement agreement. Except as set forth on Schedule 3.15(b), to the knowledge of KYPSCO it has acquired good, valid, marketable, legal and beneficial title to the leases upon the acquisition thereof and KYPSCO has done nothing to encumber or impair its title to the leases.

(c) Personal Property. Schedule 3.15(c) sets forth a list of all Personal Property owed, leased, or subject to a contract or purchase and sale or lease commitment by KYPSCO, written or oral, (collectively "Personal Property"), and a description of the nature and amount of any Liens, mortgages and encumbrances affecting such Personal Property. Except as otherwise identified on Schedule 3.15(c), KYPSCO has good, valid, marketable, legal and beneficial title to all of the Personal Property, free and clear of all Liens. There are no outstanding options, warrants, commitments, agreements or any other rights of any character entitling any person or entity other than WBIS or any of its subsidiaries to acquire any interest in all, or any part of, the assets of KYPSCO.

3.16 Accounts Receivables, Payables and Promissory Notes. Schedule 3.16 sets forth a true and accurate list of:

- (i) all accounts receivable and payable of the Company as of April 30, 1999, together with an appropriate aging schedule;
- (ii) all long-term and short-term promissory notes, installment contracts, loan agreements and credit agreements as of April 30, 1999, to which KYPSCO is a party or to which any of its property are subject; and
- (iii) all indentures, mortgages, security agreements, pledges, and any other agreements, pledges, and any other agreements of KYPSCO as of April 30, 1999, relating thereto or with respect to collateral securing the same.

3.17 Insurance and Bonds.

(a) At and after closing, WBIS will be responsible for providing insurance coverage for KYPSCO. Any short rate/refunds of premiums related to policies of HEC will be the property of HEC. Schedule 3.17 sets forth a true and accurate list of insurance policies and bonds held by HEC and KYPSCO as an additional named insured as of the date hereof and as of closing, including those covering either of their properties, buildings, equipment, fixtures, and operations. Such list specifies with respect to each such policy:

- (i) the insurer and agent,
- (ii) the amount of coverage,
- (iii) the dates of premiums or payments due thereunder, and
- (iv) the expiration date, as applicable.

(b) HEC represents and warrants:

(i) Each such policy identified in Schedule 3.17 is currently in full force and effect. All insurance premiums due according to the applicable payment schedules reflected in such policies have been timely paid. Except as set forth on Schedule 3.17 there are no facts or circumstances known to the Stockholder or the Company under which any claims for uninsured losses or damages are likely to be asserted against HEC in an amount in excess of \$10,000 nor are there any such claims pending against HEC.

(ii) the insurance policies currently maintained by HEC provide coverage believed by the Stockholder to be adequate for KYPSCO's properties, assets, products and operations as the same are conducted by KYPSCO;

(iii) HEC has not requested cancellation of any material policy of insurance at any time during the previous two years; and

(iv) HEC has not sought and been denied any insurance coverage during the two-year period prior to the Closing Date. All bonds issued to secure performance of or payment by HEC under any material contract in progress or yet to be completed, including those contracts identified in Schedule 3.17, are in force and effect and are identified on Schedule 3.17. HEC nor Stockholder has made any representations or undertaken any other act which would give rise to a viable claim that any such existing bond is invalid or unenforceable. There are no facts or circumstances under which the viability or enforceability by HEC of any such existing bond could be successfully challenged; and

(v) the transactions contemplated by this Agreement will have no adverse effect on any such existing bond.

3.18 Bank Accounts. Schedule 3.18 sets forth a list of: (i) the name of each bank or other financial institution in which KYPSCO has an account or safe deposit box; (ii) the names of all persons authorized to draw thereon or to have access thereto; and (iii) the names of all persons other than the officers of KYPSCO who are authorized to incur liabilities on behalf of KYPSCO for borrowed funds.

3.19 Compliance with Laws. KYPSCO has complied with and is not in default under any Laws the violation of which could have a material adverse effect on the business, properties or assets of KYPSCO.

3.20 Litigation. There is no judicial or administrative claim, action, suit or proceeding pending or, to the Knowledge of the Company or the Stockholder, threatened, against or relating to Stockholder, KYPSCO or the officers or directors of KYPSCO in their capacities as stockholder, officers or directors, the business, properties or assets of KYPSCO or the transactions contemplated by this Agreement, including, but not limited to, actions or proceedings alleging any violation or any Environmental Law, before any federal, state or local court, arbitration tribunal or Governmental Authority, which would, individually or in the aggregate, materially adversely affect KYPSCO, the business, properties or assets of KYPSCO or the transactions contemplated by this Agreement and to the Knowledge of the Company and/or the Stockholder there does not exist any valid basis for any such claim, action, suit or proceeding. There are no claims, actions, suits, proceedings or investigations pending or, to the Knowledge of the Company or the Stockholder, threatened, by or against Stockholder or KYPSCO with respect to this Agreement, or in connection with the transactions contemplated hereby and the Stockholder has no reason to believe there exists a valid basis for any such claim, action, suit, proceeding or investigation.

3.21 Permits. Schedule 3.21 hereto sets forth a true, correct and complete list of all Permits of any federal, state or local regulatory or Governmental Authority relating to the business properties or assets of KYPSCO. The Permits constitute all permits, licenses, franchises, orders, certificates and approvals which are required for the lawful operation of the business, properties and assets of the Company. KYPSCO is in compliance in all material respects with all such Permits and owns or has owned or had valid Permits to use all properties, tangible or intangible, necessary for the conduct of its business and the operation of its properties and assets in the manner in which they are now conducted and operated.

3.22 Taxes.

(a) All Taxes of KYPSCO for which Tax Reports are not yet due are adequately provided for on the Company Financial Statements and adequate cash reserves have been set aside for such unpaid Taxes. Except as set forth on Schedule 3.22, all Tax Reports required to be filed by KYPSCO that are required to be filed on or prior to the Closing Date have been duly filed and are true, complete and accurate in all material respects. All Taxes owed with respect to the periods covered by such Tax Reports have been duly paid. KYPSCO has complied with all applicable laws, rules and regulations relating to the withholding and payment of Taxes and has timely withheld and paid to the proper governmental authorities all amounts required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor or stockholder.

(b) There are no agreements, waivers or other arrangements providing for an extension of time with respect to the assessment or collection of any Tax on KYPSCO and, to the Knowledge of the Company and the Stockholder, there are not any actions, suits, proceedings, investigations or claims now pending against KYPSCO in respect of unpaid Taxes, and there are no matters under discussion with any federal, state, county or local Governmental Authority relating to any amount of unpaid Taxes. Except as otherwise set forth on Schedule 3.21, the Tax Reports of KYPSCO have not been audited and are not in the process of being audited by the applicable taxing authorities, and there is no Tax deficiency outstanding, proposed or assessed against KYPSCO.

3.23 Employee Benefit Plans and Employment Agreements.

(a) KYPSCO does not have nor has it ever had any employees, officers, directors or shareholders subject to any employee benefit plan (within the meaning of Section 3(3) of the Employees Retirement and Income Security Act of 1974, as amended, (ERISA)), a written or oral employment or consulting agreement, a severance pay plan or agreement, an employee relations policy (or practice, agreement or arrangement), an agreement with respect to leased or temporary employees, a vacation plan or arrangement, a sick pay plan, a stock purchase plan, a stock option plan, a fringe benefit plan, an incentive plan, a bonus plan, a cafeteria or a flexible spending account plan or any deferred compensation agreement (or plan, program, or arrangement), or any other employee benefit plan (or plan, program or arrangement) howsoever labeled, captioned or denominated, within the meaning of any applicable law, rule or regulation, which is or at any time was sponsored or maintained by (or to which contributions are, were, or at any time were required to have been made by) KYPSCO.

(b) In light of the representations made by Stockholder under (a) above, it is not material to this transaction if KYPSCO is a member of a controlled group of organizations under 26 USC 414(b), (c), (m) or (o).

(c) Neither the Stockholder nor KYPSCO nor any other person has engaged in a prohibited transaction, as such term is defined in IRC 4974 or Section 406 of ERISA which would subject KYPSCO to any taxes, penalties or other liabilities resulting from prohibited transactions under IRC 4975 or under Sections 4090 or 502(i) of ERISA.

(d) No event has occurred and no condition exists that would subject KYPSCO to any tax or penalty under IRC Sections 511, 4971, 4972, 4977, 4978, 4980B or 5000 or to a fine under Section 502(c) of ERISA.

(e) KYPSCO is not subject to any legal, contractual, equitable or other obligation to establish as of any date after the Closing Date any employee benefit plan of any nature, including, without limitation, any pension, profit sharing, welfare, post-retirement welfare, stock option, stock or cash awards, non-qualified deferred compensation or executive compensation plan, policy or practice.

3.24 Certain Employees and Salaries. Schedule 3.24 sets forth a list of the names and salary rates of all employees of KYPSCO, together with any bonuses paid or payable to each such employee for the preceding or current fiscal year, and, to the extent existing on the Closing Date, all arrangements with respect to any bonuses or other payments to be paid to such employees by KYPSCO from and after the Closing Date. Schedule 3.24 also identifies the company cars, club memberships and other executive perquisites, if any, paid or payable by KYPSCO on behalf of such employees.

3.25 Material Contracts. Schedule 3.25 lists all contracts and arrangements, written, electronic, oral or otherwise, of the following types to which KYPSCO is a party or by which it is bound, or to which any of its assets or properties is subject:

(a) any contract or arrangement of any kind with any employee, officer or director of KYPSCO or any of their affiliates or Stockholder or any member of Stockholder's family;

(b) any contract or arrangement with a sales representative, dealer, broker, marketing agency, sales agency, advertising agency or other person engaged in sales, distributing, marketing, servicing or promotional activities, or any contract to act as one of the foregoing on behalf of any person;

(c) any contract or arrangement of any nature which involves the payment or receipt of cash or other property, an unperformed commitment, or goods or services having a value in excess of \$15,000;

(d) any contract or arrangement pursuant to which KYPSCO has made or will make loans or advances, or has or will have incurred debts or become a guarantor or surety or pledged its credit on or otherwise become responsible with respect to any undertaking of another (except for the negotiation or collection of negotiable instruments in transactions in the ordinary course of business);

(e) any indenture, credit agreement, loan agreement, note, mortgage, security agreement, lease of real property (to the extent not addressed in Section 3.15) or personal property or agreement for financing;

(f) any contract or arrangement involving a partnership, joint venture or other cooperative undertaking;

(g) any contract or arrangement involving any restrictions with respect to the geographical area of operations or scope or type of business of KYPSCO;

(h) any power of attorney or agency agreement or arrangement with any person pursuant to which such person is granted the authority to act for or on behalf of KYPSCO, or pursuant to which KYPSCO is granted the authority to act for or on behalf of any person;

(i) any contract for which the full performance thereof may extend beyond 60 calendar days from the date of this Agreement;

(j) any real property leases to which KYPSCO is a party, whether as lessor or lessee;

(k) any contract not made in the ordinary course of business which affects KYPSCO and which is to be performed at or after the date of this Agreement; and

(l) any contract not specified above that is material to the business, properties or assets of KYPSCO.

There has been delivered to WBIS, true, correct and complete copies of each document listed on Schedule 3.25 and a written description of each oral arrangement so listed. Except as disclosed on Schedule 3.25, all such contracts and arrangements, if canceled at any time by the other party, would not have a material adverse effect on the business, properties or assets of KYPSCO. There has been delivered to WBIS accurate copies of each form which has been used in the business of KYPSCO and which is in effect with respect to any third party on the Closing Date and there has been delivered to WBIS accurate lists of third parties with whom all such forms are in effect as of the Closing Date.

Except as set forth on Schedule 3.25 hereto, each contract between KYPSCO and any third party is valid and in full force and effect and constitutes the legal, valid and binding obligation of KYPSCO, as the case may be, and the other parties thereto, enforceable against KYPSCO, as the case may be, and the other parties thereto in accordance with their respective terms, and, to the Knowledge of the Company and the Stockholder, there are no existing violations or defaults by KYPSCO (including, but not limited to, the subcontracting or delegation by KYPSCO of duties to third parties) or by any other party thereto and no event, act or omission has occurred which (with or without notice, lapse of time or the happening or occurrence of any other event) would result in a violation or default thereunder. No other party to any contract has in writing or otherwise asserted the right, and no basis exists for the assertion of any enforceable right, to renegotiate, or cancel or terminate prior to the full term thereof, any of the terms or conditions of any such contract, nor does the Company have any Knowledge that any party to any such contract intends to not renew any such contract upon termination of its current term. Except as set forth on Schedule 3.25 hereto, no consent of any party to such contracts is required for the execution, delivery or performance of this Agreement or the consummation of the transactions contemplated hereby.

3.26 Intellectual Property. Schedule 3.26 hereto sets forth a true, correct and complete list of all Intellectual Property used by KYPSCO in the conduct of its business. Except as disclosed on Schedule 3.26 hereto:

(a) all of the Intellectual Property is owned by KYPSCO free and clear of all Liens and is not subject to any license, royalty or other agreement;

(b) none of the Intellectual Property has been or is the subject of any pending or threatened litigation or claim of infringement;

(c) no license or royalty agreement to which KYPSCO is a party is in breach or default by any party thereto or the subject of any notice of termination given or threatened;

(d) neither the properties nor the assets of KYPSCO infringe any confidential or proprietary rights of any other person or entity, and KYPSCO has not received any notice contesting the right of KYPSCO to use any Intellectual Property;

(e) KYPSCO has not granted any license or agreed to pay or receive any royalty in respect of any Intellectual Property;

(f) KYPSCO owns or possesses adequate rights in perpetuity in and to all Intellectual Property necessary to conduct its business; and

(g) KYPSCO has taken all actions, including any filings, necessary to perfect its interests and rights in and to the Intellectual Property.

3.27 Labor Matters. KYPSCO has conducted, and currently is conducting its business in full compliance with all applicable federal and state laws relating to employment and employment practices, terms and conditions of employment, wages and hours, and nondiscrimination in employment. Except as set forth on Schedule 3.27, the relationships of KYPSCO with its respective employees are good and there is, and during the past five years there has been, no labor strike, dispute, slow-down, work stoppage or other labor difficulty actually pending or threatened against or involving KYPSCO. Except as set forth on Schedule 3.27, to the Knowledge of the Company, there are no facts or circumstances that could give rise to a claim for wrongful termination or discrimination on any basis. Except as set forth on Schedule 3.27, none of the employees of KYPSCO is covered by any collective bargaining agreement, no collective bargaining agreement is currently being negotiated and, to the Knowledge of the Company or the Stockholder, no attempt is currently being made or during the past three years has been made to organize any employees of KYPSCO to form or enter a labor union or similar organization. KYPSCO has delivered to WBIS a true and complete copy of each collective bargaining agreement to which it is a party or by which it is bound.

3.28 Customers and Suppliers. Schedule 3.28 sets forth a list of the major customers in terms of revenue during each of the years ended April 30, 1997 and 1998 showing the approximate total revenue received in each such period from each such major customer. Except to the extent set forth on Schedule 3.28 since April 30, 1998, there has been no material dispute, between KYPSCO and any major customer, and the Company has no Knowledge of any indications that any major customer intends to adversely change its servicing arrangements with KYPSCO.

3.29 Environmental Matters. Except as set forth in Schedule 3.29:

(a) KYPSCO is currently in compliance in all material respects with all applicable Environmental Laws, has cured any past violations or alleged violations of Environmental Laws to the satisfaction of any and all Governmental Authorities, is not currently in receipt of any notice of violation, is not currently in receipt of any notice of any potential liability for cleanup of Hazardous Materials and is not now subject to any investigation or information request by a Governmental Authority concerning Hazardous Materials or any Environmental Laws. To the Knowledge of the Company and the Stockholder, KYPSCO holds and is in compliance with all governmental permits, licenses, and authorizations necessary to operate those aspects of its business that relate to siting, wetlands, coastal zone management, air emissions, discharges to surface or ground water, discharges to any sewer or septic system, noise emissions, solid waste disposal or the generation, use, transportation or other management of Hazardous Materials except in compliance with all applicable Laws, including applicable Permit requirements;

(b) No assets of KYPSCO are subject to any Lien in favor of any person as a result of any Hazardous Material or response thereto;

(c) To the Knowledge of the Stockholder and KYPSCO, all facilities where any person has treated, stored, disposed of, reclaimed, or recycled any Hazardous Material on behalf of KYPSCO are in compliance with Environmental Laws.

3.30 Necessary Property. The assets of KYPSCO include all of the tangible and intangible assets which are required for the operation by KYPSCO, or its business as now conducted.

3.31 Minute Books and Charter Documents. All corporate records and books (including stock transfer ledgers) of KYPSCO have been made available to WBIS for its review.

3.32 Broker's Fees. No agent, broker or other person is or may be entitled to a commission or finder's fee in connection with the transactions contemplated by this Agreement, or is or may be entitled to make any claim against Stockholder, KYPSCO or against WBIS or any of its subsidiaries or affiliates, as a result of any actions by Stockholder or KYPSCO. Stockholder shall indemnify WBIS and its subsidiaries against any claim for any such commission or finder's fee made by any agent, broker or other person as a result of any actions by Stockholder or KYPSCO.

3.33 Questionable Payments. Neither KYPSCO nor any executive employee, agent, or representative of KYPSCO (including Stockholder) has made, directly or indirectly, any (a) bribes, kickbacks or illegal payments, (b) payments that were falsely recorded on the books and records of KYPSCO, or (c) payments to governmental officials for improper purposes.

3.34 No Misstatements or Omissions. No representation or warranty made in this Agreement or on any Schedule hereto by Stockholder or KYPSCO is false or misleading as to any material fact, or omits to state a material fact required to make any of the statements made herein not misleading in any material respect.

3.35 Regulatory Status. Neither Stockholder nor KYPSCO is a "gas utility company," a "public utility company" or a "holding company" within the meaning of Section 2 of the Public Utility Holding Company Act. Neither Stockholder nor KYPSCO owns or operates facilities used for the distribution at retail of natural or manufactured gas or heat, light or power.

3.36 Tax Reports. Schedule 3.36 contains true and correct copies of the Tax Reports filed by KYPSCO for the years ending April 30, 1997 through April 30, 1999. It is understood that actual copies of state Tax Returns and pro forma federal Tax Returns are attached hereto.

3.37 Year 2000. KYPSCO and the Stockholder have reviewed the areas within the businesses and operations of KYPSCO that could be adversely affected by, and have developed or are developing a program to address on a timely basis, the Year 2000 Problem as it relates to KYPSCO. Except as set forth on Schedule 3.37, the Year 2000 Problem, as it relates to, KYPSCO will not result in any material adverse effect on the business, properties or assets of KYPSCO.

3.38 Tax Election. Stockholder is eligible to make an election under Section 338(h)(10) of the Internal Revenue Code ("Code") (and any comparable election under state, local or foreign tax law) with respect to KYPSCO.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF WBIS

WBIS represents and warrants to the Stockholder as of the date hereof and as of Closing as follows:

4.01 Organization; Good Standing. WBIS is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation with all requisite corporate power and authority and legal right to own, operate and lease its properties and assets and to carry on its business as now being conducted and to enter into this Agreement and perform its obligations hereunder, and is duly qualified to do business and is in good standing as a foreign corporation in each jurisdiction where the conduct of its business or the ownership of its property requires such qualification.

4.02 Authority. WBIS has the corporate power and authority to execute, deliver, and perform its obligations under this Agreement and to consummate the transactions contemplated hereby, and has taken all necessary corporate action to authorize the execution, delivery and performance of this Agreement. WBIS has the power and authority to deliver the consideration, and all necessary corporate action to authorize the delivery of the Consideration has been taken.

4.03 Due Execution and Enforceability. This Agreement is a valid and binding obligation of WBIS, enforceable in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application referring to or affecting enforcement of creditors' rights and general principles of equity.

4.04 No Restrictions Against Performance. Neither the execution, delivery, authorization or performance of this Agreement, nor the consummation of the transactions contemplated hereby will, with or without the giving of notice or the passage of time, or both, violate any provisions of, conflict with, result in a breach of, constitute a default under, or result in the creation or imposition of any Lien or adverse condition under (i) the Certificate of Incorporation or By-Laws of WBIS; (ii) any federal, state or local Law, which is applicable to WBIS; (iii) any contract, indenture, instrument, agreement, mortgage, lease, right or other obligation or restriction to which WBIS is a party or by which WBIS is bound; or (iv) any order, judgment, writ, injunction, decree, license, franchise, permit or other authorization of any Governmental Authority by which WBIS is bound, any of which, when taken as a whole, would have a material adverse effect upon WBIS and its subsidiaries taken as a whole.

4.05 Third Party and Governmental Consents. Except for filings required to be made to the Kentucky Public Service Commission, which will be made upon execution of this document, and except as set forth on Schedule 4.05 hereto, no approval, consent, waiver, order or authorization of, or registration, qualification, declaration, or filing with, or notice to, any governmental authority or other third party is required on the part of WBIS in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby or thereby. All of the consents and approvals set forth on Schedule 4.05 have been obtained.

4.06 Litigation. There are no claims, actions, suits, proceedings or investigations pending or, to the Knowledge of WBIS, threatened, by or against WBIS with

respect to this Agreement, or in connection with the transactions contemplated hereby and WBIS has no reason to believe there exists a valid basis for any such claim, action, suit, proceeding or investigation.

4.07 Broker's Fees. No agent, broker or other person entitled to a commission or finder's fee in connection with the transactions contemplated by this Agreement is or may be entitled to make any claim against Stockholder or KYPSCO as a result of any actions by WBIS. WBIS shall indemnify the Stockholder against any claim for any such commission or finder's fee made by any agent, broker or other person as a result of any actions by WBIS.

ARTICLE 5

TAX MATTERS

5.01 Section 338(h)(10) Elections. For purposes of this Article 5, "Parent" means Howard Publications, Inc., the parent of the Stockholder. Parent and WBIS shall make a joint election under Section 338(h)(10) of the Code and a similar election under any applicable state income tax law for KYPSCO, if any (the "Section 338(h)(10) Elections"). Not later than 180 days after the Closing Date, Stockholder shall prepare and deliver to WBIS an Internal Revenue Service Form 8023-A and any similar form under applicable state income tax law (the "Forms") with respect to the Section 338(h)(10) Elections, together with any completed schedules required to be attached thereto, which Forms shall have been duly executed by an authorized person for Parent. Within 15 days of receipt thereof, WBIS shall cause the Forms to be duly executed by an authorized person for WBIS, shall provide a copy of the executed Forms and schedules to Stockholder, shall duly and timely file the Forms as prescribed by Treasury Regulation Subsection 1.338(h)(10)-1 or the corresponding provisions of applicable state income tax law. Stockholder will pay the Income Taxes of KYPSCO attributable to the making of the Section 338(h)(10) Elections. The allocation of the deemed purchase price among the assets of KYPSCO shall be made in accordance with Schedule 5.01.

5.02 Preparation of Tax Returns; Responsibility for Taxes.

(a) Stockholder shall cause to be included in the consolidated federal income Tax Returns (and the state income Tax Returns) of the Stockholder for all taxable periods ending on or before the Closing Date ("Pre-Closing Period(s)"), all items of income, gain, loss, deduction and credit and other tax items ("Tax Items") of KYPSCO which are required to be included therein, shall cause such Tax Returns to be timely filed with the appropriate taxing authorities, and shall be responsible for the timely payment (and entitled to any refund) of all Taxes due with respect to the periods covered by such Tax Returns.

(b) With respect to any Tax Return covering a Pre-Closing Period that is required to be filed after the Closing Date with respect to KYPSCO that is not described in paragraph (a) above (other than one-day returns necessitated by a stand-alone election under Section 338(g) or the corresponding provisions of applicable state income tax law), Stockholder shall cause such Tax Return to be prepared, shall cause to be included in such Tax Return all Tax Items required to be included therein, shall cause such Tax Return to be filed timely with the appropriate taxing authority, and shall be responsible for the timely

payment (and entitled to any refund) of all Taxes due with respect to the period covered by such Tax Return. Stockholder shall determine (by an interim closing of the books as of the Closing Date except for ad valorem Taxes which shall be prorated on a daily basis) the portion of the Tax due with respect to the period covered by such Tax Return which is attributable to the Pre-Closing Period. Stockholder shall pay the amount of Tax so determined to be attributable to the Pre-Closing Period not later than five days after the filing of such Tax Return.

(c) With respect to any Tax Return covering a taxable period beginning on or before the Closing Date and ending after the Closing Date that is required to be filed after the Closing Date with respect to KYPSCO (including one-day returns necessitated by a stand-alone election under Section 338(g) or the corresponding provisions of applicable state income law), WBIS shall cause such Tax Return to be prepared, shall cause to be included in such Tax Return all Tax Items required to be included therein, shall furnish a copy of such Tax Return to Stockholder, shall file timely such Tax Return with the appropriate taxing authority, and shall be responsible for the timely payment (and entitled to any refund) of all Taxes due with respect to the period covered by such Tax Return.

(d) Notwithstanding anything to the contrary herein, any franchise Tax paid or payable with respect to KYPSCO shall be allocated to the taxable period during which the right to do business obtained by the payment of such franchise Tax relates, regardless of whether such franchise Tax is measured by income, operations, assets or capital relating to another taxable period. With respect to any franchise Tax of KYPSCO so allocated to the taxable period in which the Closing Date occurs: (i) Stockholder shall determine (by an interim closing of the books as of the Closing Date) the portion of the franchise Tax of KYPSCO due with respect to the portion of such taxable period ending on the Closing Date and the remaining portion of such taxable period, and (ii) if the amount of such franchise Tax paid or provided for as of the Closing Date exceeds the amount so prorated to the portion of such taxable period ending on the Closing Date, WBIS shall pay to Stockholder such excess amount. Notwithstanding the foregoing, however, Stockholder shall remain responsible for, and shall indemnify WBIS and KYPSCO against, any incremental franchise tax liability resulting from the Section 338(h)(10) Elections.

(e) Any Tax Return to be prepared pursuant to the provisions of this Section 5.02 shall be prepared in a manner consistent with practices followed in prior years with respect to similar Tax Returns, except for changes required by changes in law or fact.

(f) WBIS shall not file an amended tax return for any period ending on or prior to the Closing Date without the consent of Stockholder.

(g) Any refunds of taxes paid relating to Pre-Closing periods will be for the account of Stockholder and, upon receipt thereof, WBIS shall promptly pay such amounts to Stockholder.

5.03 Access to Information.

(a) Stockholder shall grant to WBIS (or its designee) access at all reasonable times to all of the information, books and records relating to KYPSCO within the possession of Stockholder (including workpapers and correspondence with taxing authorities),

and shall afford WBIS (or its designee) the right (at WBIS' expense) to take extracts therefrom and to make copies thereof, to the extent reasonably necessary to permit WBIS (or its designees) to prepare Tax Returns and to conduct negotiations with taxing authorities.

(b) WBIS shall grant or cause KYPSCO to grant to Stockholder (or its designee) access at all reasonable times to all of the information, books and records relating to KYPSCO within the possession of WBIS or KYPSCO (including workpapers and correspondence with taxing authorities), and shall afford Stockholder (or its designee) the right (at Stockholder's expense) to take extracts therefrom and to make copies thereof, to the extent reasonably necessary to permit Stockholder (or its designee) to prepare Tax Returns and to conduct negotiations with taxing authorities.

5.04 Tax Sharing Agreements. Stockholder shall, as of the Closing Date, terminate all tax allocation agreements or tax sharing agreements with respect to KYPSCO and shall ensure that such agreements are of no further force or effect as to KYPSCO on or after the Closing Date and there shall be no further liability of KYPSCO under any such agreement.

5.05 Non-Foreign Person Affidavit. Stockholder shall have delivered to WBIS an affidavit to the effect that Stockholder is not a "foreign person" within the meaning of Sections 1445 or 7701 of the Code executed under penalty of perjury and satisfying the requirements of the Treasury Regulations promulgated pursuant to such Code sections.

5.06 Assistance and Cooperation. After the Closing Date, in the case of any audit, examination or other proceeding ("Proceeding") with respect to Taxes for which Stockholder is or may be liable pursuant to this Agreement, WBIS shall inform Stockholder (within 10 days of the receipt of a notice of such Proceeding), and shall afford Stockholder, at Stockholder's expense, the opportunity to control the conduct of such Proceedings. WBIS shall execute or cause to be executed powers of attorney or other documents necessary to enable Stockholder to take all actions desired by Stockholder with respect to such Proceeding to the extent such Proceeding may affect the amount of Taxes for which Stockholder is liable pursuant to this Agreement. Stockholder shall have the right to control any such Proceedings, and, if there is substantial authority therefor, to initiate any claim for refund, file any amended return or take any other action which they deem appropriate with respect to such Taxes. Any Proceeding with respect to Taxes for a period which includes but does not end on the Closing Date shall be controlled jointly by Stockholder and WBIS.

ARTICLE 6

DELIVERIES

6.01 Deliveries by the Stockholder and KYPSCO. At the Closing, in addition to any other documents required to be delivered under the terms of this Agreement, the Stockholder and KYPSCO shall have delivered the following:

(a) A certificate of Stockholder and the President of KYPSCO, dated the Closing Date, certifying that all consents and approvals referred to in Section 3.14 have been obtained, together with copies of such consents and approvals.

(b) Copies of the Articles of Incorporation of KYPSCO, certified as of a recent date by the Secretary of State of Kentucky.

(c) Copies of the By-Laws of KYPSCO, including all amendments thereto, certified by the Secretary of KYPSCO.

(d) Certificates, dated not earlier than seven (7) calendar days prior to the Closing Date, of the Secretary of State of Kentucky, as to the valid existence of KYPSCO, together with other assurances reasonably acceptable to WBIS dated the Closing Date bringing down such certificates to the Closing Date.

(e) Tax clearance letters, dated not earlier than seven (7) calendar days prior to the Closing Date hereof, from the Kentucky Revenue Cabinet, with respect to KYPSCO.

(f) Resolutions adopted by the Board of Directors of the Stockholder, authorizing this Agreement and the transactions contemplated hereby, certified by the Secretary of Stockholder.

(g) A preliminary draft of the Closing Balance Sheet, certified by the President and Treasurer of KYPSCO.

(h) A certificate, substantially in the form of Schedule 6.01(h) hereto, stating that Stockholder is not a nonresident alien for purposes of U.S. federal income taxation.

(i) Duly executed resignations of each of the directors and officers of KYPSCO, in form and substance reasonably satisfactory to WBIS.

(j) Stockholder shall deliver to WBIS Uniform Commercial Code financing statement searches for the State of Kentucky and any other state in which KYPSCO does business, dated within 15 calendar days prior to the date of the Closing, showing that there are no security interests, judgments, taxes, other liens or encumbrances outstanding against KYPSCO or their assets, or against Stockholder, other than as disclosed on Schedule 6.01(j).

6.02 Deliveries by WBIS. At the Closing, in addition to any other documents required to be delivered under the terms of this Agreement, WBIS shall have delivered a certificate of the President or a Vice President of WBIS, dated as of the Closing Date, certifying that all consents and approvals referred to in Section 4.05 have been obtained, together with copies of such consents and approvals.

ARTICLE 7

INDEMNIFICATIONS AND RISK OF LOSS

7.01 Survival of Representations, Warranties and Covenants. Regardless of any investigation by any party hereto, the representations, warranties and covenants

contained in this Agreement or any document delivered hereunder shall survive the Closing and remain in full force and effect until June 30, 2002, other than (i) any representation or warranty contained herein which relates to Taxes, which shall survive until the date on which the relevant statute of limitations expires for the assessment of such Taxes (giving effect to any waiver, mitigation or extension thereof) and (ii) any representation or warranty contained in Section 3.05, which shall survive indefinitely.

7.02 Indemnification by and on Behalf of Stockholder. Stockholder agrees to defend, indemnify and hold WBIS harmless from and against any and all losses, liabilities, damages, costs or expenses (including reasonable attorneys' fees, penalties and interest) payable to or for the benefit of, or asserted by, any party, resulting from, arising out of, or incurred as a result of:

(a) the breach of any representation made by Stockholder herein or in accordance herewith;

(b) the breach of any warranty or covenant made by Stockholder herein or in accordance herewith;

(c) any claim, whether made before or after the date of this Agreement, or any litigation, proceeding or governmental investigation, whether commenced before or after the date of this Agreement arising out of or in connection with the business of KYPSCO prior to the closing Date, or otherwise arising out of or in connection with any act or occurrence prior to the Closing Date; or

(d) any claim, whether made before or after the date of this Agreement, or any litigation, proceeding or governmental investigation, whether commenced before or after the date of this Agreement arising out of or in connection with (i) any failure to file Tax Reports required to be filed by KYPSCO that are required to be filed on or prior to the Closing Date, including those listed on Schedule 3.22, or (ii) any claim or determination that such Tax Reports are incomplete and or inaccurate in any material respect.

7.03 Indemnification by WBIS. WBIS agrees to defend, indemnify and hold the Indemnified Seller harmless from and against any and all losses, liabilities, damages, costs, or expenses (including reasonable attorneys' fees, penalties and interest) payable to or for the benefit of, or asserted by, any party, resulting from, arising out of, or incurred as a result of (a) the breach of any representation made by WBIS herein or in accordance herewith; (b) the breach of any warranty or covenant made by WBIS herein or in accordance herewith; or (c) any claim against Stockholder of KYPSCO, solely in his capacity as a former stockholder of KYPSCO, arising out of or in connection with the business of KYPSCO on or after the Closing Date, or otherwise arising out of or in connection with any act or occurrence on or after the Closing Date.

7.04 Limitations on Indemnification.

(a) Neither the Stockholder, on the one hand, nor WBIS, on the other hand, shall be entitled to make any claim for indemnification under this Article 7 with respect to (i) the breach of any representation or warranty contained herein other than those representations and warranties that relate to Taxes and other than those representations and warranties

contained in Section 3.05 after June 30, 2002, or (ii) the breach of any representation and warranty contained herein which relates to Taxes, thirty (30) days after the date on which the relevant statute of limitations expires for the assessment of such Taxes (giving effect to any waiver, mitigation or extension thereof), unless the Stockholder or WBIS, as the case may be, shall assert such claim for indemnification, and shall specify, in reasonable detail to the extent known, the specific facts constituting the basis for such claim for indemnification prior to the date on which such representation and warranty cease to survive.

(b) Except as otherwise set forth herein, the parties' obligations to indemnify one another for losses, liabilities, damages, costs or expenses under Section 7.02 shall not apply unless and until the amount of all such losses, liabilities, damages, costs and expenses exceed \$25,000 in the aggregate.

(c) The Stockholder's and WBIS' liability for indemnity obligations under Article 7 shall be limited to an aggregate amount of the Purchase Price.

7.05 Notice of Claims. Stockholder and WBIS agree to give prompt written notice to each other of any claim by any party which might give rise to a claim by it or them against the other party hereto based upon the indemnity provisions contained herein, stating the nature and basis of the claim and the actual or estimated amount thereof, provided, however, that failure to give such notice will not affect the obligation of the indemnifying party to provide indemnification in accordance with the provisions of this Article 7 unless, and only to the extent that, such indemnifying party is actually prejudiced thereby. In the event that any action, suit or proceeding is brought by a third party against any member of the Indemnified Seller or the Indemnified Purchaser with respect to which any party hereto may have liability under the indemnification provisions contained herein, the indemnifying party shall have the right, at its sole cost and expense, to defend such action in the name or on behalf of the indemnified party and, in connection with any such action, suit or proceeding, the parties hereto agree to render to each other such assistance as may reasonably be required in order to ensure the proper and adequate defense of any such action, suit or proceeding; provided, however, that an indemnified party shall have the right to retain its own counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate because of actual or potential differing interests between such indemnified party and any other party represented by such counsel. Neither party hereto shall make any settlement of any claim which might give rise to liability of the other party under the indemnification provisions contained herein without the written consent of such other party, which consent such other party covenants shall not be unreasonably withheld.

7.06 Risk of Loss. If, prior to Closing, all or any part of KYPSCO's assets are destroyed by fire or other casualty or if any portion of such assets shall be taken by condemnation or under right of eminent domain (all of which are herein called "Casualty Loss"), WBIS, in its sole discretion may terminate this transaction or proceed with the Closing upon such terms as may be agreed upon by and between the parties hereto.

ARTICLE 8

GENERAL PROVISIONS

8.01 Expenses. Except as otherwise expressly provided herein, each party to this Agreement shall pay its own expenses (including, without limitation, the fees and expenses of its or his agents, representatives, counsel, and accountants) incurred in connection with the negotiation, drafting, execution, delivery and performance of this Agreement and the transactions contemplated hereby.

8.02 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Stockholder and WBIS and their respective successors, representatives and assigns.

8.03 Waiver. No provision of this Agreement shall be deemed waived by course of conduct, including the act of closing, unless such waiver is made in a writing signed by all then existing or surviving parties hereto, stating that it is intended specifically to modify this Agreement, nor shall any course of conduct operate or be construed as a waiver of any subsequent breach of this Agreement, whether of a similar or dissimilar nature.

8.04 Entire Agreement. This Agreement (together with the Schedules and Exhibits hereto) supersedes any other agreement, whether written or oral, that may have been made or entered into by WBIS or any of its subsidiaries, or by the Stockholder (or by any director, officer, employee, agent, or other representative of such parties) relating to the matters contemplated hereby. This Agreement (together with the Schedules and Exhibits hereto) constitutes the entire agreement between the parties and there are no agreements or commitments except as expressly set forth herein.

8.05 Further Assurances. Each of the parties hereto agrees to execute all further documents and instruments and to take or to cause to be taken all reasonable actions which are necessary or appropriate to complete the transactions contemplated by this Agreement.

8.06 Notices. All notices, demands, requests, and other communications hereunder shall be deemed to have been duly given and shall be effective upon receipt if delivered by hand, or sent by certified or registered United States mail, postage prepaid and return receipt requested, or by prepaid overnight express service or facsimile transmission (with receipt confirmed). Notices shall be sent to the parties at the following addresses (or at such other addresses for a party as shall be specified by like notice; provided that such notice shall be effective only upon receipt thereof):

(a) If to Stockholder:

Howard Energy Co., Inc.
221 First Avenue West, Suite 405
Seattle, Washington 98119

and

Mr. David Howard
Howard Energy Co., Inc.

13561 West Bay Shore, Suite 3000
Traverse City, Michigan 49684
Telephone: (760) 433-5771
Facsimile: (760) 433-2531

with a copy (which shall not constitute notice) to:

Mr. Gary Bergquist
Davis, Wright and Termaine
2600 Century Square
1501 Fourth Avenue
Seattle, Washington 98101

(b) If to WBIS:

WBI Southern, Inc.
1250 West Century Avenue
P.O. Box 5601
Bismarck, North Dakota 58506-5601
Telephone: (701) 530-1500
Facsimile: (701) 530-1599

8.07 Amendments, Supplements, Etc. This Agreement may be amended or modified only by a written instrument executed by all then existing or surviving parties hereto which states specifically that it is intended to amend or modify this Agreement.

8.08 Severability. In the event that any provision contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof and this Agreement shall be construed as if such invalid, illegal or unenforceable provisions had never been contained herein and, in lieu of each such illegal, invalid or unenforceable provision, there shall be added automatically as a part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible but still be legal, valid and enforceable.

8.09 Governing Law. This Agreement and the legal relations between the parties hereto shall be governed by and construed in accordance with the substantive laws of the State of North Dakota without giving effect to the principles of conflicts of law thereof.

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

8.11 Attorney Fees. In any litigation, arbitration, or other proceeding by which one party either seeks to enforce its rights under this Agreement (whether in contract, tort, or both) or seeks a declaration of any rights or obligations under this Agreement, the prevailing party shall be awarded reasonable attorney fees, together with any costs and expenses, including expert witness fees, to resolve the dispute and to enforce the final judgment.

8.12 Termination. This Agreement may be terminated at any time by mutual consent of the parties hereto. This agreement may be terminated by either party if the consent of the Kentucky Public Service Commission to the transaction contemplated by this Agreement is not received within 90 days of the date of this Agreement without the fault of the party electing to terminate this Agreement. In no event will either party be under any obligation to

consent to any condition, including the payment of any money other than filing or other fees of the Kentucky Public Service Commission to secure such consent.

8.13 Environmental. HEC has communicated to WBIS that there are no environmental liabilities or issues associated with the sale of the stock of KYPSCO by Stockholder. Likewise, WBIS' initial due diligence investigation has not identified any environmental concerns. HEC is not seeking a waiver from indemnification for environmental matters as set forth in the representations and warranties provided by HEC. Nothing contained in this Section 8.13 is intended to be or shall be construed as a waiver of any of WBIS' rights arising hereunder.

8.14 Effective Date. This transaction shall be effective as of the Closing Date.

In Witness Whereof, the parties hereto have executed this Agreement as of the date first above written.

WBI SOUTHERN, INC.

By: _____

Name: John K. Castleberry

Title: President and Chief Executive Officer

HOWARD ENERGY CO. INC. AS SOLE STOCKHOLDER
OF KENTUCKY PIPELINE AND STORAGE
COMPANY

By: _____

Richard D. Newell
RICHARD D. NEWELL
SECRETARY

consent to any condition, including the payment of any money other than filing or other fees of the Kentucky Public Service Commission to secure such consent.

8.13 Environmental. HEC has communicated to WBIS that there are no environmental liabilities or issues associated with the sale of the stock of KYPSCO by Stockholder. Likewise, WBIS' initial due diligence investigation has not identified any environmental concerns. HEC is not seeking a waiver from indemnification for environmental matters as set forth in the representations and warranties provided by HEC. Nothing contained in this Section 8.13 is intended to be or shall be construed as a waiver of any of WBIS' rights arising hereunder.

8.14 Effective Date. This transaction shall be effective as of the Closing Date.

In Witness Whereof, the parties hereto have executed this Agreement as of the date first above written.

WBI SOUTHERN, INC.

By: 

Name: John K. Castleberry TH
Title: President and Chief Executive Officer

HOWARD ENERGY CO. INC. AS SOLE STOCKHOLDER
OF KENTUCKY PIPELINE AND STORAGE
COMPANY

By: _____

Schedule 3.13

Adverse Effects or Changes
Since September 30, 1998

- a) Conversion of debt to additional paid in capital in the amount of \$5,531,039.30
- b) Conversion of debt to additional paid in capital in the amount of \$5,531,039.30
- c) None
- d) None
- e) None
- f) None
- g) None
- h) None
- i) None
- j) None
- k) None
- l) None
- m) None
- n) None

Schedule 3.14

Third Party Governmental Consents

None

Schedule 3.15(a)

Real Property

- (i) Pipeline Right of Way Agreements,
itemized list attached

Kentucky Pipeline and Storage Company, Inc.

Pipeline Right of Way Agreements

2.15(a)

<u>ROW No.</u>	<u>Name</u>	<u>Date</u>	<u>Book</u>	<u>Page</u>	<u>ROW Form</u>	<u>Title Opinion</u>	<u>Comments</u>
1	Howmon, George William et al.	11/17/90	497	10	KP&S-11 (BC-90)	11/21/90	Fifty feet in width.
2	Coates, James Robert et ux	10/24/90	497	12	KP&S-11 (BC-90)	11/9/90	Fifty feet in width.
3	Kirkwood, Alvin et ux	10/24/90	497	14	KP&S-11 (BC-90)	11/9/90	Fifty feet in width.
4	Powell, Tommy et ux	9/11/90	497	16	KP&S-11 (BC-90)	10/25/90	Fifty feet in width.
5	Hooper, Richard A., et ux	12/8/90	497	18	KP&S-11 (BC-90)	12/18/90	Fifty feet in width.
6	Robards, Edna et al.	9/19/90	503	661	KP&S-11 (BC-90)	10/8/90	Fifty feet in width.
7	Chevron, U.S.A., Inc.	10/8/90	497	48	Typed version of KP&S-11 Form	10/25/90	Fifty feet in width. Pipeline location specified.
8	Bhvens, Jerry, et ux	11/7/90	497	22	KP&S-11 (BC-90)	11/15/90	Fifty feet in width.
9	Hawkins, Betty	11/5/90	497	24	KP&S-11 (BC-90)	11/15/90	Fifty feet in width.
10	Hollis, Ruby	10/4/90	497	26	KP&S-11 (BC-90)	10/18/90	Fifty feet in width.
11	Cary, Parker, et ux	10/3/90	497	28	KP&S-11 (BC-90)	10/18/90	Fifty feet in width.

Schedule 3.15(b)

Leaseholds & Leases

<u>Description</u>	<u>Notices Issued</u>
(i) Underground Storage Structure leases, itemized list attached	None

Kentucky Pipeline and Storage Company, Inc.

Mineral Conveyance and Underground Gas Lease Storage Agreements

	<u>Grantor/Lessor</u>	<u>Tract Name</u>	<u>Tract Acreage</u>	<u>ROW Date</u>	<u>Recorded Book Page</u>	<u>Estate Conveyed</u>	<u>Royalty Reservation</u>
1	Dixon, Mary Jane, et al.	Claude Dixon	425	1/25/90	493 114	Fee as to oil & gas in formation; leasehold as to formation itself.	1/8th oil
2	Dozier, Rush W. Jr., et ux	Rush Dozier 23.25 acre	23.25	5/8/90	493 171	Fee as to oil & gas in formation; leasehold as to formation itself.	1/8th oil
3	Dozier, Rush W. Jr., et ux	Rush Dozier 75 acre	75	7/19/90	493 181	Fee as to oil & gas in formation; leasehold as to formation itself.	1/8th oil
4	Parrish, Joseph R., et al.	J.W. Parrish Heirs	126	3/5/90	493 122, 127, 132, 137	Fee as to oil & gas in formation; leasehold as to formation itself.	1/8th oil
5	Slaton, A. Norris, et al.	A. Norris Slaton	403	4/23/90	493 142	Fee as to oil & gas in formation; leasehold as to formation itself.	1/8th oil
6	Slaton, Albert, et al.	Albert Slaton	72	4/23/90	493 149, 154, 159	Fee as to oil & gas in formation; leasehold as to formation itself.	1/8th oil
7	Slaton, A. Norris, et al.	John Slaton	13	5/8/90	493 166	Fee as to oil & gas in formation; leasehold as to formation itself.	1/8th oil

B-A	Island Creek Coal Company	Island Creek #205A	31.5	3/9/90	493	89	Fee as to formation and oil & gas in formation.	1/4th oil
B-B	Island Creek Coal Company	Island Creek #205B	67.5	3/9/90	493	89	Fee as to formation and oil & gas in formation.	1/4th oil
B-C	Island Creek Coal Company	Island Creek #208	135	3/9/90	493	89	Fee as to formation and oil & gas in formation.	1/4th oil
B-D	Island Creek Coal Company	Island Creek #209	34.75	3/9/90	493	89	Fee as to formation and oil & gas in formation.	1/4th oil
B-E	Island Creek Coal Company	Island Creek #210	87.5	3/9/90	493	89	Fee as to formation and oil & gas in formation.	1/4th oil
B-F	Island Creek Coal Company	Island Creek #211	88	3/9/90	493	89	Fee as to formation and oil & gas in formation.	1/4th oil
B-G	Island Creek Coal Company	Island Creek #213A	60	3/9/90	493	89	Fee as to formation and oil & gas in formation.	1/4th oil
9	Wicks, Donna, et al.	Wicks	20	6/18/90	493	176	Fee as to oil & gas in formation; leasehold as to formation itself.	1/8th oil

Schedule 3.15(c)

Personal Property

Compressors - Owned

Dehydration Equipment - Owned

East Diamond Storage Field Equipment

Compressors

<u>Manufacturer</u>	<u>Model</u>	<u>Serial No.</u>	<u>Unit Name</u>
Cooper Ajax-Superior	DPC-360-MH-1	83895-95	Unit A
Cooper Ajax-Superior	DPC-360-MH-1	83894-95	Unit B
Cooper Ajax-Superior	DPC-360-LE-MH-1	84050	Unit C
Cooper Ajax-Superior	DPC-360-LE-MH-1	84037	Unit D

Dehydrator

Tulpro	Absorber	24589-01
Tulpro	Reboiler	12862-01D

Separator

Tulpro	Horizontal Filter Separator	22097-01
--------	-----------------------------	----------

Schedule 3.16

Accounts Receivable & Payable

Receivable:

- (i) Aging - Orbit Gas Company receivable
Total current \$1,035.00

Payable:

- (i) Aging - None
- (ii) None
- (iii) None

Schedule 3.17

Insurance & Bonds

Insurance Policies:

Attached list.

Kentucky Operator's Bond:

\$5,000 posted cash bond with the Kentucky State Treasurer

\$5,000 Certificate of Deposit pledged to the Department of Mines and Minerals

KENTUCKY PIPELINE & STORAGE CO.
INSURANCE REGISTER 5/1/98 - 5/1/99

POLICY COVERAGE	POLICY NO.	EXPIRATION DATE	POLICY LIMITS	INSURING CARRIER	DEDUCTIBLES	ANNUAL PREMIUM
COMPREHENSIVE GENERAL LIABILITY	3710-18-54	01-May-99	2,000,000	FEDERAL INSURANCE COMPANY CHUBB GROUP OF INSURANCE CO.	1,000	8,217
FIRST LAYER UMBRELLA LIABILITY	(99) 7974-29-84	01-May-99	5,000,000 EXCESS SCHED UNDERLYING	FEDERAL INSURANCE COMPANY CHUBB GROUP OF INSURANCE CO.	10,000	4,900
SECOND LAYER UMBRELLA LIABILITY	WIN01376B	01-May-99	45,000,000 EXCESS 5,000,000	LLOYDS UNDERWRITERS WINDSOR INSURANCE BROKERS LIMITED	10,000	12,198
OPERATOR'S EXTRA EXPENSE CARE, CUSTODY, AND CONTROL	WIN01377B	01-May-99	20,000,000	COMMONWEALTH INSURANCE COMPANY WINDSOR INSURANCE BROKERS LIMITED	25,000	291
BOILER AND MACHINERY - ALL PROP. GAS PLANTS & EQUIP/HYDROS	3710-18-54	01-May-99	2,500,000	FEDERAL INSURANCE COMPANY CHUBB GROUP OF INSURANCE CO.	50,000	14,809
PHYSICAL DAMAGE - OIL & GAS LEASE PROPERTY (GAS PLANTS & EQUIP)	3710-18-54	01-May-99	3,315,530	FEDERAL INSURANCE COMPANY CHUBB GROUP OF INSURANCE CO.	10,000	8,241

Kentucky Pipeline and Storage Company, Inc.

600 Barren Blvd. • P.O. Box 1172 • Henderson, KY 42420 • Phone 502-826-3222 • Fax 502-826-3763

October 15, 1990

Mr. D. Michael Wallen
Director
Division of Oil and Gas
Department of Mines and Minerals
P.O. Box 14090
Lexington, Kentucky 40512-4090

Dear Mr. Wallen:

On August 1, 1990, I forwarded to your office in care of Mr. Gilpin five separate Well Transfer forms covering eight wells in Hopkins County, Kentucky, appropriately completed and signed by the former owner and by Kentucky Pipeline and Supply Company, Inc.. At that time, we forwarded to you a Letter of Credit from the First National Bank of Chicago, Illinois, which was not accepted by your department and you and I have since exchanged correspondence concerning the same.

I refer to the August 1st letter because the Well Transfer forms were retained by your department and, hopefully, with the enclosures with this letter may, now be accepted by your office.

I enclose, in accordance with instructions received from you on September 18th, the following:

1. Certified check drawn on the account of Kentucky Pipeline and Storage Company, Inc., dated October 15, 1990, in the amount of \$5,000.00 and payable to the Kentucky State Treasurer.
2. A Certificate of Deposit issued by the Farmers Bank and Trust Company, being Certificate #12666, dated October 15, 1990, in the amount of \$5,000.00 and payable to Kentucky Pipeline and Storage Company, Inc..
3. Verification of Certificate of Deposit form issued by your department, completed and signed by the undersigned as Vice-President of Kentucky Pipeline and Storage Company, Inc. and by Earl W. Peters, President of the Farmers Bank and Trust Company.

Mr. D. Michael Wallen
Department of Mines and Minerals
October 15, 1990
Page 2

Hopefully, the enclosures, together with the other matters furnished to you under our letter of August 1, 1990, will be adequate for your purposes to transfer the wells described on the Well Transfer forms to Kentucky Pipeline and Storage Company, Inc. . Please contact me if there is any further difficulty. We appreciate your assistance in completing this matter.

Very truly yours,

KENTUCKY PIPELINE AND STORAGE
COMPANY, INC.

BY 
Benjamin C. Cabbage, Jr.
Vice-President

BCC/jb
Encs.

cc - Mr. Roger Steed
Mr. Richard Newell
Orbit Gas Company

125

KENTUCKY PIPELINE AND STORAGE COMPANY, INC. 7-90 P.O. BOX 1172 HENDERSON, KY 42420

CERTIFIED PAYABLE THROUGH HENDERSON CLEARING HOUSE WHEN PROPERLY ENDORSED

Date OCT 15 1990 10/15 19 90

73-63/839

\$ 5,000.00

IN THE ORDER OF

Kentucky State Treasurer

Five Thousand and no/100 DOLLARS



FARMERS BANK & TRUST COMPANY HENDERSON, KENTUCKY

FARMERS BANK & TRUST CO. HENDERSON, KY 42420

Cash Bond

Paul S. Coffman, Teller

10001250 1083900538

CERTIFICATE OF DEPOSIT

FARMERS BANK & TRUST COMPANY HENDERSON, KENTUCKY 42420

001 016 No 12666 OFFICE INVEST TYPE CERTIFICATE NUMBER

101590 12M 101591 7.35 ISSUE DATE TERM MATURITY DATE INTEREST ORIGINAL

CERTIFIES THAT THERE HAS BEEN DEPOSITED WITH IT THE SUM OF:

Five thousand dollars and no/100 DOLLARS \$ 5,000.00

PAYABLE TO:

Ky Pipeline and Storage Co., Inc. 91-1488857 P.O. Box 1172 Henderson, KY 42420

This Certificate shall mature 1 YR after date but will automatically renewed for successive periods of 1 YR each unless the registered owner shall present the Certificate and request payment at any maturity date. It will be paid each 6 MOS from the date hereof at the rate of 7.35 % per annum until first maturity, and if automatically renewed at the then effective rate, by mailed remittance to the registered owner or above or duly authorized changed address. The Bank may redeem this Certificate at any maturity date by giving thirty (30) days' written notice of its intent to do so, to the registered owner at the above or duly authorized changed address. No interest shall be paid hereon after the effective date of any notice of intention to redeem. This Certificate is subject to all applicable laws and regulations.

Paul S. Coffman Authorized Signature

Disp. of Interest Credit Ckg. Credit Sev. ACCOUNT NO.

NON NEGOTIABLE NON TRANSFERABLE



VERIFICATION OF CERTIFICATE OF DEPOSIT

State Form

SEND TO: DEPARTMENT OF MINES AND MINERALS
 Division of Oil and Gas
 P.O. Box 14090
 Lexington, Kentucky 40512-4090

Gentlemen:

This is to advise you that the undersigned, pursuant to obligations set forth in KRS 353.590, does hereby assign, transfer to and pledge with the Department of Mines and Minerals all right, title and interest of the undersigned in and to the Certificate of Deposit issued by or carried with

BANK NAME Farmers Bank and Trust Comapny	
Address 301 Second Street	
(City and State) Henderson, Kentucky	ZIP Code 42420

and identified as Certificate of Deposit # 0010160126660, in the face amount of \$ 5,000.00, except that interest on the certificate is the property of the assignor.

This assignment constitutes collateral security for performance of the assignor's obligations under KRS 353.590.

The undersigned appoints the Director for the Division of Oil and Gas, Department of Mines and Minerals as the true and lawful attorney of the undersigned to demand, collect, and receive all amounts, excluding interest, which shall become due under the certificate of deposit and to endorse the certificate of deposit for payment or negotiation and to endorse any commercial paper given in payment of the certificate of deposit. The Director may permit automatic renewal of the certificate of deposit on any maturity date.

The undersigned warrants that the Certificate of Deposit is contemporaneously with the execution hereof being delivered to the Director; that the Certificate of Deposit is genuine and is in all respects what it purports to be; that the undersigned is the owner thereof free and clear of all liens and encumbrances; and that the undersigned has full power, right and authority to execute and deliver this assignment.

Signature Kentucky Pipeline and Storage Company, Inc.	Date Signed 10/15/90	If Corporation, Title Vice President
Signature By Benjamin C. Cabbage, Jr.	Date Signed	If Corporation, Title

SIGNATURE GUARANTEE AND UNDERTAKING BY THE FINANCIAL INSTITUTION

The signature(s) of the assignor(s) appearing above (were) made in the presence of the Undersigned Officer of the Financial Institution in the above collateral assignment and is (are) herewith guaranteed by it.

This institution shall save and hold harmless the Department of Mines and Minerals and the State of Kentucky from all loss, claims, and litigation which it may suffer in consequence of its acting in fallance upon and pursuant to the above assignment.

Financial Institution Farmers Bank and Trust Company	By <i>Earl W. Peters</i>
Title <i>President</i> Earl W. Peters, President	Date Signed 10/15/90

The Director of the Division of Oil and Gas, Department of Mines and Minerals herewith acknowledges receipt of the above assignment and agrees to act thereunder.

Director, Division of Oil and Gas, Department of Mines and Minerals	Date Signed
---	-------------

Schedule 3.18

Bank Accounts

<u>Name of Account</u>	<u>Account #</u>	<u>Authorized Signers</u>
Old National Bank (formerly Farmers Bank & Trust Co.)	34354423	William L. Haskins Benjamin C. Cabbage, Jr.
Old National Bank (Income) (formerly Farmers Bank & Trust Co.)	34354511	William L. Haskins Benjamin C. Cabbage, Jr.
Hilliard Lyons (money market)	47104929	William L. Haskins Benjamin C. Cabbage, Jr.



OLD NATIONAL BANK

001

P.O. Box 718 Evansville, IN 47705

PAGE 1

** 00 002
KY PIPELINE AND STOR CO INC
INCOME ACCOUNT
PO BOX 1172
HENDERSON KY 42419-1172

OK
4/17/99

STATEMENT DATE
3-31-99
ACCOUNT NUMBER
34354511

EFFECTIVE 4/22/99, THE FEE FOR EACH NON-SUFFICIENT FUNDS ITEM THAT IS PAID OR RETURNED WILL BE \$24.

34354511 REGULAR NON-PERSONAL

PREVIOUS BALANCE	2-28-99	26,531.76
+DEPOSITS/CREDITS	1	4,270.10
-CHECKS/DEBITS	2	17,605.48
-SERVICE CHARGE		.00
+INTEREST PAID		.00
CURRENT BALANCE	3-31-99	13,196.38

-DESCRIPTIVE TRANSACTIONS-			AMOUNT
DATE	TRACER	DESCRIPTION	
3-24	2400269	DEPOSIT	4270.10

-CHECKS PAID-						
No.	Date	Amount	No.	Date	Amount	
1248	3-05	15000.00	1249	3-18	2605.48	

-DAILY BALANCE SUMMARY-					
DATE	BALANCE	DATE	BALANCE	DATE	BALANCE
2-28	26531.76				
3-03	26531.76	3-05	11531.76	3-18	8926.28
3-24	13196.38				



NOTICE: SEE REVERSE SIDE FOR IMPORTANT INFORMATION.

MEMBER OLD NATIONAL BANK OF INDIANA



OLD NATIONAL BANK

001

P.O. Box 718 Evansville, IN 47705

PAGE 1

STATEMENT DATE
3-31-99
ACCOUNT NUMBER
34354423

** 00 021
KENTUCKY PIPELINE AND STORAGE
COMPANY INC
PO BOX 1172
HENDERSON KY 42419-1172

OK
9/9
4/19/99

EFFECTIVE 4/22/99, THE FEE FOR EACH NON-SUFFICIENT FUNDS ITEM THAT IS PAID OR RETURNED WILL BE \$24.

34354423 REGULAR NON-PERSONAL

PREVIOUS BALANCE	2-28-99	1,112.50
+DEPOSITS/CREDITS	1	2,605.48
-CHECKS/DEBITS	21	2,655.83
-SERVICE CHARGE		.00
+INTEREST PAID		.00
CURRENT BALANCE	3-31-99	<i>OK</i> 1,062.15

DATE	TRACER	DESCRIPTION	AMOUNT
3-18	1800045	DEPOSIT	2605.48

CHECKS PAID					
No.	Date	Amount	No.	Date	Amount
2/28/99 THROUGH 3/03/99					
2561	3-03	28.12			
3/04/99 THROUGH 3/31/99					
2560	3-12	28.13	2571	3-23	39.37
2562*	3-11	28.12	2572	3-23	3.86
2563	3-23	52.56	2573	3-23	72.00
2564	3-23	57.61	2576*	3-22	3.86
2565	3-23	14.37	2579*	3-22	3.86
2566	3-25	885.60	2581*	3-23	3.34
2567	3-22	42.35	2582	3-24	3.35
2568	3-19	1227.50	2583	3-24	3.34
2569	3-22	78.75	2584	3-26	16.37
2570	3-22	39.37	2586*	3-26	24.00

DAILY BALANCE SUMMARY					
DATE	BALANCE	DATE	BALANCE	DATE	BALANCE
2-28	1112.50	3-03	1084.38	3-12	1028.13
3-03	1084.38	3-11	1056.26	3-22	2237.92
3-18	3633.61	3-19	2406.11	3-25	1102.52
3-23	1994.81	3-24	1988.12		
3-26	1062.15				

Account: Savings Certificate Other
Name: John Withers
Address: 600 Barrett Blvd, PO Box 1175, Henderson, KY 42420
City: Henderson, KY 42420
State: KY
Zip: 42420
Phone: 826-3222

Business: Sole Proprietorship Partnership Joint Tenants
 Single Married Divorced Widowed Other
Employed: Yes No
Tax Status: Single Married Divorced Widowed

Signature: [Handwritten Signature]
Date: 6-27-77
Initial Deposit: 600
By: [Handwritten Signature]

Business / Organization Tax ID No: 91-1488857
Number of Signatures Required: 1

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GENERAL AGREEMENT
The depositor (you) and the bank agree to the following terms and conditions when you open or maintain an account with the bank. These terms and conditions apply to all accounts, except as otherwise indicated in writing.
1. The bank may, without notice, change the interest rate on any account at any time.
2. The bank may, without notice, change the minimum deposit or the minimum monthly payment on any account.
3. The bank may, without notice, change the terms of any account.
4. The bank may, without notice, close any account that has no activity for a period of six months.
5. The bank may, without notice, require you to pay any delinquent account.
6. The bank may, without notice, require you to provide additional information if it is necessary to determine your creditworthiness.
7. The bank may, without notice, require you to provide a guarantor for any account.
8. The bank may, without notice, require you to provide collateral for any account.
9. The bank may, without notice, require you to provide a security interest in any account.
10. The bank may, without notice, require you to provide a lien on any account.

Kentucky Pipeline and Storage Company, Inc.

600 Barrett Blvd. • P.O. Box 1172 • Henderson, KY 42420 • Phone 502-826-3222 • Fax 502-826-3763

September 1, 1993

Farmers Bank & Trust
301 Second Street
Henderson, Kentucky 42420

RE: Business Checking
Account #34354423

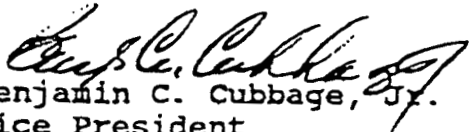
Gentlemen:

Enclosed are signature cards, Board Resolutions and other documents signed by six persons, each of whom are to be authorized to sign checks on the above account. Any one of those six signatures is all that shall be required. All six persons are officers of Kentucky Pipeline and Storage Company. If additional information is required please advise.

Very truly yours,

KENTUCKY PIPELINE AND
STORAGE COMPANY, INC.

By


Benjamin C. Cabbage, Jr.
Vice President

BCC/jh
Enclosures
cc: R. Newell
H. Steed



J.J.B. Hilliard, W.L. Lyons, Inc.

Member New York Stock Exchange, Inc.
Hilliard Lyons Center • Louisville, Kentucky 40202-2517
Established 1854

Telephone
502/588-8400

CORPORATE ACCOUNT

(Authorizing Trading in Securities, Options, and Commodities
and Permitting Margin Transactions and Short Sales)

Account Number: _____

Broker Name/Number: _____

Gentlemen:

The undersigned Corporation, by Benjamin C. Cabbage, Jr. its ^{Vice} President, pursuant to the resolutions, copy of which, certified by the Secretary, is annexed hereto, hereby authorizes you to open an account in the name of said Corporation. This authorization shall continue in force until revoked by the undersigned Corporation by a written notice addressed to you and delivered at your office at P.O. Box 1172, 600 Barret Blvd. Henderson, Kentucky 42420

Dated, January 4, 1991

Henderson Kentucky
City State

Very truly yours,

Kentucky Pipeline and Storage Company, Inc.

By Benjamin C. Cabbage, Jr.

I, Benjamin C. Cabbage, Jr., being the ^{Vice-President} ~~Secretary~~ of Kentucky Pipeline and Storage Company, Inc. hereby certify that the annexed resolutions were duly adopted at a meeting of the Board of Directors of said Corporation, duly held on the 4th day of January, 1991, at which a quorum of said Board of Directors was present and acting throughout and that no action has been taken to rescind or amend said resolutions and that the same are now in full force and effect.

I further certify that each of the following has been duly elected and is now legally holding the office set opposite his name:

David B. Howard . President
Herb Steed , Bill Haskins , Benjamin C. Cabbage . Vice-Presidents
Thomas Howard . Treasurer
Richard D. Newell . Secretary

I further certify that the said Corporation is duly organized and existing and has the power to take the action called for by the resolutions annexed hereto.

IN WITNESS WHEREOF, I have hereunto affixed my hand this 4th day of January, 19 91

~~Secretary~~ Vice-President

KENTUCKY PIPELINE AND
STORAGE COMPANY INC
P O BOX 1172
HENDERSON KY 42420

Page: 1 of 2
Account Number: 47104929
Tax ID: 91-1488857

MARCH 1, 1999 to MARCH 31, 1999



HILLIARD LYONS

Summary of Account

	Account Value Prior Statement	Account Value on 3/31/99
Brokerage account balance	\$0.00	\$0.00
Money funds balance	\$153,445.58	\$133,880.70
Estimated value of Hilliard Lyons positions priced	\$0.00	\$0.00
Estimated value of outside assets priced		
Total Estimated Market Value	\$153,445.58	\$133,880.70

Activity Summary

	Brokerage Account	Money Fund Account
Balance last period	\$0.00	\$153,445.58
Deposits		
Withdrawals	\$435.12	
Income		
Securities purchased		\$435.12
Securities sold/redeemed		
Money funds purchased		
Money funds sold		
Visa/ATM transactions		(20,000.00)
Checking transactions		
Other receipts		
Other disbursements		
Balance on 3/31/99	\$0.00	\$133,880.70

Income Summary

	This Period	Year to Date
Taxable income	\$435.12	\$1,343.21
Dividend income		
Interest income		
Accrued interest on sales		
Accrued interest on purchases		
Total Taxable Income	\$435.12	\$1,343.21
Non-taxable income		
Dividend income		
Interest income		
Accrued interest on sales		
Accrued interest on purchases	\$0.00	\$0.00
Total Non-taxable Income	\$0.00	\$0.00
Return of capital		
Capital gain distributions		
Other		
Total Income	\$435.12	\$1,343.21

Estimated Annual Income

Taxable	\$5,533.28
Non-taxable	\$0.00
Total Estimated Annual Income	\$5,533.28

Message

Still Looking For 1998 Tax Deductions? A Contribution To Your IRA Before April 15 May Qualify. Ask Your Financial Consultant For Details.

Your Financial Consultant is :

THOMAS HODGE & JOHN HODGE (502)826-3102 (800)887-3102
221 SECOND STREET
HENDERSON KY 42420

KENTUCKY PIPELINE AND
STORAGE COMPANY INC
P O BOX 1172
HENDERSON KY 42420

Page: 2 of 2
Account Number: 47104929
Tax ID: 91-1488857

MARCH 1, 1999 to MARCH 31, 1999



HILLIARD LYONS

Portfolio Value

Quantity	Security Description	Price	Market Value	Percent of Portfolio	Estimated Annual Income	Current Yield
133,880.70	Cash Equivalents CEF-MONEY MARKET PORTFO	\$1.00	\$133,880.70	100.0	\$5,533.28	4.13%
Sub Total			\$133,880.70	100.0	\$5,533.28	4.13%
Total Value of Portfolio						

Activity Details

Date	Activity	Description	Quantity	Price	Amount
03/01/99	CHECK	CEF MM CK 5010			(\$20,000.00)
03/15/99	REINVEST DIV	CEF-MONEY MARKET PORTFO			\$435.12

Notes

Securities that are held outside of Hilliard Lyons or (those you have requested us to report).

Schedule 3.20

Litigation

None

Schedule 3.21

Permits

Local - Business license etc. City of Henderson Kentucky attached

Federal Energy Regulatory Commission: Copy of Order Issuing Certificate attached

Kentucky Public Utility Commission: Copy of Order attached

Delaware Secretary of State
Certificate of Incorporation
(Registered Agent: Prentice Hall Corporate Services)
See attached

Kentucky Secretary of State
Certificate of Authority
(Registered Agent: Benjamin C. Cabbage, Jr.)
See attached

6 Encroachment Permits from Commonwealth of Kentucky,
Transportation Cabinet, Highway Dept., attached hereto,
and identified by following permit numbers:

02-0354-91
02-0355-91
02-0356-91
02-0357-91
02-0358-91
02-0359-91

License for Underground Pipelines, cables and conduits, copy attached

2 Pipeline Crossing Agreements between
KYPSCO and CSX Transportation, Inc., attached

Well Permits, see attached list

CITY OF HENDERSON, KENTUCKY

"A CITY ON THE MOVE" No. 1471

Business License

DISPLAY IN YOUR
PLACE OF BUSINESS

1998-1999

BY AUTHORITY OF THE BOARD OF COMMISSIONERS OF
THE CITY OF HENDERSON, STATE OF KENTUCKY

**THIS LICENSE
EXPIRES
APRIL 30, 1999**

ADDRESS:

KY PIPELINE & STORAGE CO

P O BOX 1172
HENDERSON KY 42419

IS HEREBY LICENSED TO
CARRY ON BUSINESS OF: 400 SERVICES

Quillo 4/22/98
BY: _____

G. L. Johnson

MAYOR GLENN L. JOHNSON

539837

FILED
UNITED STATES OF AMERICA DEPT. OF THE SECRETARY
FEDERAL ENERGY REGULATORY COMMISSION
92 JAN 24 PH 4: 19

Kentucky Pipeline and Storage
Company, Inc.)

Docket No. CP92-209-000
REGULATORY COMMISSION

ORDER ISSUING CERTIFICATE

(Issued January 24, 1992)

On November 22, 1991, Kentucky Pipeline and Storage Company, Inc. (Kentucky), filed in Docket No. CP92-209-000 an application pursuant to Section 7(c) of the Natural Gas Act and Section 284.224 of the Commission's Regulations for blanket certificate authorization to engage in the sale, transportation, or assignment of natural gas in interstate commerce as if Kentucky were an intrastate pipeline as defined in Subparts C, D and E of Part 284 of the Commission's Regulations, all as more fully set forth in the application.

Section 284.224 provides that any pipeline company that is exempt from the Commission's jurisdiction under Section 1(c) of the Natural Gas Act (a Hinshaw pipeline) may file an application pursuant to Section 7(c) of the Natural Gas Act for a blanket certificate authorizing it to engage in the sale, transportation, or assignment of natural gas that is subject to the Commission's jurisdiction under the Natural Gas Act, to the same extent and in the same manner that intrastate pipelines are authorized to engage in such activities under Subparts C, D and E of Part 284 of the Commission's Regulations. Kentucky states that it is a Hinshaw pipeline regulated by the Kentucky Public Service Commission (KPSC).

Kentucky is required pursuant to Section 284.224(c)(7) of the Commission's Regulations to provide in its application for a blanket certificate both a statement of the methodology to be used in calculating the rates for the service to be rendered and a sample calculation employing the methodology using current data. Kentucky proposes a rate for city-gate storage and transportation service on file with KPSC in accordance with Section 284.123(b)(1)(ii). The initial maximum transportation rate is \$0.15 per Mcf for injection and withdrawal of storage gas and a monthly reservation charge of \$0.05 per Mcf of working gas.

Any sale, transportation (including storage), or assignment of natural gas under the authorization herein granted would be in interstate commerce, subject to the Natural Gas Act jurisdiction of the Commission, and would be, therefore, subject to the requirements of subsections (c) and (e) of Section 7 of the Natural Gas Act.

After due notice by publication in the Federal Register on

539838

Docket No. CP92-209-000

- 2 -

December 6, 1991 (56 Fed. Reg. 63,951), Georgia Industrial Group, et al. and Texas Gas Transmission Corporation filed timely motions to intervene.^{1/} No further motions to intervene, notices of intervention, or protests to the granting of the application have been filed.

At a hearing held on January 24, 1992, there was received and made a part of the record in this proceeding all evidence, including the application and exhibits thereto, submitted in support of the authorization sought herein.

Pursuant to the authority delegated by 18 C.F.R. §375.307, it is ordered:

(A) A certificate of public convenience and necessity is issued authorizing Kentucky to engage in the sale, transportation (including storage), or assignment of natural gas that is subject to the Commission's jurisdiction under the Natural Gas Act to the same extent and in the same manner that intrastate pipelines are authorized to engage in such activities by Subparts C, D and E of Part 284 of the Commission's Regulations, as amended from time to time, upon the terms and conditions of this order.

(B) The certificate issued by paragraph (A) above and the rights granted thereunder are conditioned upon Kentucky's compliance with all applicable Commission Regulations under the Natural Gas Act and particularly the general terms and conditions set forth in paragraphs (a) and (a) of Section 157.20 of the Regulations. Further, the authorization herein granted is subject to all the terms and conditions set forth in Section 284.224 of the Commission's Regulations.

(C) Kentucky shall charge a transportation and storage rate as permitted under Section 284.123(b)(1)(ii) of the Commission's Regulations.

(D) Kentucky shall charge a rate for sales hereunder at the weighted average acquisition cost of gas and adjustments, as permitted under Section 284.144 of the Commission's Regulations.

^{1/} Timely, unopposed motions to intervene are granted by operation of Rule 214.

Docket No. CP92-209-000

- 3 -

539839

(E) This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order pursuant to 18 C.F.R. Section 385.713.

Kevin P. Madden for
Kevin P. Madden, Director
Office of Pipeline and Producer
Regulation

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY PIPELINE)	
AND STORAGE COMPANY, INC. FOR)	
RECOGNITION AS AN INTRASTATE PIPELINE;	)	CASE NO.
FOR AUTHORITY TO CONSTRUCT A NATURAL	)	91-074
GAS PIPELINE AND FOR RECOGNITION AS A)	
TRANSPORTING UTILITY)	

O R D E R

Kentucky Pipeline and Storage Company, Inc. ("KYPSCO") applies for recognition as an intrastate pipeline and transporting utility and for authority to construct.

After review of the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. KYPSCO owns the exclusive underground natural gas storage rights to East Diamond Gas Storage Field ("East Diamond"), a depleted gas reservoir which is located in Hopkins County, Kentucky, is 1,750 acres in size, and has a potential natural gas storage capacity of 2 billion cubic feet. KYPSCO proposes to construct a natural gas storage facility on East Diamond and 15 miles of connector line to connect it to the ANR Pipeline System, an interstate pipeline which traverses Hopkins County.

2. KYPSCO intends to sell space in the proposed storage facility. Customers' natural gas will be delivered through the ANR Pipeline System and the proposed connector line. When the customer desires its stored natural gas, it will be withdrawn from

the storage facility and placed back into the interstate pipeline. KYPSCO has already entered some gas storage agreements and is actively pursuing potential customers.

3. KYPSCO is a utility as defined in KRS 278.010(3)(b) and is subject to Commission jurisdiction.

4. The rates and service of the proposed facilities are subject to Commission jurisdiction. KRS 278.040.

5. KYPSCO's proposed pipeline is an intrastate pipeline as defined in KRS 278.504(1).

6. KYPSCO is a common carrier as defined in KRS 278.470.

7. For the same reasons as those stated in the Commission's Orders of May 29 and October 23, 1987, in Administrative Case No. 297,¹ KYPSCO's proposed facilities should be subject to the same level of regulatory oversight as natural gas transporters.

8. Public convenience and necessity require that the proposed construction be performed and that a Certificate of Public Convenience and Necessity should be granted.

IT IS THEREFORE ORDERED that:

1. KYPSCO is hereby recognized as an intrastate pipeline.

2. KYPSCO is granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction as set forth in its application.

¹ Administrative Case No. 297, An Investigation of the Impact of Federal Policy on Natural Gas to Kentucky Consumers and Suppliers.

3. KYPSCO shall submit to the Commission no later than 14 days prior to the start of proposed construction all associated engineering plans and specifications. It shall submit concurrently its proposed construction schedule.

4. Within 90 days of the date of mechanical completion of the construction, KYPSCO shall submit a copy of the "as-built" drawings and a signed statement from the project engineer that the construction has been satisfactorily completed in accordance with contract plans and specifications.

5. KYPSCO shall file, within 20 days of the date of this Order, a tariff containing its rates and conditions for service. This tariff shall specifically state whether KYPSCO's transportation rate of 15 cents per Mcf will be charged on gas when placed into storage and again when removed from storage.

Done at Frankfort, Kentucky, this 26th day of June, 1991.

By the Commission

ATTEST:


Executive Director



PRENTICE HALL LEGAL & FINANCIAL SERVICES

Infosearch Services
Prentice Hall Corporate Services
Statewide Information Systems
Charles E. Simon & Company

Client Name: [Faded text]
Address: [Faded text]
City: [Faded text]
State: [Faded text]

Date: [Faded text]
Reference: [Faded text]

The Certificate of Incorporation for the subject company was filed in the office of the Secretary of State of the State of Delaware today as of 9 A.M.

A certified copy has been forwarded to the office of the Kent County Recorder of Deeds for recording pursuant to statute and when that copy is released, it will be returned to you.

Itemized statement showing fees and disbursements will be forwarded to you in due course by our New York office.

The following documents are enclosed:

- Certified Copy
- Short Form Certificate of Good Standing
- Long Form Certificate of Good Standing
- Minute Book & Copy of Charter & By-Laws
- Corporate Outfit (ordered and will be forwarded to you)
- Authorization & Forwarding Instructions Form
- Other _____

By: _____

J.O.# _____

RECORDED COPY

PRENTICE HALL CORPORATE SERVICES

The Prentice-Hall Corporation System, Inc.
United States Corporation Company

AUTHORIZATION AND FORWARDING INSTRUCTIONS FOR STATUTORY REPRESENTATION

To give you the very best in service, we need the information requested below. Please complete and return this questionnaire. Thank you.
RETURN TO: Prentice Hall Corporate Services, Attn. Records Department, 1 Gulf + Western Plaza, New York, New York 10023-7773

COMPANY NAME AND COMPLETE ADDRESS: Kentucky Pipeline and Storage Company, Inc. 600 Barrett Boulevard Henderson KY 42420 Tel. # _____	STATE OF INCORPORATION Delaware	DATE OF INCORPORATION 6/25/90
COUNSEL NAME AND COMPLETE ADDRESS: Gary A. Bergquist Skeel, Henke, Evenson & Roberts 3801 Bank of California Center, Seattle WA 98164-1077 Tel. # _____	FISCAL YEAR ENDS 4/30	FEDERAL ID #: Applied for

NAME OF PARENT OR AFFILIATE AND STATE OF INCORPORATION:
 Howard Publications, Inc. Delaware

Prentice Hall Corporate Services is to establish records in the following jurisdictions:

STATE	STATE ID#	DATE AUTHORIZED	NAME AUTHORIZED UNDER (and prior name if any)

If more space needed, please attach a separate sheet.

CHECK AND COMPLETE ONE BOX IN EACH OF THE FOLLOWING:

PROCESS AND LEGAL MATTERS TO: _____ → (We suggest counsel) TEL. # _____	<input checked="" type="checkbox"/> USE COUNSEL NAME & ADDRESS ABOVE DIFFERENT ATTENTION (if desired) _____ OR <input type="checkbox"/> USE COMPANY NAME & ADDRESS ABOVE DIFFERENT ATTENTION _____ OR <input type="checkbox"/> OTHER _____ _____ _____ (Street Address Required - P.O. Box is Unacceptable for Federal Express Delivery)
STATE CALENDAR AND TAX NOTICES TO: _____ → (We suggest tax official at company) TEL. # _____	<input type="checkbox"/> USE COUNSEL NAME & ADDRESS ABOVE DIFFERENT ATTENTION (if desired) _____ OR <input type="checkbox"/> USE COMPANY NAME & ADDRESS ABOVE DIFFERENT ATTENTION _____ OR <input checked="" type="checkbox"/> OTHER <u>Richard D. Newell, Howard Publications, Inc.</u> <u>P. O. Box 570, Oceanside CA 92049</u>
RENEWAL INVOICE TO: _____ → (We suggest an official at the company) TEL. # _____	<input type="checkbox"/> USE COUNSEL NAME & ADDRESS ABOVE DIFFERENT ATTENTION (if desired) _____ OR <input type="checkbox"/> USE COMPANY NAME & ADDRESS ABOVE DIFFERENT ATTENTION _____ OR <input checked="" type="checkbox"/> OTHER <u>Richard D. Newell, Howard Publications, Inc.</u> <u>P.O. Box 570, Oceanside, CA 92049</u>

State of Delaware

14167



Office of Secretary of State

I, MICHAEL HARKINS, SECRETARY OF STATE OF THE STATE OF DELAWARE DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF KENTUCKY PIPELINE AND STORAGE COMPANY, INC. FILED IN THIS OFFICE ON THE TWENTY-FIFTH DAY OF JUNE, A.D. 1990, AT 9 O'CLOCK A.M.

| | | | | | | |

RECEIVED FOR RECORD

June 25
A.D. 1990

Michael T. Scuse

RECORDER

\$3.00 STATE DOCUMENT FEE PAID

Michael Harkins
Michael Harkins, Secretary of State



AUTHENTICATION: | 2703905

DATE: 06/26/1990

750176011

22942-50

750176011

CERTIFICATE OF INCORPORATION
 OF
 KENTUCKY PIPELINE AND STORAGE COMPANY, INC.

FIRST: The name of the corporation is KENTUCKY PIPELINE AND STORAGE COMPANY, INC.

SECOND: Its registered office in the State of Delaware is to be located at 32 Loockerman Square, Suite L-100, Dover, Delaware, County of Kent. The registered agent in charge thereof at such address is The Prentice-Hall Corporation System, Inc.

THIRD: This corporation is formed for the purposes of engaging in any lawful acts or activities for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH: The amount of the total authorized capital stock of this corporation is \$100,000.00 divided into 100,000 shares of \$1.00 each.

FIFTH: The name and address of the incorporator is:

Gary A. Bergquist
 3801 Bank of California Center
 Seattle WA 98164-1077

SIXTH: The powers of the incorporator shall terminate upon the filing of this certificate of incorporation, and the names and mailing addresses of persons to serve as directors until the first annual meeting of stockholders or until their successors are elected and qualify are:

Roger Steed
 109 East Front St., Suite 315
 Traverse City MI 49684

David B. Howard
 109 E. Front St., Suite 315
 Traverse City MI 49684

Thomas W. Howard
 1715 South Freeman
 Oceanside CA 92054

Benjamin C. Cabbage, Jr.
 600 Barrett Blvd.
 Henderson KY 42420

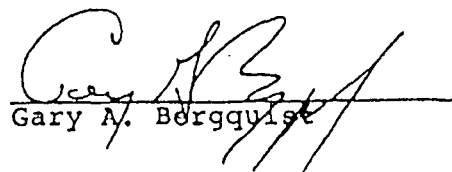
William L. Haskins
600 Barrett Blvd.
Henderson KY 42420

SEVENTH: The directors shall have power to make and to alter or amend the bylaws; to fix the amount to be reserved as working capital, and to authorize and cause to be executed, mortgages and liens without limit as to the amount, upon the property and franchise of this corporation.

EIGHTH: The stockholders and directors shall have power to hold their meetings and keep the books, documents and papers of the corporation outside of the State of Delaware, at such places as may be from time to time designated by the bylaws or by resolution of the stockholders or directors, except as otherwise required by the laws of Delaware.

I, the undersigned, for the purpose of forming a corporation under the laws of the State of Delaware, do make, file and record this certificate, and do certify that the facts herein stated are true; and I have accordingly hereunto set my hand and seal.

DATED June 22, 1990.


Gary A. Bergquist

STATE OF WASHINGTON)
 : SS.
COUNTY OF KING)

On this 22nd day of June, 1990, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Gary A. Bergquist, to me known to be the individual described in and who

executed the foregoing instrument, and acknowledged to me that he signed and sealed the said instrument as his free and voluntary act and deed for the uses and purposes therein mentioned.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

Richard J. [Signature]
Notary Public in and for the
State of Washington, residing
at *[Signature]*

My commission expires *3-1-92*

PRENTICE HALL

JOB # 543-90-00529

*Dover - Betty Anne
Hawlow*

RECORDED COPY

2756

STATE OF DELAWARE
KENT COUNTY

INDEXED

RECORDED In the Office for the Recording of Deeds, Etc,
at Dover, In and for the said County of Kent, In Corp,
Record 3 Vol. 129 Page 11 Etc,
the 28th day of June A. D. 19 90
WITNESS my Hand and the Seal of said office.

Michael T. Seaver Recorder



OFFICE OF THE SECRETARY OF STATE
BREMER EHRLER, SECRETARY OF STATE

APPLICATION FOR CERTIFICATE OF AUTHORITY

Pursuant to the provisions of Chapters 271B or 273 of the Kentucky Revised Statutes, the undersigned corporation hereby applies for a Certificate of Authority to transact business in the state of Kentucky and for that purpose submits the following statement:

First: Name of Corporation Kentucky Pipeline and Storage Company, Inc.
Corporation is: stock
 non-stock

Second: The name to be used in the state of Kentucky (if real name is unavailable)
Kentucky Pipeline and Storage Company, Inc.

Third: State or country of incorporation Delaware

Fourth: Date of incorporation June 26, 1990
and duration of incorporation perpetual

Fifth: Street address of principal office 600 Barret Blvd., Henderson, Kentucky
42420

Sixth: Street address of proposed registered office in Kentucky _____
600 Barret Bloulevard, Henderson, Kentucky 42420
and name of registered agent in Kentucky at the same address _____
Benjamin C. Cabbage, Jr.

Seventh: The name and usual business addresses of its current directors and officers are as follows: Attach separate sheet if more space is needed.

NAME	OFFICE	ADDRESS
Roger Steed	Director	109 East Front St., Suite 315 Traverse City, MI 49684
David B. Howard	Director	109 East Front St., Suite 315 Traverse City, MI 49684
Thomas W. Howard	Director	1715 South Freeman, Oceanside, CA 92054
Benjamin C. Cabbage, Jr.	Director	600 Barret Blvd., Henderson, KY 42420
William L. Haskins	Director	600 Barret Blvd., Henderson, KY 42420

Eighth:

This application, accompanied by a Certificate of Existence (document of similar import) DULY AUTHENTICATED by the proper officer of the state or country under the laws of which it is incorporated. Authentication must be in original form, not photocopied.

Dated July 10, 19 90.

Kentucky Pipeline and Storage Company, Inc.

Name of Corporation

By [Signature]
Signature of Corporate Officer

VICE-PRESIDENT

Title of Corporate Officer

1. Ple:
(ma
corp
of f
whi
by

STATE OF KENTUCKY
COUNTY OF HENDERSON, Sct.

I, Wilma G. Martin, Clerk of Henderson County, certify that the foregoing Certificate was this day at 2:15 O'clock P. M. lodged in my said office for record and that I have recorded it, the foregoing and this certificate in my said office.

Given under my hand this 19 day July 1990

2. Use

BY: [Signature] WILMA G. MARTIN
D.C.

FILED FOR RECORD

This 19 day of July 19 90
at 2:15 o'clock P. and recorded

Book No. 21 at page 246

ATTEST: WILMA G. MARTIN, CLERK
HENDERSON COUNTY

By [Signature]
D.C.

5-5d
@ 7/8

63
21




COMMONWEALTH OF KENTUCKY
TRANSPORTATION CABINET
FRANKFORT, KENTUCKY 40622

WALLACE G. WILKINSON
GOVERNOR

MILO D. BRYANT
SECRETARY
AND
COMMISSIONER OF HIGHWAYS

Mr. Benjamin Cabbage
Kentucky Pipeline & Storage Co., Inc.
P. O. Box 1172
Henderson, KY 42420

 BUD
Before 'U' Dig
CALL TOLL FREE
1-800-752-6807
For Buried Line/Cable Locations

Subject: Hopkins County RS 054-0070-005.290
KY 70 Princeton-Madisonville Road
Kentucky Pipeline & Storage Co., Inc.
Utility (PERMIT NO. 02-0354-91)

Dear Applicant:

Attached is your application for a permit which has been approved by the Department of Highways.

Please see that your work is done in conformity with this permit and all applicable conditions. Then notify this office when the work is completed and ready for inspection.

We accept your completion date of 07-01-92.

Sincerely,



For W. P. Davenport, P.E.
Chief District Engineer
Department of Highways
P. O. Drawer D
Madisonville, KY 42431

Telephone (502) 821-1600

7-1-91
Date

WPD:ba

Attachment

JUL 03 1991

COMMONWEALTH OF KENTUCKY
TRANSPORTATION CABINET
DEPARTMENT OF HIGHWAYS
ENCROACHMENT PERMIT GENERAL NOTES AND SPECIFICATIONS

TC 99-21
Rev. 6/87
Page 1 of 4

PERMIT NO. 2-0354-91

I SAFETY

A. General Requirements

- All signs and control of traffic shall be in accordance with the Manual on Uniform Traffic Control Devices for Streets and Highways, latest edition, Part VI and safety requirements shall comply with the Permits Manual.
- All Work necessary in shoulder or ditchline areas of a state highway is to be scheduled to be promptly completed so that hazards adjacent to the traveled-way are kept to an absolute minimum.
- No more than one(1) traveled-lane is to be blocked or obstructed during normal working hours. All signs and flagmen during lane closure shall conform to the Manual on Uniform Traffic Control Devices.
- When it is necessary to block one (1) traveled-lane of a state highway the normal working hours shall be as directed by the Department. No lanes are to be blocked or obstructed during adverse weather conditions (i.e. rain, snow, fog, etc.) without specific permission from the Department. Working hours shall be between _____ and _____.
- The traveled-way and shoulders shall be kept clear of mud and other construction debris at all times during construction of the permitted facility.
- No nonconstruction equipment or vehicles or office trailers will be allowed on the right-of-way during working hours.
- The right-of-way shall be left free and clear of equipment, material and vehicles during nonworking hours.

B. Explosives

- No explosive devices or explosive material shall be used within State right-of-way without proper license and approval of Kentucky Department of Mines and Minerals, Explosive Division.

C. Other Safety Requirements

- Meet basic criteria of MANUAL ON UNIFORM TRAFFIC CONTROL DEVICES
-
-
-
-

II UTILITIES

- * All work necessary within the right-of-way shall be behind a temporary fence erected prior to a boring operation.
- *The temporary woven wire fence shall be removed immediately upon completion of work on the right-of-way and control of access immediately restored to original condition, in accordance with applicable Kentucky Department of Highways Standard Drawings.
- * All vents, valves, manholes, etc. are to be located outside the right-of-way.
- * Encasement pipe shall extend from right-of-way line to right-of-way line and shall be one continuous run of pipe. The encasement pipe shall be welded at all joints.
- The boring pit and tail ditch shall not extend past the existing toe of slope or bottom of ditch line (from the right-of-way) and shall be a minimum of 30" deep.
- Encasement pipe shall conform to current standards for highway crossings in accordance with the Permits Manual.
- Parallel lines shall be constructed between back slope of ditch line and right-of-way line and shall have a minimum of 30" cover above top of pipe or conduit. (~~30~~ ~~feet~~)
- All pavement cuts shall be restored per Kentucky Transportation Cabinet Form No. TC 99-13.
- Aerial crossing of this utility line shall have a minimum vertical clearance of _____ feet from the high point of the roadway to the low point of the line (calculated at the coefficient for expansion of 120 degrees Fahrenheit).
- The 30' clear zone requirement will be met to the extent possible in accordance with Chapter 99-01.0521 of the Permits Manual.
- Special Requirements

- Applies to Fully Controlled Access Highways only.

A. OSHA

- III Kentucky Occupational Safety and Health Standards for the construction industry which has the effect of law states in part: (Page 52, 1926.651 Specific Excavation Requirements) "Prior to opening an excavation, effort shall be made to determine whether underground installations: i.e., sewer, telephone, water, fuel, electric lines, etc., will be encountered, and if so, where such underground installations are located. When the excavation approaches the estimated location of such an installation, the exact location shall be determined and when it is uncovered, proper supports shall be provided for the existing installation. Utility companies shall be contacted and advised of proposed work prior to the start of actual excavation.

B. Archaeological

- Whenever materials of an archaeological nature are discovered during the course of construction work or maintenance operations, contact shall be made immediately with The Division of Environmental Analysis which maintains an archaeologist on its staff, or with the Office of the State Archaeologist located at the University of Kentucky. Following this consultation further action shall be decided on a case-by-case basis by the State Highway Engineer or the Transportation Planning Engineer or their designated representative.

C. Utilities in the Work Areas

- The permittee is to be responsible for any damage to existing utilities and any utility modifications or relocations within State right-of-way which necessary, as determined by the Department or by the owner of the utility, are to be at the expense of the permittee and subject to the approval to the Department.
- All existing manholes and valve boxes are to be adjusted to be flush with finished grade.

IV RIGHT-OF-WAY RESTORATION

- All disturbed portions of the right-of-way are to be restored to grass as per Kentucky Department of Highways Standard Specifications for Road and Bridge Construction (latest edition). A satisfactory turf, as determined by the Department, is to be established by the permittee prior to release of indemnity. Sodding or seeding as follows:

Lawn or High Maintenance Situation	- 70 % Lawn Fescue (eg. variety-Falcon) - 30 % Bluegrass or 70 % Lawn Rye (eg. variety-Derby) 30 % Bluegrass
------------------------------------	---

Right-of-Way Lawn Maintenance Situation	- 70% KY 31 Fescue - 30 % Perennial Rye Grass or 100% KY 31 Fescue
---	--

- 2 Tons Clean Straw mulch per acre of seeding.
- Prior to seeding, the ground must be prepared in accordance with Kentucky Department of Highways Standard Specifications for Road and Bridge Construction (latest edition).
- Substitutes for sod such as artificial turf or rocked mulched, or paved areas may be acceptable if they are esthetically pleasing.
- All ditch flow lines and all ditch side slopes are to be sodded.
- Existing concrete right-of-way markers are not to be disturbed, but if damaged in any way, they are to be entirely replaced by the permittee with new concrete markers to match the original markers, in accordance with Kentucky Department of Highways Standard Drawings. Markers which are entirely removed are to be re-established in the proper locations by the permittee and to the satisfaction of the Department.
- Other right-of-way restoration requirements are as follows:

V DRAINAGE

- All pipe is to be laid in a straight alignment, to proper grades, and with all materials and methods of installation including bedding and joint seating in accordance with Department Standard Specifications for Road and Bridge Construction, latest edition. Pipe is not to be covered until inspected by Department and express permission obtained to make backfill.

All gutter lines at the base of new curbs are to be on continuous grades, and pockets of water along curbs, or in entrance areas, or other paved areas within the right-of-way are not to be acceptable.

All drainage structures and appurtenances (manholes, catch basins, curbing, inlet basins, etc.) shall conform to department specifications and shall be constructed in accordance with Department standard drawings. Type required _____

VI PAVING N.A.

No bituminous pavement is to be installed within the right-of-way between November 15 and April 1, nor when the temperature is below 49°F., without the express consent of the Department. No bituminous pavement is to be installed when the underlying course is wet.

Paving within the right-of-way shall be as follows:

Base (Type) _____ (Thickness) _____

Surface Base (Type) _____ (Thickness) _____

Finished Surface (Type) _____ (Thickness) _____

Existing pavement and shoulder material shall be removed to accommodate the above paving specifications.

The finished surface of all new pavement within the right-of-way shall be true to the required slope and grade, uniform in density and texture, free of irregularities and equivalent in riding qualities to the adjacent highway pavement or as determined by the Department of Highways.

All materials and methods of construction, including base and subgrade preparation shall be in accordance with Kentucky Department of Highways Specifications for Road and Bridge Construction, latest edition.

24 hours notice to the Department is required prior to beginning paving operations:

Phone _____ Name _____

To insure proper surface drainage the new pavement is to be flush with the edge of existing highway pavement and is to slope away from the existing edge of pavement as specified on drawings.

SIDEWALKS SPECIFICATIONS N.A.

A. New Sidewalks

Sidewalks are to be constructed of Class A concrete (3,500 p.s.i. test), are to be _____ feet width, are to be 6" in thickness across the bituminous entrance and 4" in thickness across the remaining sections.

Sidewalks are to have tooled joints, not less than 1" in depth at *four (4) foot intervals, and 1/2 premolded expansion joints extending entirely through the sidewalk at intervals not to exceed fifty (50) feet.

*This dimension should be equal to the width of the sidewalk.

All materials and methods of construction, including curing, is to be in accordance with Kentucky Department of Highways Standard Specifications for Road and Bridge Construction, latest edition.

B. Existing Sidewalks

(Applicable if existing sidewalks are being relocated) Use of the sidewalk is not to be blocked or obstructed and a usable walkway is to be maintained across the construction area at all times.

All damaged sections of the sidewalks are to be entirely replaced to match existing sections.

VIII DENSE GRADED SHOULDERS N.A.

Any existing dense graded aggregate shoulders on the entire frontage within the construction area, which have been disturbed, damaged or on which dirt has been placed or mud is deposited or tracked, are to be restored to original condition by removal of all contaminated material and replaced to proper grade with new dense graded aggregate.

All new graded aggregate shoulders as specified on the plan are to consist of: 5" compacted dense graded aggregate/2 1/2 pounds per square yard calcium chloride.

All dense graded aggregate shoulders are to slope away from the new edge of pavement at the rate of 1/4" per foot.

CURBING N.A.

A. Bituminous Curbs

Bituminous Concrete curbs shall be given a paint coat of asphalt emulsion.

The surface under the bituminous concrete curb shall be tacked with asphalt emulsion.

- All bituminous curbs shall be of the rolled curb type with a minimum base width of 8" and a minimum vertical height of _____ inches. The top of the curb shall be constructed in such a manner as to guarantee a uniform rolled effect throughout the entire run.

B. Concrete Curbs

- All curbs or curb and gutter are to be constructed of Class A concrete, 3,500 p.s.i. test, and are to be uniform in height, width and alignment, true to grade and satisfactory in finish and appearance as determined to the Department. All materials and methods of construction, including curing, is to be in accordance with Department of Highways Standard Specifications for Road and Bridge Construction, latest edition.

- All concrete curbs are to be 6" in width, extend _____" above finished grade and 12" below finished grade, with all visible edges rounded to 1/2" radii.

- All concrete curbs shall have expansion joints constructed at intervals of not more than 30 feet and 1/2" premolded expansion joint material (cut to conform to the curb or to the curb and gutter section) shall be used in each expansion joint.

- The last _____ feet of all concrete curbs are to be tapered down to finish grade.

X. Right-of-Way Fence Replacement

- The replacement fence shall be a height of at least (48") and shall be of sufficient density to contain all animals. (If applicable)
- The replacement fence shall be a minimum of one foot (1') and a maximum of two feet (2') outside the right-of-way line.
- The fence materials and design shall meet accepted industry standards and be treated or paintable.
- The permittee shall be required to maintain the fence in a high state of repair.
- The existing fence shall be removed by permittee and stored at Department's maintenance storage yard for future reuse by the Department.
- The control of access shall not be diminished as a result of replacement of the fence.
- Miscellaneous: _____

NOTICE TO PERMITTEE

THE PERMITTEE AGREES THAT ALL WORK WITHIN THE EXISTING RIGHT-OF-WAY SHALL BE DONE IN ACCORDANCE WITH THE PLANS AS APPROVED AND PERMITTED BY AN ENCROACHMENT PERMIT, ANY CHANGES OR VARIANCES MADE AT THE TIME OF CONSTRUCTION WITHOUT WRITTEN APPROVAL FROM THE DEPARTMENT OF HIGHWAYS SHALL BE REMOVED BY THE PERMITTEE AT NO EXPENSE TO THE DEPARTMENT OF HIGHWAYS AND SHALL BE REDONE TO CONFORM WITH THE APPROVED PLANS.

COMMONWEALTH OF KENTUCKY
 Transportation Cabinet
 Department of Highways
 Division of Traffic

TC 99-1
 Rev. 10/88

ENCROACHMENT PERMIT

PERMIT NO. 2-0354-91

APPLICANT IDENTIFICATION

NAME: Kentucky Pipeline & Storage Co., Inc.
 ADDRESS: 600 Barret Blvd. (P.O. Box 1172)
 CITY: Henderson,
 STATE: Kentucky ZIP CODE: 42420
 PHONE: A.C. (502) 826-3222

PROJECT IDENTIFICATION

Access Control By Permit Partial Full
 COUNTY: Hopkins PRIORITY ROUTE NO. Ky 70
 MILEPOINT: 5.29 LEFT RIGHT X-ing
 PROJECT STATUS: MAINTENANCE CONST. DESIGN
 PROJECT NO. STATE: KS 054 0070 005.29
 PROJECT NO. FEDERAL: _____
 ROAD/STREET NAME: Pipe for Madison Ave

TYPE OF ENCROACHMENT:

- COMMERCIAL ENTRANCE - BUSINESS _____
- PRIVATE ENTRANCE: SINGLE FAMILY FARM
- UTILITY: OVERHEAD UNDERGROUND
- GRADE: FILL LANDSCAPE ON R/W
- AIRSPACE: AGREEMENT LEASE
- OTHER (SPECIFY) _____

TYPE OF INDEMNITY: BOND CASH
 SELF-INSURED AMOUNT ENCUMBERED \$ 500,000
 OTHER _____

NAME AND ADDRESS OF LOCAL INSURANCE AGENCY OR SELF-INSURED REPRESENTATIVE: Hunt-Dixon Insurance Agency
34 N. Elm Street
Henderson, Kentucky 42420

ATTACHMENTS:

- STANDARD DRAWINGS (LIST ON TC 99-21 UNDER MISC.)
- APPLICANT'S PLANS
- HIGHWAY PLAN AND PROFILE SHEETS
- TC 99-3 (PONDING ENCROACHMENT SPECS. & CONDITIONS)
- TC 99-4 (REST AREA USAGE SPECS. & CONDITIONS)
- TC 99-5 (TREE CUTTING/TRIMMING SPECS. & CONDITIONS)
- TC 99-6 (CHEMICAL USE OF SPECS. & CONDITIONS)
- TC 99-10 (TYPICAL HIGHWAY BORING CROSSING DETAIL)
- TC 99-12 (OVERHEAD UTILITY ENCROACHMENT DIAGRAM)
- TC 99-13 (SURFACE RESTORATION METHODS)
- TC 99-21 (ENCROACHMENT PERMIT GENERAL NOTES AND SPECIFICATIONS)
- TC 99-22 (AGREEMENT FOR SERVICES TO BE PERFORMED)
- TC 99-23 (MASS TRANSIT SHELTER SPECS. & CONDITIONS)
- OTHER ATTACHMENTS: (Specify) _____

INDEMNITY: The applicant, in order to secure this obligation, has deposited with the Transportation Cabinet as a guarantee of conformance with the Department's Encroachment Permit requirements an indemnity in the amount of \$ _____ as determined by the Department. It shall be the responsibility of the applicant or permittee, his heirs and assigns to keep all indemnities in full force until construction or reconstruction has been completed and duly accepted by an authorized agent of the Transportation Cabinet, Department of Highways.

BRIEF DESCRIPTION OF WORK TO BE DONE: (If private entrance, show sketch with pipe location. Separate attached drawings required for encroachments other than private entrances.)

Install Casing and 8" Steel Welded Gas Pipeline under Highway 70 by the Boreing method.

IMPORTANT: (PLEASE READ) (Applicant does does not intend to apply for excess R/W)

WHEN THE WORK IS COMPLETED IN ACCORDANCE WITH THE TERMS OF THIS ENCROACHMENT PERMIT YOUR INDEMNITY WILL BE RELEASED. HOWEVER, THE PERMIT IS EFFECTIVE UNTIL REVOKED BY THE TRANSPORTATION CABINET AND THE TERMS ON THE PERMIT AND ACCOMPANYING PERMIT DOCUMENTS AND DRAWINGS REMAIN IN EFFECT AS LONG AS THE ENCROACHMENT EXISTS. FUTURE MAINTENANCE OF THE ENCROACHMENT IS THE RESPONSIBILITY OF THE PERMITTEE. IT IS IMPORTANT THAT YOU UNDERSTAND THE REQUIREMENTS ON THIS ENCROACHMENT PERMIT APPLICATION AND ACCOMPANYING DOCUMENTS. IF YOU HAVE NOT DONE SO, IT IS SUGGESTED THAT YOU REVIEW THESE DOCUMENTS AND PLACE THE PERMIT PACKAGE IN A SAFE PLACE FOR FUTURE REFERENCE.

A COPY OF THIS PERMIT AND ALL DOCUMENTS SHALL BE GIVEN TO YOUR CONTRACTOR AND SHALL BE READILY AVAILABLE AT THE WORK SITE FOR THE ENCROACHMENT PERMIT INSPECTOR TO REVIEW AT ALL TIMES. FAILURE TO MEET THIS REQUIREMENT MAY RESULT IN CANCELLATION OF THIS PERMIT.

IN THE EVENT THIS APPLICATION IS APPROVED, THIS DOCUMENT SHALL CONSTITUTE A PERMIT FOR THE APPLICANT TO USE THE RIGHT-OF-WAY, BUT ONLY IN THE MANNER AUTHORIZED BY THIS DOCUMENT AND REGULATIONS OF THE DEPARTMENT AND THE

The permittee agrees to the following terms and conditions:

1. The permittee shall comply with and is bound by the requirements of the Department's Permits Manual as revised to and in effect on the date of the issuance of this permit which is made a part hereof by reference.
2. Permittee agrees that if the Department determines that vehicular capacity deficiencies or over capacity conditions develop as a result of the installation and use of this facility, the permittee shall adjust, relocate or reconstruct the facilities and/or provide and bear the expense for signs, storage lanes or other corrective measures reasonably deemed necessary by the Department and as set forth in the Department's Permit Manual within a reasonable length of time after receipt of written notice regarding such adjustments, relocation, additions, modifications and/or corrective measures, such time to be specified in the notice. In cases where traffic signals are permitted or required, as determined by the Department, the costs for signal equipment and installation(s) shall be borne by the permittee and/or the Department in accordance with Department policy then in force as set forth in the Traffic Manual. Any modifications to the permittee's entrance necessary to accommodate signalization (including necessary easement(s) on private property) shall be the responsibility of the permittee, at no expense to the Department. (This applies only to Entrance Permits.)
3. The said encroachment will not infringe on the frontage rights of an abutting owner without written consent of the said owner as hereto: "I (we) consent to the granting of attached permit." _____ Date _____ (This does not apply to utilities which serve the general public.)
4. Any permit granted hereunder shall be with the full understanding that it shall not interfere with any similar rights or permits heretofore granted to any other party except as otherwise provided by law.
5. A plan prepared by _____ and dated _____ is attached hereto and made a part hereof, which describes the facilities to be constructed by the permittee for which facilities this permit is granted. The permittee agrees as a condition to the issuance of the permit to construct and maintain such facilities in accordance with said plan, and the permittee shall not use the facilities authorized herein in any manner contrary to that prescribed by this permit and plan. Normal usage and routine maintenance only are authorized under this permit.
6. Permittee shall comply with the Manual on Uniform Traffic Control Devices as revised to and in effect on the date of the issuance of this permit which is made a part hereof by reference.
7. Permittee shall at all times from date when work is first commenced and until such time as all facilities are removed from the right-of-way premise, defend, protect and save harmless the Department from all liability, claims, and demands arising out of work undertaken by the permittee pursuant to this permit, due to any negligent act or omission by the permittee, its servants, agents, employees or contractors. This provision shall not inure to the benefit of any third party or operate to enlarge any liability of the Department beyond that existing at common law if this right to indemnity did not exist.
8. Upon a violation of any of the provisions of this permit, the Department may revoke the permit by giving notice to the permittee in writing to remove from the right-of-way any facilities placed thereon within a reasonable time as set forth in the notice, and in the event said facilities are not so removed, and the right-of-way restored the Department may cause same to be removed, and the costs thereof shall be charged to the permittee.
9. The permittee, his successors and assigns shall use the encroachment premises in compliance with all Federal requirements imposed pursuant to the provisions of the Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000-1) and regulations of the U.S. Department of Transportation as set forth in Title 49 C.F.R., Part 21, and as said regulations may be amended.
10. Permittee agrees that in the event it should become necessary, as may be reasonably determined by the Department, for the facilities covered by this permit to be removed or relocated in connection with the reconstruction, relocation or improvement of the abutting highway, the Department may revoke this permit and require removal or relocation by the permittee at his own expense according and pursuant to the procedures provided in Paragraph 8 above except in those cases where the Department is required by law to pay any or all the same.
11. The permittee understands and agrees that this permit is personal to the permittee and shall not inure to his successors and assigns without the written approval of the Department and that he is bound by the provisions of this permit as long as the encroachment exists unless a written release has been obtained from the Department. (Does not apply to utilities serving the general public.)
12. If the work authorized by this permit is on a project in the construction phase, it shall be the responsibility of the permittee to make personal contact with _____ Resident Engineer on the project to coordinate the permitted work with the State's prime contractor on the project.
13. This permit does not alleviate any requirements of any other government agency.

THE UNDERSIGNED APPLICANT (BEING DULY AUTHORIZED REPRESENTATIVE/OWNER) DOES AGREE TO ALL TERMS AND CONDITIONS SET FORTH HEREIN.

JANUARY 1st JULY 1st 19 92 _____ Date

BY _____ Signature

RECOMMENDED FOR APPROVAL
Permit Engineer _____ Signature

APPROVED _____ Signature
Chief District Engineer

7-2-91 _____ Date

PRIVATE ENTRANCE: TO BE COMPLETED BY PERSONNEL INSTALLING FACILITY.

INSTALLED BY: _____ Signature DATE _____ 19 _____

COMMONWEALTH OF KENTUCKY
 TRANSPORTATION CABINET
 DEPARTMENT OF HIGHWAYS
 DIVISION OF TRAFFIC
 PLAN & PROFILE SHEET

TC 99-17
 REV. 11/88

TYPE OF ENCROACHMENT

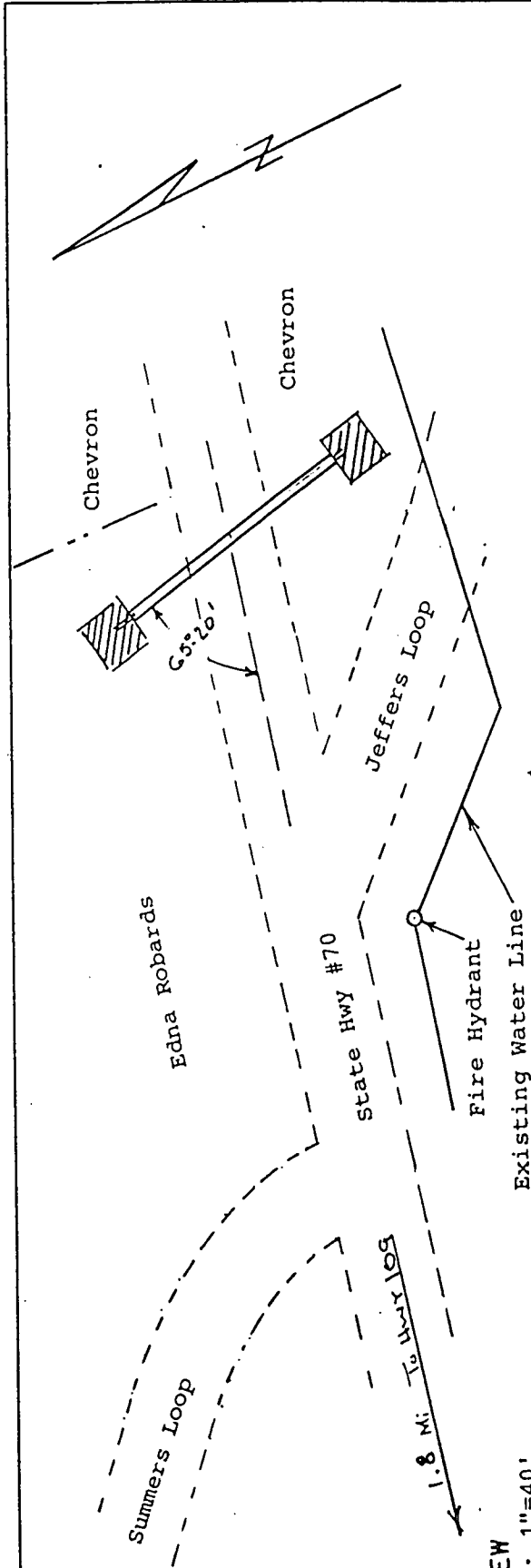
PERMIT APPLICANT NAME Kentucky Pipeline and Storage Company

COUNTY NAME Hopkins

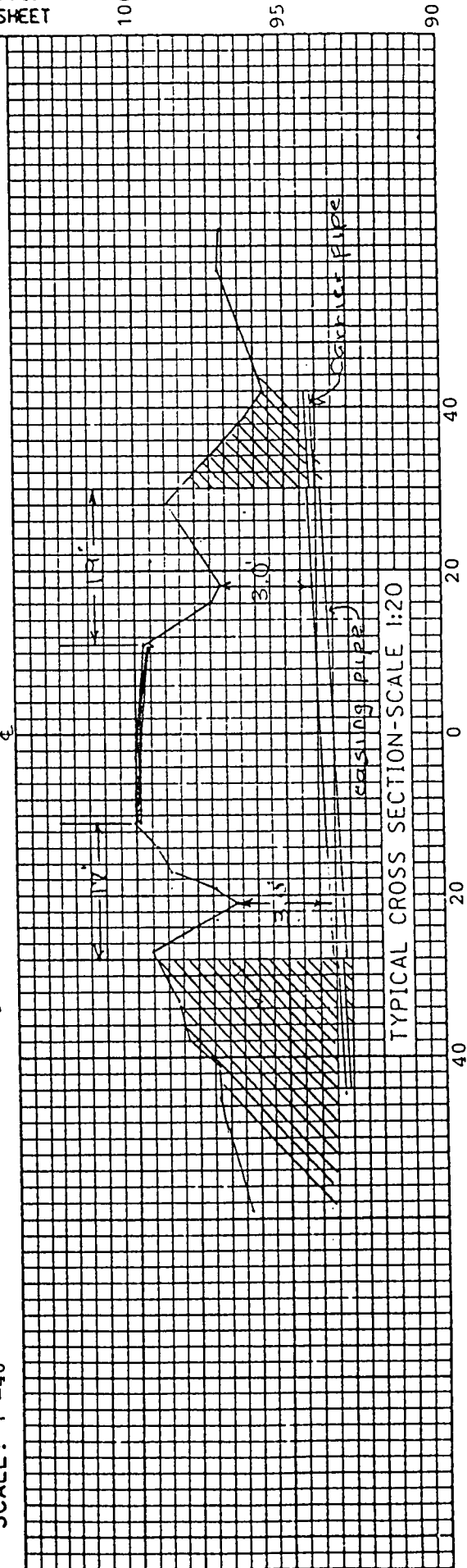
PROJECT NO. _____

ROAD NAME _____

MILE MARKER LEFT RIGHT



PLAN VIEW
 SCALE: 1"=40'



RECEIVED

MAY 13 1999

PUBLIC SERVICE
COMMISSION



COMMONWEALTH OF KENTUCKY
TRANSPORTATION CABINET
FRANKFORT, KENTUCKY 40622

WALLACE G. WILKINSON
GOVERNOR

MILO D. BRYANT
SECRETARY
AND
COMMISSIONER OF HIGHWAYS

Mr. Benjamin Cabbage
Kentucky Pipeline & Storage Co., Inc.
P. O. Box 1172
Henderson, KY 42420

 BUD
Before 'U' Dig
CALL TOLL FREE
1-800-752-6007
For Buried Line/Cable Locations

Subject: Hopkins County RS 054-1337-003.740
KY 1337 Earlington-Richland Road
Kentucky Pipeline & Storage Co., Inc.
Utility (PERMIT NO. 02-0355-91)

Dear Applicant:

Attached is your application for a permit which has been approved by the Department of Highways.

Please see that your work is done in conformity with this permit and all applicable conditions. Then notify this office when the work is completed and ready for inspection.

We accept your completion date of 07-01-92.

Sincerely,

For W. P. Davenport, P.E.
Chief District Engineer
Department of Highways
P. O. Drawer D
Madisonville, KY 42431

7-1-91
Date

Telephone (502) 821-1600

WPD:ba

Attachment

COMMONWEALTH OF KENTUCKY
TRANSPORTATION CABINET
DEPARTMENT OF HIGHWAYS
ENCROACHMENT PERMIT GENERAL NOTES AND SPECIFICATIONS

TC 99-21
Rev. 6/87
Page 1 of 4

PERMIT NO. 2-0355-91

I SAFETY

A. General Requirements

- All signs and control of traffic shall be in accordance with the Manual on Uniform Traffic Control Devices for Streets and Highways, latest edition, Part VI and safety requirements shall comply with the Permits Manual.
- All Work necessary in shoulder or ditchline areas of a state highway is to be scheduled to be promptly completed so that hazards adjacent to the traveled-way are kept to an absolute minimum.
- No more than one(1) traveled-lane is to be blocked or obstructed during normal working hours. All signs and flagmen during lane closure shall conform to the Manual on Uniform Traffic Control Devices.
- When it is necessary to block one (1) traveled-lane of a state highway the normal working hours shall be as directed by the Department. No lanes are to be blocked or obstructed during adverse weather conditions (i.e. rain, snow, fog, etc.) without specific permission from the Department. Working hours shall be between _____ and _____.
- The traveled-way and shoulders shall be kept clear of mud and other construction debris at all times during construction of the permitted facility.
- No nonconstruction equipment or vehicles or office trailers will be allowed on the right-of-way during working hours.
- The right-of-way shall be left free and clear of equipment, material and vehicles during nonworking hours.

B. Explosives

- No explosive devices or explosive material shall be used within State right-of-way without proper license and approval of Kentucky Department of Mines and Minerals, Explosive Division.

C. Other Safety Requirements

- Meet basic criteria of MANUAL ON UNIFORM TRAFFIC CONTROL DEVICES
-
-
-
-

II UTILITIES

- * All work necessary within the right-of-way shall be behind a temporary fence erected prior to a boring operation.
- * The temporary woven wire fence shall be removed immediately upon completion of work on the right-of-way and control of access immediately restored to original condition, in accordance with applicable Kentucky Department of Highways Standard Drawings.
- * All vents, valves, manholes, etc. are to be located outside the right-of-way.
- * Encasement pipe shall extend from right-of-way line to right-of-way line and shall be one continuous run of pipe. The encasement pipe shall be welded at all joints.
- The boring pit and tail ditch shall not extend past the existing toe of slope or bottom of ditch line (from the right-of-way) and shall be a minimum of 30" deep.
- Encasement pipe shall conform to current standards for highway crossings in accordance with the Permits Manual.
- Parallel lines shall be constructed between back slope of ditch line and right-of-way line and shall have a minimum of 30" cover above top of pipe or conduit. (~~30" x 30"~~)
- All pavement cuts shall be restored per Kentucky Transportation Cabinet Form No. TC 99-13.
- Aerial crossing of this utility line shall have a minimum vertical clearance of ___ feet from the high point of the roadway to the low point of the line (calculated at the coefficient for expansion of 120 degrees Fahrenheit).
- The 30' clear zone requirement will be met to the extent possible in accordance with Chapter 99-01.0521 of the Permits Manual.
- Special Requirements

- Applies to Fully Controlled Access Highways only.

A. OSHA

- III Kentucky Occupational Safety and Health Standards for the construction industry which has the effect of law states in part: (Page 52, 1926.651 Specific Excavation Requirements) "Prior to opening an excavation, effort shall be made to determine whether underground installations: i.e., sewer, telephone, water, fuel, electric lines, etc., will be encountered, and if so, where such underground installations are located. When the excavation approaches the estimated location of such an installation, the exact location shall be determined and when it is uncovered, proper supports shall be provided for the existing installation. Utility companies shall be contacted and advised of proposed work prior to the start of actual excavation.

B. Archaeological

- Whenever materials of an archaeological nature are discovered during the course of construction work or maintenance operations, contact shall be made immediately with The Division of Environmental Analysis which maintains an archaeologist on its staff, or with the Office of the State Archaeologist located at the University of Kentucky. Following this consultation further action shall be decided on a case-by-case basis by the State Highway Engineer or the Transportation Planning Engineer or their designated representative.

C. Utilities in the Work Areas

- The permittee is to be responsible for any damage to existing utilities and any utility modifications or relocations within State right-of-way which necessary, as determined by the Department or by the owner of the utility, are to be at the expense of the permittee and subject to the approval to the Department.
- All existing manholes and valve boxes are to be adjusted to be flush with finished grade.

IV RIGHT-OF-WAY RESTORATION

- All disturbed portions of the right-of-way are to be restored to grass as per Kentucky Department of Highways Standard Specifications for Road and Bridge Construction (latest edition). A satisfactory turf, as determined by the Department, is to be established by the permittee prior to release of indemnity. Sodding or seeding as follows:

Lawn or High Maintenance Situation	- 70 % Lawn Fescue (eg. variety-Falcon) - 30 % Bluegrass or 70 % Lawn Rye (eg. variety-Derby) 30 % Bluegrass
------------------------------------	---

Right-of-Way Lawn Maintenance Situation	- 70% KY 31 Fescue - 30 % Perennial Rye Grass or 100% KY 31 Fescue
---	--

- 2 Tons Clean Straw mulch per acre of seeding.
- Prior to seeding, the ground must be prepared in accordance with Kentucky Department of Highways Standard Specifications for Road and Bridge Construction (latest edition).
- Substitutes for sod such as artificial turf or rocked mulched, or paved areas may be acceptable if they are esthetically pleasing.
- All ditch flow lines and all ditch side slopes are to be sodded.
- Existing concrete right-of-way markers are not to be disturbed, but if damaged in any way, they are to be entirely replaced by the permittee with new concrete markers to match the original markers, in accordance with Kentucky Department of Highways Standard Drawings. Markers which are entirely removed are to be re-established in the proper locations by the permittee and to the satisfaction of the Department.
- Other right-of-way restoration requirements are as follows:

V DRAINAGE

- All pipe is to be laid in a straight alignment, to proper grades, and with all materials and methods of installation including bedding and joint seating in accordance with Department Standard Specifications for Road and Bridge Construction, latest edition. Pipe is not to be covered until inspected by Department and express permission obtained to make backfill.

Permit No. _____

- All gutter lines at the base of new curbs are to be on continuous grades, and pockets of water along curbs, or in entrance areas, or other paved areas within the right-of-way are not to be acceptable.
- All drainage structures and appurtenances (manholes, catch basins, curbing, inlet basins, etc.) shall conform to department specifications and shall be constructed in accordance with Department standard drawings. Type required _____

VI PAVING N.A.

- No bituminous pavement is to be installed within the right-of-way between November 15 and April 1, nor when the temperature is below 49°F., without the express consent of the Department. No bituminous pavement is to be installed when the underlying course is wet.
- Paving within the right-of-way shall be as follows:
 - Base (Type) _____ (Thickness) _____
 - Surface Base (Type) _____ (Thickness) _____
 - Finished Surface (Type) _____ (Thickness) _____
- Existing pavement and shoulder material shall be removed to accommodate the above paving specifications.
- The finished surface of all new pavement within the right-of-way shall be true to the required slope and grade, uniform in density and texture, free of irregularities and equivalent in riding qualities to the adjacent highway pavement or as determined by the Department of Highways.
- All materials and methods of construction, including base and subgrade preparation shall be in accordance with Kentucky Department of Highways Specifications for Road and Bridge Construction, latest edition.
- 24 hours notice to the Department is required prior to beginning paving operations:
Phone _____ Name _____
- To insure proper surface drainage the new pavement is to be flush with the edge of existing highway pavement and is to slope away from the existing edge of pavement as specified on drawings.

SIDEWALKS SPECIFICATIONS N.A.

A. New Sidewalks

- Sidewalks are to be constructed of Class A concrete (3,500 p.s.i. test), are to be _____ feet width, are to be 6" in thickness across the bituminous entrance and 4" in thickness across the remaining sections.
- Sidewalks are to have tooled joints, not less than 1" in depth at four (4) foot intervals, and 1/2 premolded expansion joints extending entirely through the sidewalk at intervals not to exceed fifty (50) feet.
*This dimension should be equal to the width of the sidewalk.
- All materials and methods of construction, including curing, is to be in accordance with Kentucky Department of Highways Standard Specifications for Road and Bridge Construction, latest edition.

B. Existing Sidewalks

- (Applicable if existing sidewalks are being relocated) Use of the sidewalk is not to be blocked or obstructed and a usable walkway is to be maintained across the construction area at all times.
- All damaged sections of the sidewalks are to be entirely replaced to match existing sections.

VIII DENSE GRADED SHOULDERS N.A.

- Any existing dense graded aggregate shoulders on the entire frontage within the construction area, which have been disturbed, damaged or on which dirt has been placed or mud is deposited or tracked, are to be restored to original condition by removal of all contaminated material and replaced to proper grade with new dense graded aggregate.
- All new graded aggregate shoulders as specified on the plan are to consist of: 5" compacted dense graded aggregate/2 1/2 pounds per square yard calcium chloride.
- All dense graded aggregate shoulders are to slope away from the new edge of pavement at the rate of 1/4" per foot.

CURBING N.A.

A. Bituminous Curbs

- Bituminous Concrete curbs shall be given a paint coat of asphalt emulsion.
- The surface under the bituminous concrete curb shall be tacked with asphalt emulsion.

All bituminous curbs shall be of the rolled curb type with a minimum base width of 8" and a minimum vertical height of _____ inches. The top of the curb shall be constructed in such a manner as to guarantee a uniform rolled effect throughout the entire run.

B. Concrete Curbs

All curbs or curb and gutter are to be constructed of Class A concrete, 3,500 p.s.i. test, and are to be uniform in height, width and alignment, true to grade and satisfactory in finish and appearance as determined to the Department. All materials and methods of construction, including curing, is to be in accordance with Department of Highways Standard Specifications for Road and Bridge Construction, latest edition.

All concrete curbs are to be 6" in width, extend _____ " above finished grade and 12" below finished grade, with all visible edges rounded to 1/2 " radii.

All concrete curbs shall have expansion joints constructed at intervals of not more than 30 feet and 1/2" preformed expansion joint material (cut to conform to the curb or to the curb and gutter section) shall be used in each expansion joint.

The last _____ feet of all concrete curbs are to be tapered down to finish grade.

X. Right-of-Way Fence Replacement

• The replacement fence shall be a height of at least (48") and shall be of sufficient density to contain all animals. (If applicable)

• The replacement fence shall be a minimum of one foot (1') and a maximum of two feet (2') outside the right-of-way line.

• The fence materials and design shall meet accepted industry standards and be treated or paintable.

• The permittee shall be required to maintain the fence in a high state of repair.

• The existing fence shall be removed by permittee and stored at Department's maintenance storage yard for future reuse by the Department.

• The control of access shall not be diminished as a result of replacement of the fence.

• Miscellaneous: _____

NOTICE TO PERMITTEE

THE PERMITTEE AGREES THAT ALL WORK WITHIN THE EXISTING RIGHT-OF-WAY SHALL BE DONE IN ACCORDANCE WITH THE PLANS AS APPROVED AND PERMITTED BY AN ENCROACHMENT PERMIT, ANY CHANGES OR VARIANCES MADE AT THE TIME OF CONSTRUCTION WITHOUT WRITTEN APPROVAL FROM THE DEPARTMENT OF HIGHWAYS SHALL BE REMOVED BY THE PERMITTEE AT NO EXPENSE TO THE DEPARTMENT OF HIGHWAYS AND SHALL BE REDONE TO CONFORM WITH THE APPROVED PLANS.

COMMONWEALTH OF KENTUCKY
 Transportation Cabinet
 Department of Highways
 Division of Traffic

TC 99-1
 Rev. 10/88

ENCROACHMENT PERMIT

PERMIT NO. 2-0355-91

<p>APPLICANT IDENTIFICATION NAME: <u>Kentucky Pipeline & Storage Co., Inc</u> ADDRESS: <u>600 Barret Blvd. (P.O. Box 1172)</u> CITY: <u>Henderson,</u> STATE: <u>Kentucky</u> ZIP CODE: <u>42420</u> PHONE: A.C. (<u>502</u>) <u>826-3222</u></p>	<p>PROJECT IDENTIFICATION Access Control <input type="checkbox"/> By Permit <input type="checkbox"/> Partial <input type="checkbox"/> Full COUNTY: <u>Hopkins</u> PRIORITY ROUTE NO: <u>Ky 1337</u> MILEPOINT: <u>3.74</u> <input type="checkbox"/> LEFT <input type="checkbox"/> RIGHT <input checked="" type="checkbox"/> X-ing PROJECT STATUS: <input type="checkbox"/> MAINTENANCE <input type="checkbox"/> CONST. <input type="checkbox"/> DESIGN PROJECT NO. STATE: <u>KS 054 1337 003.74</u> PROJECT NO. FEDERAL: _____ ROAD/STREET NAME: <u>Earlington - Richmond</u></p>
<p>TYPE OF ENCROACHMENT: <input type="checkbox"/> COMMERCIAL ENTRANCE - BUSINESS _____ <input type="checkbox"/> PRIVATE ENTRANCE: <input type="checkbox"/> SINGLE FAMILY <input type="checkbox"/> FARM <input type="checkbox"/> UTILITY: <input type="checkbox"/> OVERHEAD <input checked="" type="checkbox"/> UNDERGROUND <input type="checkbox"/> GRADE: <input type="checkbox"/> FILL <input type="checkbox"/> LANDSCAPE ON R/W <input type="checkbox"/> AIRSPACE: <input type="checkbox"/> AGREEMENT <input type="checkbox"/> LEASE <input type="checkbox"/> OTHER (SPECIFY) _____</p>	<p>ATTACHMENTS: <input type="checkbox"/> STANDARD DRAWINGS (LIST ON TC 99-21 UNDER MISC.) <input checked="" type="checkbox"/> APPLICANT'S PLANS <input type="checkbox"/> HIGHWAY PLAN AND PROFILE SHEETS <input type="checkbox"/> TC 99-3 (PONDING ENCROACHMENT SPECS. & CONDITIONS) <input type="checkbox"/> TC 99-4 (REST AREA USAGE SPECS. & CONDITIONS) <input type="checkbox"/> TC 99-5 (TREE CUTTING/TRIMMING SPECS. & CONDITIONS) <input type="checkbox"/> TC 99-6 (CHEMICAL USE OF SPECS. & CONDITIONS) <input type="checkbox"/> TC 99-10 (TYPICAL HIGHWAY BORING CROSSING DETAIL) <input type="checkbox"/> TC 99-12 (OVERHEAD UTILITY ENCROACHMENT DIAGRAM) <input type="checkbox"/> TC 99-13 (SURFACE RESTORATION METHODS) <input checked="" type="checkbox"/> TC 99-21 (ENCROACHMENT PERMIT GENERAL NOTES AND SPECIFICATIONS) <input type="checkbox"/> TC 99-22 (AGREEMENT FOR SERVICES TO BE PERFORMED) <input type="checkbox"/> TC 99-23 (MASS TRANSIT SHELTER SPECS. & CONDITIONS) <input type="checkbox"/> OTHER ATTACHMENTS: (Specify) _____</p>
<p>TYPE OF INDEMNITY: <input checked="" type="checkbox"/> BOND <input type="checkbox"/> CASH <input type="checkbox"/> SELF-INSURED AMOUNT ENCUMBERED \$ <u>500⁰⁰</u> <input type="checkbox"/> OTHER</p>	
<p>NAME AND ADDRESS OF LOCAL INSURANCE AGENCY OR SELF-INSURED REPRESENTATIVE: <u>Hunt-Dixon Insurance Agency</u> <u>34 N. Elm Street</u> <u>Henderson, Kentucky 42420</u></p>	

INDEMNITY: The applicant, in order to secure this obligation, has deposited with the Transportation Cabinet as a guarantee of conformance with the Department's Encroachment Permit requirements an indemnity in the amount of \$ _____ as determined by the Department. It shall be the responsibility of the applicant or permittee, his heirs and assignees to keep all indemnities in full force until construction or reconstruction has been completed and duly accepted by an authorized agent of the Transportation Cabinet, Department of Highways.

BRIEF DESCRIPTION OF WORK TO BE DONE: (If private entrance, show sketch with pipe location. Separate attached drawings required for encroachments other than private entrances.)

Install Casing and 8" Steel Welded Gas Pipeline under Highway 1337 by the Boreing method.

IMPORTANT: (PLEASE READ) (Applicant does does not intend to apply for excess R/W)

WHEN THE WORK IS COMPLETED IN ACCORDANCE WITH THE TERMS OF THIS ENCROACHMENT PERMIT YOUR INDEMNITY WILL BE RELEASED. HOWEVER, THE PERMIT IS EFFECTIVE UNTIL REVOKED BY THE TRANSPORTATION CABINET AND THE TERMS ON THE PERMIT AND ACCOMPANYING PERMIT DOCUMENTS AND DRAWINGS REMAIN IN EFFECT AS LONG AS THE ENCROACHMENT EXISTS. FUTURE MAINTENANCE OF THE ENCROACHMENT IS THE RESPONSIBILITY OF THE PERMITTEE. IT IS IMPORTANT THAT YOU UNDERSTAND THE REQUIREMENTS ON THIS ENCROACHMENT PERMIT APPLICATION AND ACCOMPANYING DOCUMENTS. IF YOU HAVE NOT DONE SO, IT IS SUGGESTED THAT YOU REVIEW THESE DOCUMENTS AND PLACE THE PERMIT PACKAGE IN A SAFE PLACE FOR FUTURE REFERENCE.

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1. The permittee shall comply with and is bound by the requirements of the Department's Permits Manual as revised to and in effect on the date of the issuance of this permit which is made a part hereof by reference.
2. Permittee agrees that if the Department determines that vehicular capacity deficiencies or over capacity conditions develop as a result of the installation and use of this facility, the permittee shall adjust, relocate or reconstruct the facilities and/or provide and bear the expense for signs, storage lanes or other corrective measures reasonably deemed necessary by the Department and as set forth in the Department's Permit Manual within a reasonable length of time after receipt of written notice regarding such adjustments, relocation, additions, modifications and/or corrective measures, such time to be specified in the notice. In cases where traffic signals are permitted or required, as determined by the Department, the costs for signal equipment and installation(s) shall be borne by the permittee and/or the Department in accordance with Department policy then in force as set forth in the Traffic Manual. Any modifications to the permittee's entrance necessary to accommodate signalization (including necessary easement(s) on private property) shall be the responsibility of the permittee, at no expense to the Department. (This applies only to Entrance Permits.)
3. The said encroachment will not infringe on the frontage rights of an abutting owner without written consent of the said owner as hereto: "I (we) consent to the granting of attached permit."
4. Any permit granted hereunder shall be with the full understanding that it shall not interfere with any similar rights or permits heretofore granted to any other party except as otherwise provided by law.
5. A plan prepared by _____ and dated _____ is attached hereto and made a part hereof, which describes the facilities to be constructed by the permittee for which facilities this permit is granted. The permittee agrees as a condition to the issuance of the permit to construct and maintain such facilities in accordance with said plan, and the permittee shall not use the facilities authorized herein in any manner contrary to that prescribed by this permit and plan. Normal usage and routine maintenance only are authorized under this permit.
6. Permittee shall comply with the Manual on Uniform Traffic Control Devices as revised to and in effect on the date of the issuance of this permit which is made a part hereof by reference.
7. Permittee shall at all times from date when work is first commenced and until such time as all facilities are removed from the right-of-way premise, defend, protect and save harmless the Department from all liability, claims, and demands arising out of work undertaken by the permittee pursuant to this permit, due to any negligent act or omission by the permittee, its servants, agents, employees or contractors. This provision shall not inure to the benefit of any third party or operate to enlarge any liability of the Department beyond that existing at common law if this right to indemnity did not exist.
8. Upon a violation of any of the provisions of this permit, the Department may revoke the permit by giving notice to the permittee in writing to remove from the right-of-way any facilities placed thereon within a reasonable time as set forth in the notice, and in the event said facilities are not so removed, and the right-of-way restored the Department may cause same to be removed, and the costs thereof shall be charged to the permittee.
9. The permittee, his successors and assigns shall use the encroachment premises in compliance with all Federal requirements imposed pursuant to the provisions of the Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000-1) and regulations of the U.S. Department of Transportation as set forth in Title 49 C.F.R., Part 21, and as said regulations may be amended.
10. Permittee agrees that in the event it should become necessary, as may be reasonably determined by the Department, for the facilities covered by this permit to be removed or relocated in connection with the reconstruction, relocation or improvement of the abutting highway, the Department may revoke this permit and require removal or relocation by the permittee at his own expense according and pursuant to the procedures provided in Paragraph 8 above except in those cases where the Department is required by law to pay any or all the same.
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12. If the work authorized by this permit is on a project in the construction phase, it shall be the responsibility of the permittee to make personal contact with _____ Resident Engineer on the project to coordinate the permitted work with the State's prime contractor on the project.
13. This permit does not alleviate any requirements of any other government agency.

THE UNDERSIGNED APPLICANT (BEING DULY AUTHORIZED REPRESENTATIVE/OWNER) DOES AGREE TO ALL TERMS AND CONDITIONS SET FORTH HEREIN.

JANUARY 1st JULY 1st 19 92 _____ Date
Completion Date

RECOMMENDED FOR APPROVAL
Pratt Englebach _____
Signature

APPROVED
WRE _____
Chief District Engineer
Signature

7-2-91 19
Date

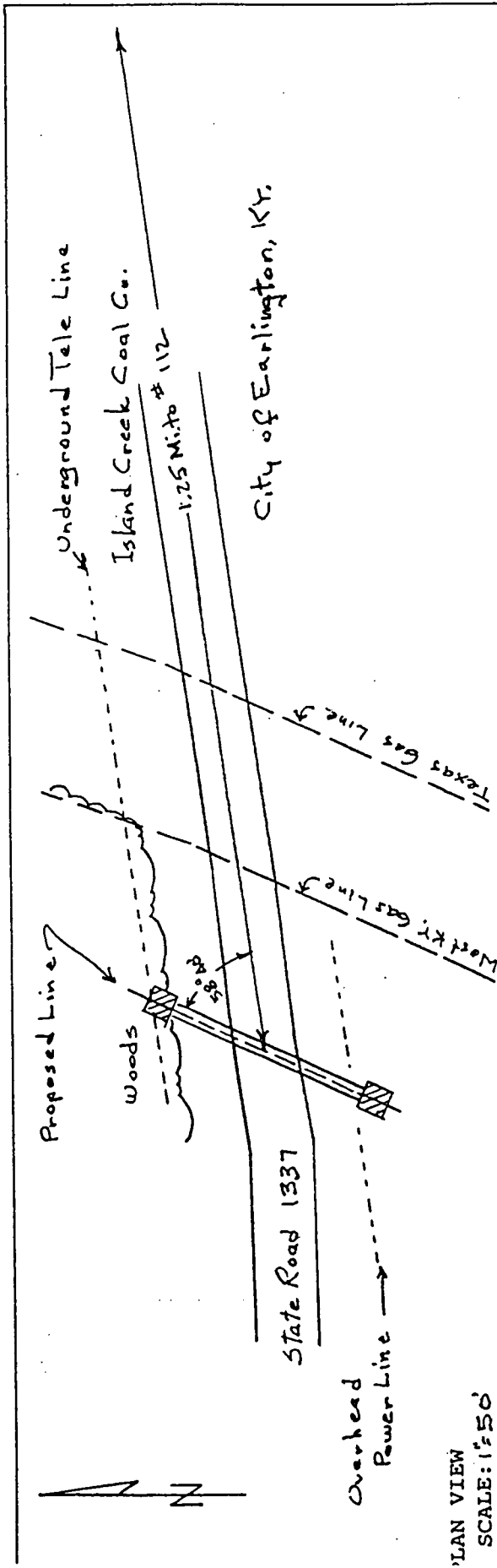
PRIVATE ENTRANCE: TO BE COMPLETED BY PERSONNEL INSTALLING FACILITY.
INSTALLED BY: _____ Title _____
Signature _____ DATE _____ 19 _____

COMMONWEALTH OF KENTUCKY
 TRANSPORTATION CABINET
 DEPARTMENT OF HIGHWAYS
 DIVISION OF TRAFFIC
 PLAN & PROFILE SHEET

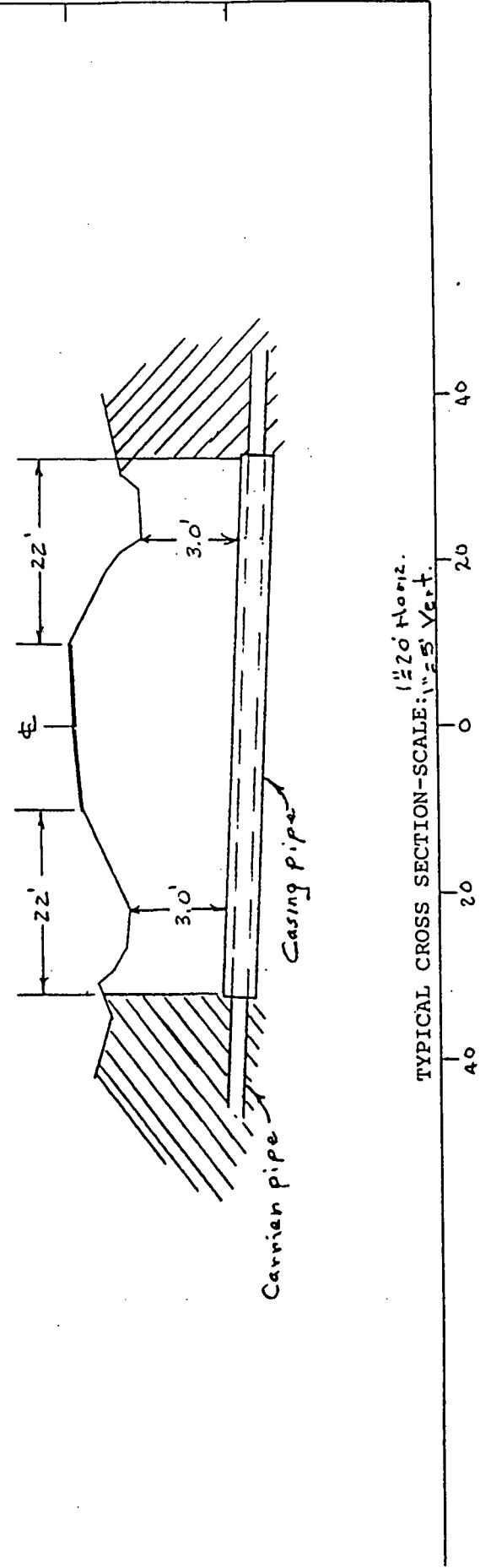
TC 99-17
 REV. 11/88

TYPE OF ENCROACHMENT

PERMIT APPLICANT NAME _____
 COUNTY NAME _____
 PROJECT NO. _____
 ROAD NAME _____
 LEFT RIGHT



PLAN VIEW
 SCALE: 1" = 50'






COMMONWEALTH OF KENTUCKY
TRANSPORTATION CABINET
FRANKFORT, KENTUCKY 40622

MILO D. BRYANT
SECRETARY
AND
COMMISSIONER OF HIGHWAYS

WALLACE G. WILKINSON
GOVERNOR

Mr. Benjamin Cabbage
Kentucky Pipeline & Storage Con. Inc.
P. O. Box 1172
Henderson, KY 42420

 **BUD**
Before 'U' Dig
CALL TOLL FREE
1-800-752-6607
For Buried Line/Cable Locations

Subject: Henderson County PW 054-9004-033.990
PP 9004 Pennyrile Parkway
Kentucky Pipeline & Storage Con. Inc.
Utility (PERMIT NO. 02-0356-91)

Dear Applicant:

Attached is your application for a permit which has been approved by the Department of Highways.

Please see that your work is done in conformity with this permit and all applicable conditions. Then notify this office when the work is completed and ready for inspection.

We accept your completion date of 07-01-92.

Sincerely,

For W. P. Davenport, P.E.
Chief District Engineer
Department of Highways
P. O. Drawer D
Madisonville, KY 42431

Telephone (502) 821-1600

7-1-91
Date

WPD:ba

Attachment

COMMONWEALTH OF KENTUCKY
TRANSPORTATION CABINET
DEPARTMENT OF HIGHWAYS
ENCROACHMENT PERMIT GENERAL NOTES AND SPECIFICATIONS

TC 99-21
Rev. 6/87
Page 1 of 4

PERMIT NO. 2-0356-91

I SAFETY

A. General Requirements

- All signs and control of traffic shall be in accordance with the Manual on Uniform Traffic Control Devices for Streets and Highways, latest edition. Part VI and safety requirements shall comply with the Permits Manual.
- All Work necessary in shoulder or ditchline areas of a state highway is to be scheduled to be promptly completed so that hazards adjacent to the traveled-way are kept to an absolute minimum.
- No more than one(1) traveled-lane is to be blocked or obstructed during normal working hours. All signs and flagmen during lane closure shall conform to the Manual on Uniform Traffic Control Devices.
- When it is necessary to block one (1) traveled-lane of a state highway the normal working hours shall be as directed by the Department. No lanes are to be blocked or obstructed during adverse weather conditions (i.e. rain, snow, fog, etc.) without specific permission from the Department. Working hours shall be between _____ and _____.
- The traveled-way and shoulders shall be kept clear of mud and other construction debris at all times during construction of the permitted facility.
- No nonconstruction equipment or vehicles or office trailers will be allowed on the right-of-way during working hours.
- The right-of-way shall be left free and clear of equipment, material and vehicles during nonworking hours.

B. Explosives

- No explosive devices or explosive material shall be used within State right-of-way without proper license and approval of Kentucky Department of Mines and Minerals, Explosive Division.

C. Other Safety Requirements

- Meet basic criteria of MANUAL ON UNIFORM TRAFFIC CONTROL DEVICES
- _____
- _____
- _____

II UTILITIES

- * All work necessary within the right-of-way shall be behind a temporary fence erected prior to a boring operation.
- *The temporary woven wire fence shall be removed immediately upon completion of work on the right-of-way and control of access immediately restored to original condition, in accordance with applicable Kentucky Department of Highways Standard Drawings.
- * All vents, valves, manholes, etc. are to be located outside the right-of-way.
- * Encasement pipe shall extend from right-of-way line to right-of-way line and shall be one continuous run of pipe. The encasement pipe shall be welded at all joints.
- The boring pit and tail ditch shall not extend past the existing toe of slope or bottom of ditch line (from the right-of-way) and shall be a minimum of 30" deep.
- Encasement pipe shall conform to current standards for highway crossings in accordance with the Permits Manual.
- Parallel lines shall be constructed between back slope of ditch line and right-of-way line and shall have a minimum of 30" cover above top of pipe or conduit. (~~30~~ ~~feet~~ ~~deep~~)
- All pavement cuts shall be restored per Kentucky Transportation Cabinet Form No. TC 99-13.
- Aerial crossing of this utility line shall have a minimum vertical clearance of _____ feet from the high point of the roadway to the low point of the line (calculated at the coefficient for expansion of 120 degrees Fahrenheit).
- The 30' clear zone requirement will be met to the extent possible in accordance with Chapter 99-01.0521 of the Permits Manual.
- Special Requirements

- Applies to Fully Controlled Access Highways only.

A. OSHA

- III Kentucky Occupational Safety and Health Standards for the construction industry which has the effect of law states in part: (Page 52, 1926.651 Specific Excavation Requirements) "Prior to opening an excavation, effort shall be made to determine whether underground installations: i.e., sewer, telephone, water, fuel, electric lines, etc., will be encountered, and if so, where such underground installations are located. When the excavation approaches the estimated location of such an installation, the exact location shall be determined and when it is uncovered, proper supports shall be provided for the existing installation. Utility companies shall be contacted and advised of proposed work prior to the start of actual excavation.

B. Archaeological

- Whenever materials of an archaeological nature are discovered during the course of construction work or maintenance operations, contact shall be made immediately with The Division of Environmental Analysis which maintains an archaeologist on its staff, or with the Office of the State Archaeologist located at the University of Kentucky. Following this consultation further action shall be decided on a case-by-case basis by the State Highway Engineer or the Transportation Planning Engineer or their designated representative.

C. Utilities in the Work Areas

- The permittee is to be responsible for any damage to existing utilities and any utility modifications or relocations within State right-of-way which necessary, as determined by the Department or by the owner of the utility, are to be at the expense of the permittee and subject to the approval to the Department.

- All existing manholes and valve boxes are to be adjusted to be flush with finished grade.

IV RIGHT-OF-WAY RESTORATION

- All disturbed portions of the right-of-way are to be restored to grass as per Kentucky Department of Highways Standard Specifications for Road and Bridge Construction (latest edition). A satisfactory turf, as determined by the Department, is to be established by the permittee prior to release of indemnity. Sodding or seeding as follows:

Lawn or High Maintenance Situation	- 70 % Lawn Fescue (eg. variety-Falcon) - 30 % Bluegrass or 70 % Lawn Rye (eg. variety-Derby) 30 % Bluegrass
------------------------------------	---

Right-of-Way Lawn Maintenance Situation	- 70% KY 31 Fescue - 30 % Perennial Rye Grass or 100% KY 31 Fescue
---	--

- 2 Tons Clean Straw mulch per acre of seeding.
- Prior to seeding, the ground must be prepared in accordance with Kentucky Department of Highways Standard Specifications for Road and Bridge Construction (latest edition).
- Substitutes for sods such as artificial turf or rocked mulched, or paved areas may be acceptable if they are esthetically pleasing.
- All ditch flow lines and all ditch side slopes are to be sodded.
- Existing concrete right-of-way markers are not to be disturbed, but if damaged in any way, they are to be entirely replaced by the permittee with new concrete markers to match the original markers, in accordance with Kentucky Department of Highways Standard Drawings. Markers which are entirely removed are to be re-established in the proper locations by the permittee and to the satisfaction of the Department.
- Other right-of-way restoration requirements are as follows:

V DRAINAGE

- All pipe is to be laid in a straight alignment, to proper grades, and with all materials and methods of installation including bedding and joint seating in accordance with Department Standard Specifications for Road and Bridge Construction, latest edition. Pipe is not to be covered until inspected by Department and express permission obtained to make backfill.

All gutter lines at the base of new curbs are to be on continuous grades, and pockets of water along curbs, or in entrance areas, or other paved areas within the right-of-way are not to be acceptable.

All drainage structures and appurtenances (manholes, catch basins, curbing, inlet basins, etc.) shall conform to department specifications and shall be constructed in accordance with Department standard drawings. Type required _____

VI PAVING N.A.

No bituminous pavement is to be installed within the right-of-way between November 15 and April 1, nor when the temperature is below 49°F., without the express consent of the Department. No bituminous pavement is to be installed when the underlying course is wet.

Paving within the right-of-way shall be as follows:

Base (Type) _____ (Thickness) _____

Surface Base (Type) _____ (Thickness) _____

Finished Surface (Type) _____ (Thickness) _____

Existing pavement and shoulder material shall be removed to accommodate the above paving specifications.

The finished surface of all new pavement within the right-of-way shall be true to the required slope and grade, uniform in density and texture, free of irregularities and equivalent in riding qualities to the adjacent highway pavement or as determined by the Department of Highways.

All materials and methods of construction, including base and subgrade preparation shall be in accordance with Kentucky Department of Highways Specifications for Road and Bridge Construction, latest edition.

24 hours notice to the Department is required prior to beginning paving operations:

Phone _____ Name _____

To insure proper surface drainage the new pavement is to be flush with the edge of existing highway pavement and is to slope away from the existing edge of pavement as specified on drawings.

SIDEWALKS SPECIFICATIONS N.A.

A. New Sidewalks

Sidewalks are to be constructed of Class A concrete (3,500 p.s.i. test), are to be _____ feet width, are to be 6" in thickness across the bituminous entrance and 4" in thickness across the remaining sections.

Sidewalks are to have tooled joints, not less than 1" in depth at *four (4) foot intervals, and 1/2" premolded expansion joints extending entirely through the sidewalk at intervals not to exceed fifty (50) feet.

*This dimension should be equal to the width of the sidewalk.

All materials and methods of construction, including curing, is to be in accordance with Kentucky Department of Highways Standard Specifications for Road and Bridge Construction, latest edition.

B. Existing Sidewalks

(Applicable if existing sidewalks are being relocated) Use of the sidewalk is not to be blocked or obstructed and a usable walkway is to be maintained across the construction area at all times.

All damaged sections of the sidewalks are to be entirely replaced to match existing sections.

VIII DENSE GRADED SHOULDERS N.A.

Any existing dense graded aggregate shoulders on the entire frontage within the construction area, which have been disturbed, damaged or on which dirt has been placed or mud is deposited or tracked, are to be restored to original condition by removal of all contaminated material and replaced to proper grade with new dense graded aggregate.

All new graded aggregate shoulders as specified on the plan are to consist of: 5" compacted dense graded aggregate/2 1/2 pounds per square yard calcium chloride.

All dense graded aggregate shoulders are to slope away from the new edge of pavement at the rate of 1/4" per foot.

CURBING N.A.

A. Bituminous Curbs

Bituminous Concrete curbs shall be given a paint coat of asphalt emulsion.

The surface under the bituminous concrete curb shall be tacked with asphalt emulsion.

All bituminous concrete curbs shall be constructed of a Class I Bituminous concrete mixture as specified by official Department of Highways

- All bituminous curbs shall be of the rolled curb type with a minimum base width of 8" and a minimum vertical height of _____ inches. The top of the curb shall be constructed in such a manner as to guarantee a uniform rolled effect throughout the entire run.

B. Concrete Curbs

- All curbs or curb and gutter are to be constructed of Class A concrete, 3,500 p.s.i. test, and are to be uniform in height, width and alignment, true to grade and satisfactory in finish and appearance as determined to the Department. All materials and methods of construction, including curing, is to be in accordance with Department of Highways Standard Specifications for Road and Bridge Construction, latest edition.
- All concrete curbs are to be 6" in width, extend _____" above finished grade and 12" below finished grade, with all visible edges rounded to 1/2" radii.
- All concrete curbs shall have expansion joints constructed at intervals of not more than 30 feet and 1/2" premolded expansion joint material (cut to conform to the curb or to the curb and gutter section) shall be used in each expansion joint.
- The last _____ feet of all concrete curbs are to be tapered down to finish grade.

X. Right-of-Way Fence Replacement

- The replacement fence shall be a height of at least (48") and shall be of sufficient density to contain all animals. (If applicable)
- The replacement fence shall be a minimum of one foot (1') and a maximum of two feet (2') outside the right-of-way line.
- The fence materials and design shall meet accepted industry standards and be treated or paintable.
- The permittee shall be required to maintain the fence in a high state of repair.
- The existing fence shall be removed by permittee and stored at Department's maintenance storage yard for future reuse by the Department.
- The control of access shall not be diminished as a result of replacement of the fence.
- Miscellaneous: _____

NOTICE TO PERMITTEE

THE PERMITTEE AGREES THAT ALL WORK WITHIN THE EXISTING RIGHT-OF-WAY SHALL BE DONE IN ACCORDANCE WITH THE PLANS AS APPROVED AND PERMITTED BY AN ENCROACHMENT PERMIT, ANY CHANGES OR VARIANCES MADE AT THE TIME OF CONSTRUCTION WITHOUT WRITTEN APPROVAL FROM THE DEPARTMENT OF HIGHWAYS SHALL BE REMOVED BY THE PERMITTEE AT NO EXPENSE TO THE DEPARTMENT OF HIGHWAYS AND SHALL BE REDONE TO CONFORM WITH THE APPROVED PLANS.

COMMONWEALTH OF KENTUCKY
 Transportation Cabinet
 Department of Highways
 Division of Traffic

TC 99-1
 Rev. 10/88

ENCROACHMENT PERMIT

PERMIT NO. 2-0356-91

APPLICANT IDENTIFICATION
 NAME: Kentucky Pipeline and Storage Co., Inc.
 ADDRESS: 600 Barret Blvd. (P.O. Box 1172)
 CITY: Henderson
 STATE: Kentucky ZIP CODE: 42420
 PHONE: A.C. (502) 826-3222

PROJECT IDENTIFICATION
 Access Control By Permit Partial Full
 COUNTY: Hopkins PRIORITY ROUTE NO. Per 9004
 MILEPOINT: 33.99 LEFT RIGHT X-ing
 PROJECT STATUS: MAINTENANCE CONST. DESIGN
 PROJECT NO. STATE: PW 054 9004 033.99
 PROJECT NO. FEDERAL: _____
 ROAD/STREET NAME: Pennyrite Parkway

TYPE OF ENCROACHMENT:
 COMMERCIAL ENTRANCE - BUSINESS _____
 PRIVATE ENTRANCE: SINGLE FAMILY FARM
 UTILITY: OVERHEAD UNDERGROUND
 GRADE: FILL LANDSCAPE ON R/W
 AIRSPACE: AGREEMENT LEASE
 OTHER (SPECIFY) _____

ATTACHMENTS:
 STANDARD DRAWINGS (LIST ON TC 99-21 UNDER MISC.)
 APPLICANT'S PLANS
 HIGHWAY PLAN AND PROFILE SHEETS
 TC 99-3 (PONDING ENCROACHMENT SPECS. & CONDITIONS)
 TC 99-4 (REST AREA USAGE SPECS. & CONDITIONS)
 TC 99-5 (TREE CUTTING/TRIMMING SPECS. & CONDITIONS)
 TC 99-6 (CHEMICAL USE OF SPECS. & CONDITIONS)
 TC 99-10 (TYPICAL HIGHWAY BORING CROSSING DETAIL)
 TC 99-12 (OVERHEAD UTILITY ENCROACHMENT DIAGRAM)
 TC 99-13 (SURFACE RESTORATION METHODS)
 TC 99-21 (ENCROACHMENT PERMIT GENERAL NOTES AND SPECIFICATIONS)
 TC 99-22 (AGREEMENT FOR SERVICES TO BE PERFORMED)
 TC 99-23 (MASS TRANSIT SHELTER SPECS. & CONDITIONS)
 OTHER ATTACHMENTS: (Specify) _____

TYPE OF INDEMNITY: BOND CASH
 SELF-INSURED AMOUNT ENCUMBERED \$ 500.00
 OTHER _____

NAME AND ADDRESS OF LOCAL INSURANCE AGENCY OR SELF-INSURED REPRESENTATIVE: Hunt-Dixon Insurance Agency
34 N. Elm Street
Henderson, Kentucky 42420

INDEMNITY: The applicant, in order to secure this obligation, has deposited with the Transportation Cabinet as a guarantee of conformance with the Department's Encroachment Permit requirements an indemnity in the amount of \$ _____ as determined by the Department. It shall be the responsibility of the applicant or permittee, his heirs and assignees to keep all indemnities in full force until construction or reconstruction has been completed and duly accepted by an authorized agent of the Transportation Cabinet, Department of Highways.

BRIEF DESCRIPTION OF WORK TO BE DONE: (If private entrance, show sketch with pipe location. Separate attached drawings required for encroachments other than private entrances.)
Trench and install Casing and 8" steel Welded Gas Pipeline under Pennyrite Parkway.

IMPORTANT: (PLEASE READ) (Applicant does does not intend to apply for excess R/W)
 WHEN THE WORK IS COMPLETED IN ACCORDANCE WITH THE TERMS OF THIS ENCROACHMENT PERMIT YOUR INDEMNITY WILL BE RELEASED. HOWEVER, THE PERMIT IS EFFECTIVE UNTIL REVOKED BY THE TRANSPORTATION CABINET AND THE TERMS ON THE PERMIT AND ACCOMPANYING PERMIT DOCUMENTS AND DRAWINGS REMAIN IN EFFECT AS LONG AS THE ENCROACHMENT EXISTS. FUTURE MAINTENANCE OF THE ENCROACHMENT IS THE RESPONSIBILITY OF THE PERMITTEE. IT IS IMPORTANT THAT YOU UNDERSTAND THE REQUIREMENTS ON THIS ENCROACHMENT PERMIT APPLICATION AND ACCOMPANYING DOCUMENTS. IF YOU HAVE NOT DONE SO, IT IS SUGGESTED THAT YOU REVIEW THESE DOCUMENTS AND PLACE THE PERMIT PACKAGE IN A SAFE PLACE FOR FUTURE REFERENCE.

A COPY OF THIS PERMIT AND ALL DOCUMENTS SHALL BE GIVEN TO YOUR CONTRACTOR AND SHALL BE READILY AVAILABLE AT THE WORK SITE FOR THE ENCROACHMENT PERMIT INSPECTOR TO REVIEW AT ALL TIMES. FAILURE TO MEET THIS REQUIREMENT MAY RESULT IN CANCELLATION OF THIS PERMIT.

IN THE EVENT THIS APPLICATION IS APPROVED, THIS DOCUMENT SHALL CONSTITUTE A PERMIT FOR THE APPLICANT TO USE THE _____ AND REGULATIONS OF THE DEPARTMENT AND THE _____

The permittee agrees to the following terms and conditions:

1. The permittee shall comply with and is bound by the requirements of the Department's Permits Manual as revised to and in effect on the date of the issuance of this permit which is made a part hereof by reference.
2. Permittee agrees that if the Department determines that vehicular capacity deficiencies or over capacity conditions develop as a result of the installation and use of this facility, the permittee shall adjust, relocate or reconstruct the facilities and/or provide and bear the expense for signs, storage lanes or other corrective measures reasonably deemed necessary by the Department and as set forth in the Department's Permit Manual within a reasonable length of time after receipt of written notice regarding such adjustments, relocation, additions, modifications and/or corrective measures, such time to be specified in the notice. In cases where traffic signals are permitted or required, as determined by the Department, the costs for signal equipment and installation(s) shall be borne by the permittee and/or the Department in accordance with Department policy then in force as set forth in the Traffic Manual. Any modifications to the permittee's entrance necessary to accommodate signalization (including necessary easement(s) on private property) shall be the responsibility of the permittee, at no expense to the Department. (This applies only to Entrance Permits.)
3. The said encroachment will not infringe on the frontage rights of an abutting owner without written consent of the said owner as hereto: "I (we) consent to the granting of attached permit."
_____ Date _____ (This does not apply to utilities which serve the general public.)
4. Any permit granted hereunder shall be with the full understanding that it shall not interfere with any similar rights or permits heretofore granted to any other party except as otherwise provided by law.
5. A plan prepared by _____ and dated _____ is attached hereto and made a part hereof, which describes the facilities to be constructed by the permittee for which facilities this permit is granted. The permittee agrees as a condition to the issuance of the permit to construct and maintain such facilities in accordance with said plan, and the permittee shall not use the facilities authorized herein in any manner contrary to that prescribed by this permit and plan. Normal usage and routine maintenance only are authorized under this permit.
6. Permittee shall comply with the Manual on Uniform Traffic Control Devices as revised to and in effect on the date of the issuance of this permit which is made a part hereof by reference.
7. Permittee shall at all times from date when work is first commenced and until such time as all facilities are removed from the right-of-way premise, defend, protect and save harmless the Department from all liability, claims, and demands arising out of work undertaken by the permittee pursuant to this permit, due to any negligent act or omission by the permittee, its servants, agents, employees or contractors. This provision shall not inure to the benefit of any third party or operate to enlarge any liability of the Department beyond that existing at common law if this right to indemnity did not exist.
8. Upon a violation of any of the provisions of this permit, the Department may revoke the permit by giving notice to the permittee in writing to remove from the right-of-way any facilities placed thereon within a reasonable time as set forth in the notice, and in the event said facilities are not so removed, and the right-of-way restored the Department may cause same to be removed, and the costs thereof shall be charged to the permittee.
9. The permittee, his successors and assigns shall use the encroachment premises in compliance with all Federal requirements imposed pursuant to the provisions of the Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000-1) and regulations of the U.S. Department of Transportation as set forth in Title 49 C.F.R., Part 21, and as said regulations may be amended.
10. Permittee agrees that in the event it should become necessary, as may be reasonably determined by the Department, for the facilities covered by this permit to be removed or relocated in connection with the reconstruction, relocation or improvement of the abutting highway, the Department may revoke this permit and require removal or relocation by the permittee at his own expense according and pursuant to the procedures provided in Paragraph 8 above except in those cases where the Department is required by law to pay any or all the same.
11. The permittee understands and agrees that this permit is personal to the permittee and shall not inure to his successors and assigns without the written approval of the Department and that he is bound by the provisions of this permit as long as the encroachment exists unless a written release has been obtained from the Department. (Does not apply to utilities serving the general public.)
12. If the work authorized by this permit is on a project in the construction phase, it shall be the responsibility of the permittee to make personal contact with _____ Resident Engineer on the project to coordinate the permitted work with the State's prime contractor on the project.
13. This permit does not alleviate any requirements of any other government agency.

THE UNDERSIGNED APPLICANT (BEING DULY AUTHORIZED REPRESENTATIVE) HEREBY AGREES TO THE TERMS AND CONDITIONS SET FORTH HEREIN.

JANUARY 1st. JULY 1st. 19 92 _____ Date 19
Completion Date _____

RECOMMENDED FOR APPROVAL
Permits Eng'g Tech. William Williams _____ Signature
APPROVED *W.D.P. Williams* _____ Signature
Chief District Engineer
Date 7-29/19

PRIVATE ENTRANCE: TO BE COMPLETED BY PERSONNEL INSTALLING FACILITY.
INSTALL BY: _____ Title
DATE _____ 19

COMMONWEALTH OF KENTUCKY
 TRANSPORTATION CABINET
 DEPARTMENT OF HIGHWAYS
 DIVISION OF TRAFFIC
 PLAN & PROFILE SHEET

TC 99-17
 REV.11/88

TYPE OF ENCROACHMENT
 Underground 8" Steel Gas Pipeline

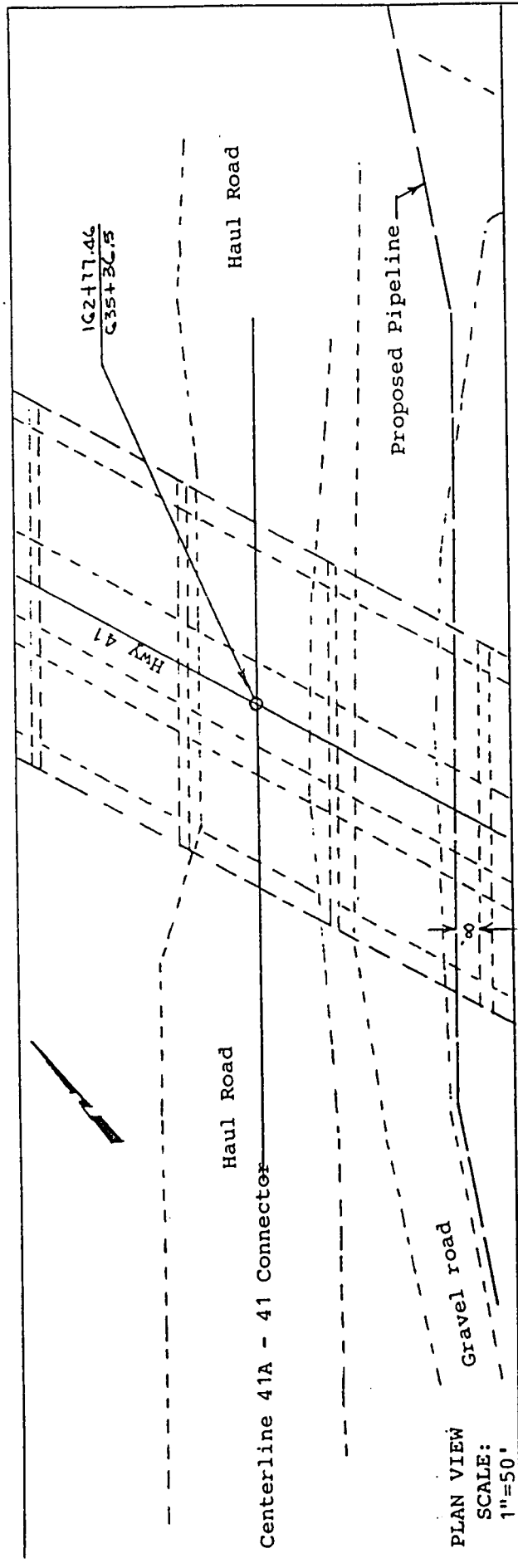
PERMIT APPL NT NAME Kentucky Pipeline & Storage Co., Inc.

COUNTY NAME Hopkins

PROJECT NO. _____

ROAD NAME _____

FILE MARKER LEFT RIGHT



PLAN VIEW
 SCALE:
 1"=50'

TYPICAL CROSS SECTION-SCALE:




COMMONWEALTH OF KENTUCKY
TRANSPORTATION CABINET
FRANKFORT, KENTUCKY 40622

MILO D. BRYANT
SECRETARY
AND
COMMISSIONER OF HIGHWAYS

WALLACE G. WILKINSON
GOVERNOR

Mr. Benjamin Cubbage
Kentucky Pipeline & Storage Co. Inc.
P. O. Box 1172
Henderson, KY 42420

 **BUD**
Before 'U' Dig
CALL TOLL FREE
1-800-752-6007
For Buried Line/Cable Locations

Subject: Hopkins County MP 054-0109-009.600
KY 109 Dawson Springs-Providence Road
Kentucky Pipeline & Storage Co. Inc.
Utility (PERMIT NO. 02-0357-91)

Dear Applicant:

Attached is your application for a permit which has been approved by the Department of Highways.

Please see that your work is done in conformity with this permit and all applicable conditions. Then notify this office when the work is completed and ready for inspection.

We accept your completion date of 07-01-92.

Sincerely,

For W. P. Davenport, P.E.
Chief District Engineer
Department of Highways
P. O. Drawer D
Madisonville, KY 42431

Telephone (502) 821-1600

7-1-91
Date

WPD:ba

Attachment

COMMONWEALTH OF KENTUCKY
TRANSPORTATION CABINET
DEPARTMENT OF HIGHWAYS
ENCROACHMENT PERMIT GENERAL NOTES AND SPECIFICATIONS

TC 99-21
Rev. 6/87
Page 1 of 4

PERMIT NO. 2-0357-91

SAFETY

A. General Requirements

- All signs and control of traffic shall be in accordance with the Manual on Uniform Traffic Control Devices for Streets and Highways, latest edition, Part VI and safety requirements shall comply with the Permits Manual.
- All Work necessary in shoulder or ditchline areas of a state highway is to be scheduled to be promptly completed so that hazards adjacent to the traveled-way are kept to an absolute minimum.
- No more than one(1) traveled-lane is to be blocked or obstructed during normal working hours. All signs and flagmen during lane closure shall conform to the Manual on Uniform Traffic Control Devices.
- When it is necessary to block one (1) traveled-lane of a state highway the normal working hours shall be as directed by the Department. No lanes are to be blocked or obstructed during adverse weather conditions (i.e. rain, snow, fog, etc.) without specific permission from the Department. Working hours shall be between _____ and _____.
- The traveled-way and shoulders shall be kept clear of mud and other construction debris at all times during constuction of the permitted facility.
- No nonconstruction equipment or vehicles or office trailers will be allowed on the right-of-way during working hours.
- The right-of-way shall be left free and clear of equipment, material and vehicles during nonworking hours.

B. Explosives

- No explosive devices or explosive material shall be used within State right-of-way without proper license and approval of Kentucky Department of Mines and Minerals, Explosive Division.

C. Other Safety Requirements

- Meet basic criteria of MANUAL ON UNIFORM TRAFFIC CONTROL DEVICES
- _____
- _____
- _____

II UTILITIES

- * All work necessary within the right-of-way shall be behind a temporary fence erected prior to a boring operation.
- *The temporary woven wire fence shall be removed immediately upon completion of work on the right-of-way and control of access immediately restored to original condition, in accordance with applicable Kentucky Department of Highways Standard Drawings.
- * All vents, valves, manholes, etc. are to be located outside the right-of-way.
- * Encasement pipe shall extend from right-of-way line to right-of-way line and shall be one continuous run of pipe. The encasement pipe shall be welded at all joints.
- The boring pit and tail ditch shall not extend past the existing toe of slope or bottom of ditch line (from the right-of-way) and shall be a minimum of 30" deep.
- Encasement pipe shall conform to current standards for highway crossings in accordance with the Permits Manual.
- Parallel lines shall be constructed between back slope of ditch line and right-of-way line and shall have a minimum of 30" cover above top of pipe or conduit. ~~(30" x 30")~~
- All pavement cuts shall be restored per Kentucky Transportation Cabinet Form No. TC 99-13.
- Aerial crossing of this utility line shall have a minimum vertical clearance of _____ feet from the high point of the roadway to the low point of of the line (calculated at the coefficient for expansion of 120 degrees Fahrenheit).
- The 30' clear zone requirement will be met to the extent possible in accordance with Chapter 99-01.0521 of the Permits Manual.
- Special Requirements

- Applies to Fully Controlled Access Highways only.

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- III Kentucky Occupational Safety and Health Standards for the construction industry which has the effect of law states in part: (Page 52, 1926.651 Specific Excavation Requirements) "Prior to opening an excavation, effort shall be made to determine whether underground installations: i.e., sewer, telephone, water, fuel, electric lines, etc., will be encountered, and if so, where such underground installations are located. When the excavation approaches the estimated location of such an installation, the exact location shall be determined and when it is uncovered, proper supports shall be provided for the existing installation. Utility companies shall be contacted and advised of proposed work prior to the start of actual excavation.

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- All existing manholes and valve boxes are to be adjusted to be flush with finished grade.

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- All disturbed portions of the right-of-way are to be restored to grass as per Kentucky Department of Highways Standard Specifications for Road and Bridge Construction (latest edition). A satisfactory turf, as determined by the Department, is to be established by the permittee prior to release of indemnity. Sodding or seeding as follows:

Lawn or High Maintenance Situation	- 70 % Lawn Fescue (eg. variety-Falcon) - 30 % Bluegrass or 70 % Lawn Rye (eg. variety-Derby) 30 % Bluegrass
Right-of-Way Lawn Maintenance Situation	- 70% KY 31 Fescue - 30 % Perennial Rye Grass or 100% KY 31 Fescue

- 2 Tons Clean Straw mulch per acre of seeding.
- Prior to seeding, the ground must be prepared in accordance with Kentucky Department of Highways Standard Specifications for Road and Bridge Construction (latest edition).
- Substitutes for sod such as artificial turf or rocked mulched, or paved areas may be acceptable if they are esthetically pleasing.
- All ditch flow lines and all ditch side slopes are to be sodded.
- Existing concrete right-of-way markers are not to be disturbed, but if damaged in any way, they are to be entirely replaced by the permittee with new concrete markers to match the original markers, in accordance with Kentucky Department of Highways Standard Drawings. Markers which are entirely removed are to be re-established in the proper locations by the permittee and to the satisfaction of the Department.
- Other right-of-way restoration requirements are as follows:

V DRAINAGE

- All pipe is to be laid in a straight alignment, to proper grades, and with all materials and methods of installation including bedding and joint seating in accordance with Department Standard Specifications for Road and Bridge Construction, latest edition. Pipe is not to be covered until inspected by Department and express permission obtained to make backfill.

Permit No. _____

All gutter lines at the base of new curbs are to be on continuous grades, and pockets of water along curbs, or in entrance areas, or other paved areas within the right-of-way are not to be acceptable.

All drainage structures and appurtenances (manholes, catch basins, curbing, inlet basins, etc.) shall conform to department specifications and shall be constructed in accordance with Department standard drawings. Type required _____

VI PAVING N.A.

No bituminous pavement is to be installed within the right-of-way between November 15 and April 1, nor when the temperature is below 49°F., without the express consent of the Department. No bituminous pavement is to be installed when the underlying course is wet.

Paving within the right-of-way shall be as follows:

Base (Type) _____ (Thickness) _____

Surface Base (Type) _____ (Thickness) _____

Finished Surface (Type) _____ (Thickness) _____

Existing pavement and shoulder material shall be removed to accommodate the above paving specifications.

The finished surface of all new pavement within the right-of-way shall be true to the required slope and grade, uniform in density and texture, free of irregularities and equivalent in riding qualities to the adjacent highway pavement or as determined by the Department of Highways.

All materials and methods of construction, including base and subgrade preparation shall be in accordance with Kentucky Department of Highways Specifications for Road and Bridge Construction, latest edition.

24 hours notice to the Department is required prior to beginning paving operations:

Phone _____ Name _____

To insure proper surface drainage the new pavement is to be flush with the edge of existing highway pavement and is to slope away from the existing edge of pavement as specified on drawings.

SIDEWALKS SPECIFICATIONS N.A.

A. New Sidewalks

Sidewalks are to be constructed of Class A concrete (3,500 p.s.i. test), are to be _____ feet width, are to be 6" in thickness across the bituminous entrance and 4" in thickness across the remaining sections.

Sidewalks are to have tooled joints, not less than 1" in depth at four (4) foot intervals, and 1/2" premolded expansion joints extending entirely through the sidewalk at intervals not to exceed fifty (50) feet.

*This dimension should be equal to the width of the sidewalk.

All materials and methods of construction, including curing, is to be in accordance with Kentucky Department of Highways Standard Specifications for Road and Bridge Construction, latest edition.

B. Existing Sidewalks

(Applicable if existing sidewalks are being relocated) Use of the sidewalk is not to be blocked or obstructed and a usable walkway is to be maintained across the construction area at all times.

All damaged sections of the sidewalks are to be entirely replaced to match existing sections.

VIII DENSE GRADED SHOULDERS N.A.

Any existing dense graded aggregate shoulders on the entire frontage within the construction area, which have been disturbed, damaged or on which dirt has been placed or mud is deposited or tracked, are to be restored to original condition by removal of all contaminated material and replaced to proper grade with new dense graded aggregate.

All new graded aggregate shoulders as specified on the plan are to consist of: 5" compacted dense graded aggregate/2 1/2 pounds per square yard calcium chloride.

All dense graded aggregate shoulders are to slope away from the new edge of pavement at the rate of 1/4" per foot.

CURBING N.A.

A. Bituminous Curbs

Bituminous Concrete curbs shall be given a paint coat of asphalt emulsion.

The surface under the bituminous concrete curb shall be tacked with asphalt emulsion.

All bituminous concrete curbs shall be constructed of a Class I Bituminous concrete mixture as specified by official Department of Highways

- All bituminous curbs shall be of the rolled curb type with a minimum base width of 8" and a minimum vertical height of _____ inches. The top of the curb shall be constructed in such a manner as to guarantee a uniform rolled effect throughout the entire run.

B. Concrete Curbs

- All curbs or curb and gutter are to be constructed of Class A concrete, 3,500 p.s.i. test, and are to be uniform in height, width and alignment, true to grade and satisfactory in finish and appearance as determined to the Department. All materials and methods of construction, including curing, is to be in accordance with Department of Highways Standard Specifications for Road and Bridge Construction, latest edition.

- All concrete curbs are to be 6" in width, extend _____" above finished grade and 12" below finished grade, with all visible edges rounded to 1/2 " radii.

- All concrete curbs shall have expansion joints constructed at intervals of not more than 30 feet and 1/2" premolded expansion joint material (cut to conform to the curb or to the curb and gutter section) shall be used in each expansion joint.

- The last _____ feet of all concrete curbs are to be tapered down to finish grade.

X. Right-of-Way Fence Replacement

- The replacement fence shall be a height of at least (48") and shall be of sufficient density to contain all animals. (If applicable)

- The replacement fence shall be a minimum of one foot (1') and a maximum of two feet (2') outside the right-of-way line.

- The fence materials and design shall meet accepted industry standards and be treated or paintable.

- The permittee shall be required to maintain the fence in a high state of repair.

- The existing fence shall be removed by permittee and stored at Department's maintenance storage yard for future reuse by the Department.

- The control of access shall not be diminished as a result of replacement of the fence.

- Miscellaneous: _____

NOTICE TO PERMITTEE

THE PERMITTEE AGREES THAT ALL WORK WITHIN THE EXISTING RIGHT-OF-WAY SHALL BE DONE IN ACCORDANCE WITH THE PLANS AS APPROVED AND PERMITTED BY AN ENCROACHMENT PERMIT, ANY CHANGES OR VARIANCES MADE AT THE TIME OF CONSTRUCTION WITHOUT WRITTEN APPROVAL FROM THE DEPARTMENT OF HIGHWAYS SHALL BE REMOVED BY THE PERMITTEE AT NO EXPENSE TO THE DEPARTMENT OF HIGHWAYS AND SHALL BE REDONE TO CONFORM WITH THE APPROVED PLANS.

COMMONWEALTH OF KENTUCKY

Transportation Cabinet
Department of Highways
Division of Traffic

TC 99-1
Rev. 10/88

ENCROACHMENT PERMIT

PERMIT NO. 2-03 57-91

<p>APPLICANT IDENTIFICATION</p> <p>NAME: <u>Kentucky Pipeline & Storage Co., Inc</u></p> <p>ADDRESS: <u>600 Barret Blvd. (P.O. Box 1172)</u></p> <p>CITY: <u>Henderson,</u></p> <p>STATE: <u>Kentucky</u> ZIP CODE: <u>42420</u></p> <p>PHONE: A.C. (502) <u>826-3222</u></p>	<p>PROJECT IDENTIFICATION</p> <p>Access Control: <input type="checkbox"/> By Permit <input type="checkbox"/> Partial <input type="checkbox"/> Full</p> <p>COUNTY: <u>Hopkins</u> PRIORITY ROUTE NO: <u>KY 109</u></p> <p>MILEPOINT: <u>2.6</u> <input type="checkbox"/> LEFT <input type="checkbox"/> RIGHT <input type="checkbox"/> X-ing</p> <p>PROJECT STATUS: <input type="checkbox"/> MAINTENANCE <input type="checkbox"/> CONST. <input type="checkbox"/> DESIGN</p> <p>PROJECT NO. STATE: <u>MIP 054 0109 009.60</u></p> <p>PROJECT NO. FEDERAL: _____</p> <p>ROAD/STREET NAME: <u>Dawson Spring - Providence</u></p>
<p>TYPE OF ENCROACHMENT:</p> <p><input type="checkbox"/> COMMERCIAL ENTRANCE - BUSINESS _____</p> <p><input type="checkbox"/> PRIVATE ENTRANCE: <input type="checkbox"/> SINGLE FAMILY <input type="checkbox"/> FARM</p> <p><input checked="" type="checkbox"/> UTILITY: <input type="checkbox"/> OVERHEAD <input checked="" type="checkbox"/> UNDERGROUND</p> <p><input type="checkbox"/> GRADE: <input type="checkbox"/> FILL <input type="checkbox"/> LANDSCAPE ON R/W</p> <p><input type="checkbox"/> AIRSPACE: <input type="checkbox"/> AGREEMENT <input type="checkbox"/> LEASE</p> <p><input type="checkbox"/> OTHER (SPECIFY) _____</p>	<p>ATTACHMENTS:</p> <p><input type="checkbox"/> STANDARD DRAWINGS (LIST ON TC 99-21 UNDER MISC.)</p> <p><input checked="" type="checkbox"/> APPLICANT'S PLANS</p> <p><input type="checkbox"/> HIGHWAY PLAN AND PROFILE SHEETS</p> <p><input type="checkbox"/> TC 99-3 (PONDING ENCROACHMENT SPECS. & CONDITIONS)</p> <p><input type="checkbox"/> TC 99-4 (REST AREA USAGE SPECS. & CONDITIONS)</p> <p><input type="checkbox"/> TC 99-5 (TREE CUTTING/TRIMMING SPECS. & CONDITIONS)</p> <p><input type="checkbox"/> TC 99-6 (CHEMICAL USE OF SPECS. & CONDITIONS)</p> <p><input type="checkbox"/> TC 99-10 (TYPICAL HIGHWAY BORING CROSSING DETAIL)</p> <p><input type="checkbox"/> TC 99-12 (OVERHEAD UTILITY ENCROACHMENT DIAGRAM)</p> <p><input type="checkbox"/> TC 99-13 (SURFACE RESTORATION METHODS)</p> <p><input checked="" type="checkbox"/> TC 99-21 (ENCROACHMENT PERMIT GENERAL NOTES AND SPECIFICATIONS)</p> <p><input type="checkbox"/> TC 99-22 (AGREEMENT FOR SERVICES TO BE PERFORMED)</p> <p><input type="checkbox"/> TC 99-23 (MASS TRANSIT SHELTER SPECS. & CONDITIONS)</p> <p><input type="checkbox"/> OTHER ATTACHMENTS: (Specify) _____</p>
<p>TYPE OF INDEMNITY: <input checked="" type="checkbox"/> BOND <input type="checkbox"/> CASH</p> <p><input type="checkbox"/> SELF-INSURED AMOUNT ENCUMBERED \$ <u>500⁰⁰</u></p> <p><input type="checkbox"/> OTHER _____</p>	
<p>NAME AND ADDRESS OF LOCAL INSURANCE AGENCY OR SELF-INSURED REPRESENTATIVE: <u>Hunt-Dixon Insurance Agency</u> <u>34 N. Elm Street</u> <u>Henderson, Kentucky 42420</u></p>	

INDEMNITY: The applicant, in order to secure this obligation, has deposited with the Transportation Cabinet as a guarantee of conformance with the Department's Encroachment Permit requirements an indemnity in the amount of \$ _____ as determined by the Department. It shall be the responsibility of the applicant or permittee, his heirs and assigns to keep all indemnities in full force until construction or reconstruction has been completed and duly accepted by an authorized agent of the Transportation Cabinet, Department of Highways.

BRIEF DESCRIPTION OF WORK TO BE DONE: (If private entrance, show sketch with pipe location. Separate attached drawings required for encroachments other than private entrances.)

Install Casing and 8" Steel Welded Gas Pipeline under Highway 109 by the Boreing method.

IMPORTANT: (PLEASE READ) (Applicant does does not intend to apply for excess R/W)

WHEN THE WORK IS COMPLETED IN ACCORDANCE WITH THE TERMS OF THIS ENCROACHMENT PERMIT YOUR INDEMNITY WILL BE RELEASED. HOWEVER, THE PERMIT IS EFFECTIVE UNTIL REVOKED BY THE TRANSPORTATION CABINET AND THE TERMS ON THE PERMIT AND ACCOMPANYING PERMIT DOCUMENTS AND DRAWINGS REMAIN IN EFFECT AS LONG AS THE ENCROACHMENT EXISTS. FUTURE MAINTENANCE OF THE ENCROACHMENT IS THE RESPONSIBILITY OF THE PERMITEE. IT IS IMPORTANT THAT YOU UNDERSTAND THE REQUIREMENTS ON THIS ENCROACHMENT PERMIT APPLICATION AND ACCOMPANYING DOCUMENTS. IF YOU HAVE NOT DONE SO, IT IS SUGGESTED THAT YOU REVIEW THESE DOCUMENTS AND PLACE THE PERMIT PACKAGE IN A SAFE PLACE FOR FUTURE REFERENCE.

A COPY OF THIS PERMIT AND ALL DOCUMENTS SHALL BE GIVEN TO YOUR CONTRACTOR AND SHALL BE READILY AVAILABLE AT THE WORK SITE FOR THE ENCROACHMENT PERMIT INSPECTOR TO REVIEW AT ALL TIMES. FAILURE TO MEET THIS REQUIREMENT MAY RESULT IN CANCELLATION OF THIS PERMIT.

IN THE EVENT THIS APPLICATION IS APPROVED, THIS DOCUMENT SHALL CONSTITUTE A PERMIT FOR THE APPLICANT TO USE THE RIGHT-OF-WAY. BUT ONLY IN THE MANNER AUTHORIZED BY THIS DOCUMENT AND REGULATIONS OF THE DEPARTMENT AND THE

The permittee agrees to the following terms and conditions:

1. The permittee shall comply with and is bound by the requirements of the Department's Permits Manual as revised to and in effect on the date of the issuance of this permit which is made a part hereof by reference.
2. Permittee agrees that if the Department determines that vehicular capacity deficiencies or over capacity conditions develop as a result of the installation and use of this facility, the permittee shall adjust, relocate or reconstruct the facilities and/or provide and bear the expense for signs, storage lanes or other corrective measures reasonably deemed necessary by the Department and as set forth in the Department's Permit Manual within a reasonable length of time after receipt of written notice regarding such adjustments, relocation, additions, modifications and/or corrective measures, such time to be specified in the notice. In cases where traffic signals are permitted or required, as determined by the Department, the costs for signal equipment and installation(s) shall be borne by the permittee and/or the Department in accordance with Department policy then in force as set forth in the Traffic Manual. Any modifications to the permittee's entrance necessary to accommodate signalization (including necessary easement(s) on private property) shall be the responsibility of the permittee, at no expense to the Department. (This applies only to Entrance Permits.)
3. The said encroachment will not infringe on the frontage rights of an abutting owner without written consent of the said owner as hereto: "I (we) consent to the granting of attached permit."
Date _____ (This does not apply to utilities which serve the general public.)
4. Any permit granted hereunder shall be with the full understanding that it shall not interfere with any similar rights or permits heretofore granted to any other party except as otherwise provided by law.
5. A plan prepared by _____ and dated _____ is attached hereto and made a part hereof, which describes the facilities to be constructed by the permittee for which facilities this permit is granted. The permittee agrees as a condition to the issuance of the permit to construct and maintain such facilities in accordance with said plan, and the permittee shall not use the facilities authorized herein in any manner contrary to that prescribed by this permit and plan. Normal usage and routine maintenance only are authorized under this permit.
6. Permittee shall comply with the Manual on Uniform Traffic Control Devices as revised to and in effect on the date of the issuance of this permit which is made a part hereof by reference.
7. Permittee shall at all times from date when work is first commenced and until such time as all facilities are removed from the right-of-way premise, defend, protect and save harmless the Department from all liability, claims, and demands arising out of work undertaken by the permittee pursuant to this permit, due to any negligent act or omission by the permittee, its servants, agents, employees or contractors. This provision shall not inure to the benefit of any third party or operate to enlarge any liability of the Department beyond that existing at common law if this right to indemnity did not exist.
8. Upon a violation of any of the provisions of this permit, the Department may revoke the permit by giving notice to the permittee in writing to remove from the right-of-way any facilities placed thereon within a reasonable time as set forth in the notice, and in the event said facilities are not so removed, and the right-of-way restored the Department may cause same to be removed, and the costs thereof shall be charged to the permittee.
9. The permittee, his successors and assigns shall use the encroachment premises in compliance with all Federal requirements imposed pursuant to the provisions of the Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000-1) and regulations of the U.S. Department of Transportation as set forth in Title 49 C.F.R., Part 21, and as said regulations may be amended.
10. Permittee agrees that in the event it should become necessary, as may be reasonably determined by the Department, for the facilities covered by this permit to be removed or relocated in connection with the reconstruction, relocation or improvement of the abutting highway, the Department may revoke this permit and require removal or relocation by the permittee at his own expense according and pursuant to the procedures provided in Paragraph 8 above except in those cases where the Department is required by law to pay any or all the same.
11. The permittee understands and agrees that this permit is personal to the permittee and shall not inure to his successors and assigns without the written approval of the Department and that he is bound by the provisions of this permit as long as the encroachment exists unless a written release has been obtained from the Department. (Does not apply to utilities serving the general public.)
12. If the work authorized by this permit is on a project in the construction phase, it shall be the responsibility of the permittee to make personal contact with _____ Resident Engineer on the project to coordinate the permitted work with the State's prime contractor on the project.
13. This permit does not alleviate any requirements of any other government agency.

THE UNDERSIGNED APPLICANT (BEING DULY AUTHORIZED REPRESENTATIVE/OWNER) DOES AGREE TO ALL TERMS AND CONDITIONS SET FORTH HEREIN.
Kentucky Pipeline & Storage Company, Inc.

JANUARY 1st, JULY 1st, 19 92 _____ Date
Completion Date

RECOMMENDED FOR APPROVAL
Signature _____ Title _____
APPROVED: *[Signature]* MRE 7-2-91 _____ Date
Chief District Engineer

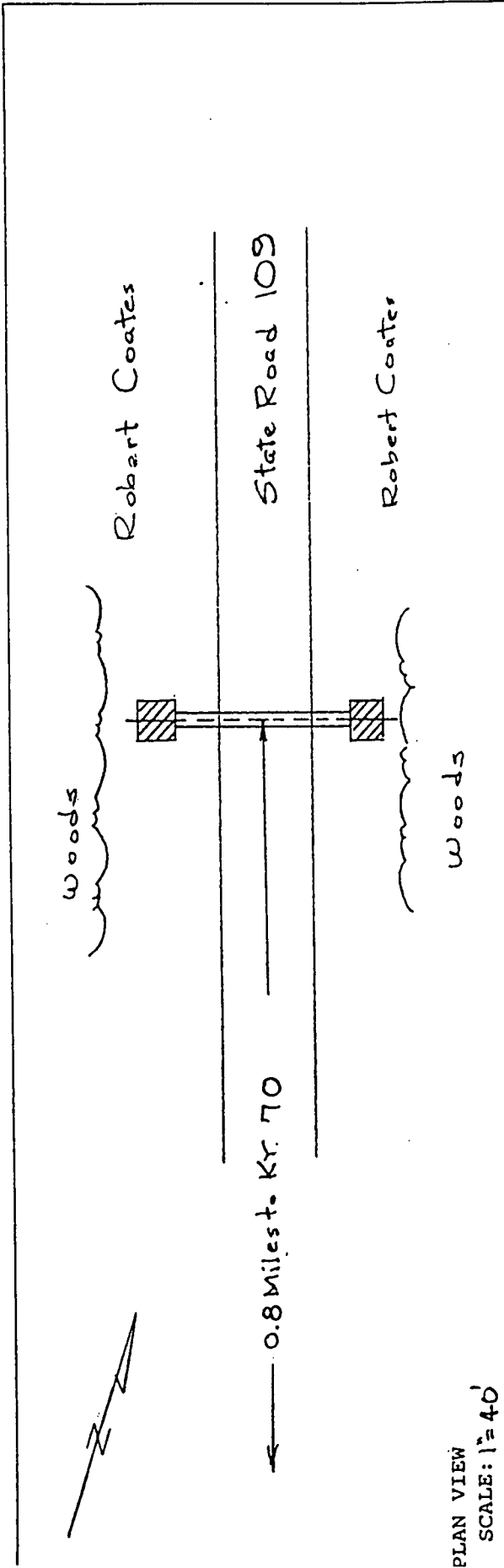
PRIVATE ENTRANCE: TO BE COMPLETED BY PERSONNEL INSTALLING FACILITY.
INSTALL TO BY: _____ Title _____
Signature _____ DATE _____ 19 _____

COMMONWEALTH OF KENTUCKY
 TRANSPORTATION CABINET
 DEPARTMENT OF HIGHWAYS
 DIVISION OF TRAFFIC
 PLAN & PROFILE SHEET

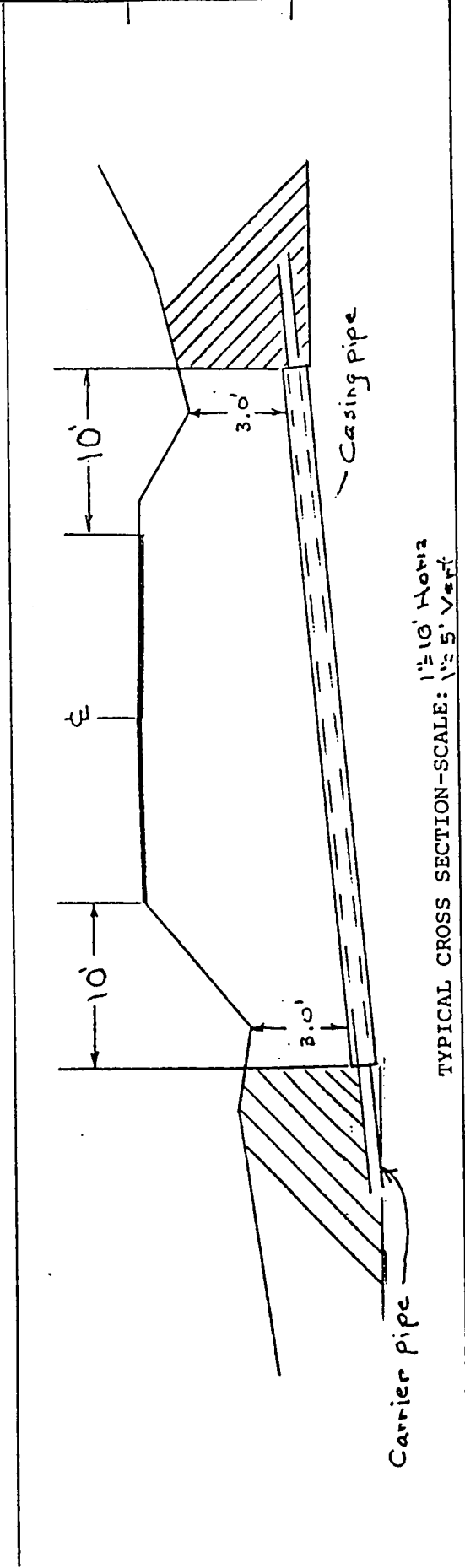
TC 99-17
 REV.11/88

TYPE OF ENCROACHMENT

PERMIT APPLICANT NAME _____
 COUNTY NAME _____
 PROJECT NO. _____
 ROAD NAME _____
 POLE MARKER LEFT RIGHT



PLAN VIEW
 SCALE: 1" = 40'



TYPICAL CROSS SECTION-SCALE: 1" = 10' Horiz
 1" = 5' Vert



COMMONWEALTH OF KENTUCKY
TRANSPORTATION CABINET
FRANKFORT, KENTUCKY 40622

MILO D. BRYANT
SECRETARY

AND
COMMISSIONER OF HIGHWAYS

WALLACE G. WILKINSON
GOVERNOR

 BUD
Before 'U' Dig
CALL TOLL FREE
1-800-752-6007
For Buried Line/Cable Locations

Mr. Benjamin Cabbage
Kentucky Pipeline & Storage Co., Inc.
P. O. Box 1172
Henderson, KY 42420

Subject: Hopkins County MP 054-0879-001.990
KY 819 KY 112-KY 1337 Road
Kentucky Pipeline & Storage Co., Inc.
Utility (PERMIT NO. 02-0358-91)

Dear Applicant:

Attached is your application for a permit which has been approved by the Department of Highways.

Please see that your work is done in conformity with this permit and all applicable conditions. Then notify this office when the work is completed and ready for inspection.

We accept your completion date of 07-01-92.

Sincerely,

For W. P. Davenport, P.E.
Chief District Engineer
Department of Highways
P. O. Drawer D
Madisonville, KY 42431

7-1-91
Date

Telephone (502) 821-1600

WPD:ba

Attachment

COMMONWEALTH OF KENTUCKY
TRANSPORTATION CABINET
DEPARTMENT OF HIGHWAYS
ENCROACHMENT PERMIT GENERAL NOTES AND SPECIFICATIONS

TC 99-21
Rev. 6/87
Page 1 of 4

PERMIT NO. 2-0358-91

I SAFETY

A. General Requirements

- All signs and control of traffic shall be in accordance with the Manual on Uniform Traffic Control Devices for Streets and Highways, latest edition, Part VI and safety requirements shall comply with the Permits Manual.
- All Work necessary in shoulder or ditchline areas of a state highway is to be scheduled to be promptly completed so that hazards adjacent to the traveled-way are kept to an absolute minimum.
- No more than one(1) traveled-lane is to be blocked or obstructed during normal working hours. All signs and flagmen during lane closure shall conform to the Manual on Uniform Traffic Control Devices.
- When it is necessary to block one (1) traveled-lane of a state highway the normal working hours shall be as directed by the Department. No lanes are to be blocked or obstructed during adverse weather conditions (i.e. rain, snow, fog, etc.) without specific permission from the Department. Working hours shall be between _____ and _____.
- The traveled-way and shoulders shall be kept clear of mud and other construction debris at all times during construction of the permitted facility.
- No nonconstruction equipment or vehicles or office trailers will be allowed on the right-of-way during working hours.
- The right-of-way shall be left free and clear of equipment, material and vehicles during nonworking hours.

B. Explosives

- No explosive devices or explosive material shall be used within State right-of-way without proper license and approval of Kentucky Department of Mines and Minerals, Explosive Division.

C. Other Safety Requirements

- Meet basic criteria of MANUAL ON UNIFORM TRAFFIC CONTROL DEVICES
- _____
- _____
- _____

II UTILITIES

- * All work necessary within the right-of-way shall be behind a temporary fence erected prior to a boring operation.
- *The temporary woven wire fence shall be removed immediately upon completion of work on the right-of-way and control of access immediately restored to original condition, in accordance with applicable Kentucky Department of Highways Standard Drawings.
- * All vents, valves, manholes, etc. are to be located outside the right-of-way.
- * Encasement pipe shall extend from right-of-way line to right-of-way line and shall be one continuous run of pipe. The encasement pipe shall be welded at all joints.
- The boring pit and tail ditch shall not extend past the existing toe of slope or bottom of ditch line (from the right-of-way) and shall be a minimum of 30" deep.
- Encasement pipe shall conform to current standards for highway crossings in accordance with the Permits Manual.
- Parallel lines shall be constructed between back slope of ditch line and right-of-way line and shall have a minimum of 30" cover above top of pipe or conduit. (~~30" x 30"~~)
- All pavement cuts shall be restored per Kentucky Transportation Cabinet Form No. TC 99-13.
- Aerial crossing of this utility line shall have a minimum vertical clearance of _____ feet from the high point of the roadway to the low point of of the line (calculated at the coefficient for expansion of 120 degrees Fahrenheit).
- The 30' clear zone requirement will be met to the extent possible in accordance with Chapter 99-01.0521 of the Permits Manual.
- Special Requirements

- Applies to Fully Controlled Access Highways only.

A. OSHA

- III Kentucky Occupational Safety and Health Standards for the construction industry which has the effect of law states in part: (Page 52, 1926.651 Specific Excavation Requirements) "Prior to opening an excavation, effort shall be made to determine whether underground installations: i.e., sewer, telephone, water, fuel, electric lines, etc., will be encountered, and if so, where such underground installations are located. When the excavation approaches the estimated location of such an installation, the exact location shall be determined and when it is uncovered, proper supports shall be provided for the existing installation. Utility companies shall be contacted and advised of proposed work prior to the start of actual excavation.

B. Archaeological

- Whenever materials of an archaeological nature are discovered during the course of construction work or maintenance operations, contact shall be made immediately with The Division of Environmental Analysis which maintains an archaeologist on its staff, or with the Office of the State Archaeologist located at the University of Kentucky. Following this consultation further action shall be decided on a case-by-case basis by the State Highway Engineer or the Transportation Planning Engineer or their designated representative.

C. Utilities in the Work Areas

- The permittee is to be responsible for any damage to existing utilities and any utility modifications or relocations within State right-of-way which necessary, as determined by the Department or by the owner of the utility, are to be at the expense of the permittee and subject to the approval to the Department.
- All existing manholes and valve boxes are to be adjusted to be flush with finished grade.

IV RIGHT-OF-WAY RESTORATION

- All disturbed portions of the right-of-way are to be restored to grass as per Kentucky Department of Highways Standard Specifications for Road and Bridge Construction (latest edition). A satisfactory turf, as determined by the Department, is to be established by the permittee prior to release of indemnity. Sodding or seeding as follows:

Lawn or High Maintenance Situation	- 70 % Lawn Fescue (eg. variety-Falcon) - 30 % Bluegrass or 70 % Lawn Rye (eg. variety-Derby) 30 % Bluegrass
Right-of-Way Lawn Maintenance Situation	- 70% KY 31 Fescue - 30 % Perennial Rye Grass or 100% KY 31 Fescue

- 2 Tons Clean Straw mulch per acre of seeding.
- Prior to seeding, the ground must be prepared in accordance with Kentucky Department of Highways Standard Specifications for Road and Bridge Construction (latest edition).
- Substitutes for sods such as artificial turf or rocked mulched, or paved areas may be acceptable if they are esthetically pleasing.
- All ditch flow lines and all ditch side slopes are to be sodded.
- Existing concrete right-of-way markers are not to be disturbed, but if damaged in any way, they are to be entirely replaced by the permittee with new concrete markers to match the original markers, in accordance with Kentucky Department of Highways Standard Drawings. Markers which are entirely removed are to be re-established in the proper locations by the permittee and to the satisfaction of the Department.
- Other right-of-way restoration requirements are as follows:

V DRAINAGE

- All pipe is to be laid in a straight alignment, to proper grades, and with all materials and methods of installation including bedding and joint seating in accordance with Department Standard Specifications for Road and Bridge Construction, latest edition. Pipe is not to be covered until inspected by Department and express permission obtained to make backfill.

Permit No. _____

All gutter lines at the base of new curbs are to be on continuous grades, and pockets of water along curbs, or in entrance areas, or other paved areas within the right-of-way are not to be acceptable.

All drainage structures and appurtenances (manholes, catch basins, curbing, inlet basins, etc.) shall conform to department specifications and shall be constructed in accordance with Department standard drawings. Type required _____

VI PAVING N.A.

No bituminous pavement is to be installed within the right-of-way between November 15 and April 1, nor when the temperature is below 49°F., without the express consent of the Department. No bituminous pavement is to be installed when the underlying course is wet.

Paving within the right-of-way shall be as follows:

Base (Type) _____ (Thickness) _____

Surface Base (Type) _____ (Thickness) _____

Finished Surface (Type) _____ (Thickness) _____

Existing pavement and shoulder material shall be removed to accommodate the above paving specifications.

The finished surface of all new pavement within the right-of-way shall be true to the required slope and grade, uniform in density and texture, free of irregularities and equivalent in riding qualities to the adjacent highway pavement or as determined by the Department of Highways.

All materials and methods of construction, including base and subgrade preparation shall be in accordance with Kentucky Department of Highways Specifications for Road and Bridge Construction, latest edition.

24 hours notice to the Department is required prior to beginning paving operations:

Phone _____ Name _____

To insure proper surface drainage the new pavement is to be flush with the edge of existing highway pavement and is to slope away from the existing edge of pavement as specified on drawings.

SIDEWALKS SPECIFICATIONS N.A.

A. New Sidewalks

Sidewalks are to be constructed of Class A concrete (3,500 p.s.i. test), are to be _____ feet width, are to be 6" in thickness across the bituminous entrance and 4" in thickness across the remaining sections.

Sidewalks are to have tooled joints, not less than 1" in depth at four (4) foot intervals, and 1/2" premolded expansion joints extending entirely through the sidewalk at intervals not to exceed fifty (50) feet.

*This dimension should be equal to the width of the sidewalk.

All materials and methods of construction, including curing, is to be in accordance with Kentucky Department of Highways Standard Specifications for Road and Bridge Construction, latest edition.

B. Existing Sidewalks

(Applicable if existing sidewalks are being relocated) Use of the sidewalk is not to be blocked or obstructed and a usable walkway is to be maintained across the construction area at all times.

All damaged sections of the sidewalks are to be entirely replaced to match existing sections.

VIII DENSE GRADED SHOULDERS N.A.

Any existing dense graded aggregate shoulders on the entire frontage within the construction area, which have been disturbed, damaged or on which dirt has been placed or mud is deposited or tracked, are to be restored to original condition by removal of all contaminated material and replaced to proper grade with new dense graded aggregate.

All new graded aggregate shoulders as specified on the plan are to consist of: 5" compacted dense graded aggregate/2 1/4 pounds per square yard calcium chloride.

All dense graded aggregate shoulders are to slope away from the new edge of pavement at the rate of 1/4" per foot.

CURBING N.A.

A. Bituminous Curbs

Bituminous Concrete curbs shall be given a paint coat of asphalt emulsion.

The surface under the bituminous concrete curb shall be tacked with asphalt emulsion.

- All bituminous curbs shall be of the rolled curb type with a minimum base width of 8" and a minimum vertical height of _____ inches. The top of the curb shall be constructed in such a manner as to guarantee a uniform rolled effect throughout the entire run.

B. Concrete Curbs

- All curbs or curb and gutter are to be constructed of Class A concrete, 3,500 p.s.i. test, and are to be uniform in height, width and alignment, true to grade and satisfactory in finish and appearance as determined to the Department. All materials and methods of construction, including curing, is to be in accordance with Department of Highways Standard Specifications for Road and Bridge Construction, latest edition.
- All concrete curbs are to be 6" in width, extend _____" above finished grade and 12" below finished grade, with all visible edges rounded to 1/2" radii.
- All concrete curbs shall have expansion joints constructed at intervals of not more than 30 feet and 1/2" premolded expansion joint material (cut to conform to the curb or to the curb and gutter section) shall be used in each expansion joint.
- The last _____ feet of all concrete curbs are to be tapered down to finish grade.

X. Right-of-Way Fence Replacement

- The replacement fence shall be a height of at least (48") and shall be of sufficient density to contain all animals. (If applicable)
- The replacement fence shall be a minimum of one foot (1') and a maximum of two feet (2') outside the right-of-way line.
- The fence materials and design shall meet accepted industry standards and be treated or paintable.
- The permittee shall be required to maintain the fence in a high state of repair.
- The existing fence shall be removed by permittee and stored at Department's maintenance storage yard for future reuse by the Department.
- The control of access shall not be diminished as a result of replacement of the fence.
- Miscellaneous: _____

NOTICE TO PERMITTEE

THE PERMITTEE AGREES THAT ALL WORK WITHIN THE EXISTING RIGHT-OF-WAY SHALL BE DONE IN ACCORDANCE WITH THE PLANS AS APPROVED AND PERMITTED BY AN ENCROACHMENT PERMIT, ANY CHANGES OR VARIANCES MADE AT THE TIME OF CONSTRUCTION WITHOUT WRITTEN APPROVAL FROM THE DEPARTMENT OF HIGHWAYS SHALL BE REMOVED BY THE PERMITTEE AT NO EXPENSE TO THE DEPARTMENT OF HIGHWAYS AND SHALL BE REDONE TO CONFORM WITH THE APPROVED PLANS.

COMMONWEALTH OF KENTUCKY
 Transportation Cabinet
 Department of Highways
 Division of Traffic

TC 99-1
 Rev. 10/88

ENCROACHMENT PERMIT

PERMIT NO. 2-0358-91

APPLICANT IDENTIFICATION

NAME: Kentucky Pipeline & Storage Co., Inc
 ADDRESS: 600 Barret Blvd. (P.O. Box 1172)
 CITY: Henderson,
 STATE: Kentucky ZIP CODE: 42420
 PHONE: A.C. 502 826-3222

PROJECT IDENTIFICATION

Access Control By Permit Partial Full
 COUNTY: Hopkins PRIORITY ROUTE NO: KY 879
 MILEPOINT: 1.99 LEFT RIGHT X-ing
 PROJECT STATUS: MAINTENANCE CONST DESIGN
 PROJECT NO. STATE: MP 054 0879 001.99
 PROJECT NO. FEDERAL: _____
 ROAD/STREET NAME: From Ky 112 to Ky 1337

TYPE OF ENCROACHMENT:

- COMMERCIAL ENTRANCE - BUSINESS _____
 PRIVATE ENTRANCE: SINGLE FAMILY FARM
 UTILITY: OVERHEAD UNDERGROUND
 GRADE: FILL LANDSCAPE ON R/W
 AIRSPACE: AGREEMENT LEASE
 OTHER (SPECIFY) _____

ATTACHMENTS:

- STANDARD DRAWINGS (LIST ON TC 99-21 UNDER MISC.)
 APPLICANT'S PLANS
 HIGHWAY PLAN AND PROFILE SHEETS
 TC 99-3 (PONDING ENCROACHMENT SPECS. & CONDITIONS)
 TC 99-4 (REST AREA USAGE SPECS. & CONDITIONS)
 TC 99-5 (TREE CUTTING/TRIMMING SPECS. & CONDITIONS)
 TC 99-6 (CHEMICAL USE OF SPECS. & CONDITIONS)
 TC 99-10 (TYPICAL HIGHWAY BORING CROSSING DETAIL)
 TC 99-12 (OVERHEAD UTILITY ENCROACHMENT DIAGRAM)
 TC 99-13 (SURFACE RESTORATION METHODS)
 TC99-21 (ENCROACHMENT PERMIT GENERAL NOTES AND SPECIFICATIONS)
 TC 99-22 (AGREEMENT FOR SERVICES TO BE PERFORMED)
 TC 99-23 (MASS TRANSIT SHELTER SPECS. & CONDITIONS)
 OTHER ATTACHMENTS: (Specify) _____

TYPE OF INDEMNITY: BOND CASH
 SELF-INSURED AMOUNT ENCUMBERED \$ 500⁰⁰
 OTHER

NAME AND ADDRESS OF LOCAL INSURANCE AGENCY OR SELF-INSURED REPRESENTATIVE: Hunt-Dixon Insurance Agency
34 N. Elm Street
Henderson, Kentucky 42420

INDEMNITY: The applicant, in order to secure this obligation, has deposited with the Transportation Cabinet as a guarantee of conformance with the Department's Encroachment Permit requirements an indemnity in the amount of \$ _____ as determined by the Department. It shall be the responsibility of the applicant or permittee, his heirs and assignees to keep all indemnities in full force until construction or reconstruction has been completed and duly accepted by an authorized agent of the Transportation Cabinet, Department of Highways.

BRIEF DESCRIPTION OF WORK TO BE DONE: (If private entrance, show sketch with pipe location. Separate attached drawings required for encroachments other than private entrances)

Install Casing and 8" Steel Welded Gas Pipeline under Highway 879 by the Boreing method.

IMPORTANT: (PLEASE READ) (Applicant does does not intend to apply for excess R/W)

WHEN THE WORK IS COMPLETED IN ACCORDANCE WITH THE TERMS OF THIS ENCROACHMENT PERMIT YOUR INDEMNITY WILL BE RELEASED. HOWEVER, THE PERMIT IS EFFECTIVE UNTIL REVOKED BY THE TRANSPORTATION CABINET AND THE TERMS ON THE PERMIT AND ACCOMPANYING PERMIT DOCUMENTS AND DRAWINGS REMAIN IN EFFECT AS LONG AS THE ENCROACHMENT EXISTS. FUTURE MAINTENANCE OF THE ENCROACHMENT IS THE RESPONSIBILITY OF THE PERMITTEE. IT IS IMPORTANT THAT YOU UNDERSTAND THE REQUIREMENTS ON THIS ENCROACHMENT PERMIT APPLICATION AND ACCOMPANYING DOCUMENTS. IF YOU HAVE NOT DONE SO, IT IS SUGGESTED THAT YOU REVIEW THESE DOCUMENTS AND PLACE THE PERMIT PACKAGE IN A SAFE PLACE FOR FUTURE REFERENCE.

A COPY OF THIS PERMIT AND ALL DOCUMENTS SHALL BE GIVEN TO YOUR CONTRACTOR AND SHALL BE READILY AVAILABLE AT THE WORK SITE FOR THE ENCROACHMENT PERMIT INSPECTOR TO REVIEW AT ALL TIMES. FAILURE TO MEET THIS REQUIREMENT MAY RESULT IN CANCELLATION OF THIS PERMIT.

IN THE EVENT THIS APPLICATION IS APPROVED, THIS DOCUMENT SHALL CONSTITUTE A PERMIT FOR THE APPLICANT TO USE THE RIGHT-OF-WAY. BUT ONLY IN THE MANNER AUTHORIZED BY THIS DOCUMENT AND REGULATIONS OF THE DEPARTMENT AND THE

The permittee agrees to the following terms and conditions:

1. The permittee shall comply with and is bound by the requirements of the Department's Permits Manual as revised to and in effect on the date of the issuance of this permit which is made a part hereof by reference
2. Permittee agrees that if the Department determines that vehicular capacity deficiencies or over capacity conditions develop as a result of the installation and use of this facility, the permittee shall adjust, relocate or reconstruct the facilities and/or provide and bear the expense for signs, storage lanes or other corrective measures reasonably deemed necessary by the Department and as set forth in the Department's Permit Manual within a reasonable length of time after receipt of written notice regarding such adjustments, relocation, additions, modifications and/or corrective measures, such time to be specified in the notice. In cases where traffic signals are permitted or required, as determined by the Department, the costs for signal equipment and installation(s) shall be borne by the permittee and/or the Department in accordance with Department policy then in force as set forth in the Traffic Manual. Any modifications to the permittee's entrance necessary to accommodate signalization (including necessary easements) on private property shall be the responsibility of the permittee, at no expense to the Department. (This applies only to Entrance Permits.)
3. The said encroachment will not infringe on the frontage rights of an abutting owner without written consent of the said owner as hereto: "[I (we) consent to the granting of attached permit." Date _____ (This does not apply to utilities which serve the general public.)
4. Any permit granted hereunder shall be with the full understanding that it shall not interfere with any similar rights or permits heretofore granted to any other party except as otherwise provided by law.
5. A plan prepared by _____ and dated _____ is attached hereto and made a part hereof, which describes the facilities to be constructed by the permittee for which facilities this permit is granted. The permittee agrees as a condition to the issuance of the permit to construct and maintain such facilities in accordance with said plan, and the permittee shall not use the facilities authorized herein in any manner contrary to that prescribed by this permit and plan. Normal usage and routine maintenance only are authorized under this permit.
6. Permittee shall comply with the Manual on Uniform Traffic Control Devices as revised to and in effect on the date of the issuance of this permit which is made a part hereof by reference.
7. Permittee shall at all times from date when work is first commenced and until such time as all facilities are removed from the right-of-way premise, defend, protect and save harmless the Department from all liability, claims, and demands arising out of work undertaken by the permittee pursuant to this permit, due to any negligent act or omission by the permittee, its servants, agents, employees or contractors. This provision shall not inure to the benefit of any third party or operate to enlarge any liability of the Department beyond that existing at common law if this right to indemnity did not exist.
8. Upon a violation of any of the provisions of this permit, the Department may revoke the permit by giving notice to the permittee in writing to remove from the right-of-way any facilities placed thereon within a reasonable time as set forth in the notice, and in the event said facilities are not so removed, and the right-of-way restored the Department may cause same to be removed, and the costs thereof shall be charged to the permittee.
9. The permittee, his successors and assigns shall use the encroachment premises in compliance with all Federal requirements imposed pursuant to the provisions of the Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000-1) and regulations of the U.S. Department of Transportation as set forth in Title 49 C.F.R., Part 21, and as said regulations may be amended.
10. Permittee agrees that in the event it should become necessary, as may be reasonably determined by the Department, for the facilities covered by this permit to be removed or relocated in connection with the reconstruction, relocation or improvement of the abutting highway, the Department may revoke this permit and require removal or relocation by the permittee at his own expense according and pursuant to the procedures provided in Paragraph 8 above except in those cases where the Department is required by law to pay any or all the same.
11. The permittee understands and agrees that this permit is personal to the permittee and shall not inure to his successors and assigns without the written approval of the Department and that he is bound by the provisions of this permit as long as the encroachment exists unless a written release has been obtained from the Department. (Does not apply to utilities serving the general public.)
12. If the work authorized by this permit is on a project in the construction phase, it shall be the responsibility of the permittee to make personal contact with _____ Resident Engineer on the project to coordinate the permitted work with the State's prime contractor on the project.
13. This permit does not alleviate any requirements of any other government agency.

THE UNDERSIGNED APPLICANT (BEING DULY AUTHORIZED REPRESENTATIVE/OWNER) DOES AGREE TO ALL TERMS AND CONDITIONS SET FORTH HEREIN.
Kentucky Pipeline & Storage Company, Inc.

JANUARY 1st JULY 1st 19 92 _____ Date
Completion Date

By Signature Steph D. Debbles _____ Date 7-2-91 _____
Title _____

RECOMMENDED FOR APPROVAL
Signature Steph D. Debbles _____
Title Permits Insp. Tech

APPROVED
Signature W.D. Sawyer _____
Title Chief District Engineer

PRIVATE ENTRANCE: TO BE COMPLETED BY PERSONNEL INSTALLING FACILITY.

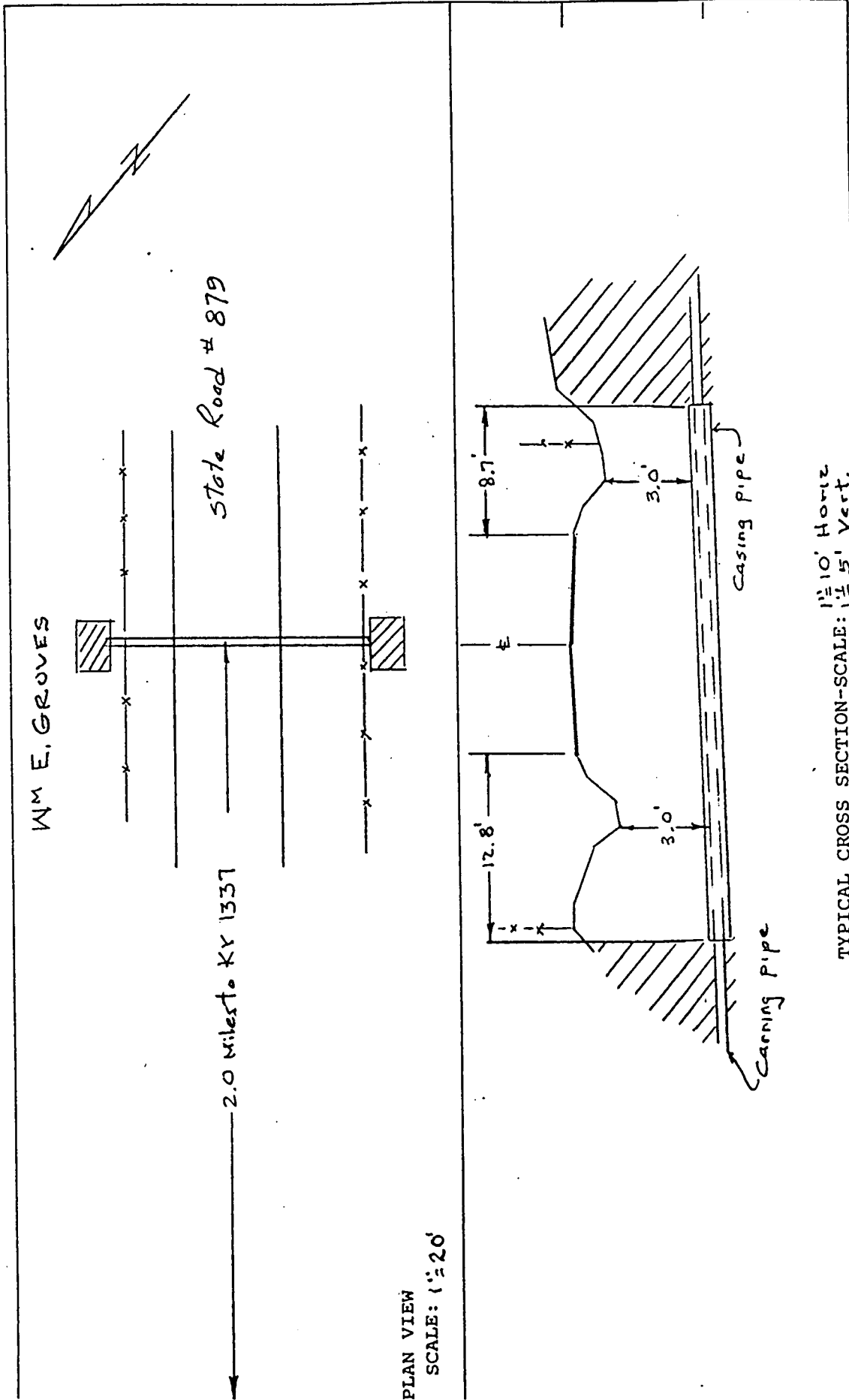
INSTALLED BY: _____ DATE _____ 19 _____
Signature _____

COMMONWEALTH OF KENTUCKY
 TRANSPORTATION CABINET
 DEPARTMENT OF HIGHWAYS
 DIVISION OF TRAFFIC
 PLAN & PROFILE SHEET

TC 99-17
 REV.11/88

TYPE OF ENCROACHMENT

PERMIT APPLICANT NAME _____
 COUNTY NAME _____
 PROJECT NO. _____
 ROAD NAME _____
 FILE MARKER LEFT RIGHT






COMMONWEALTH OF KENTUCKY
TRANSPORTATION CABINET
FRANKFORT, KENTUCKY 40622

MILO D. BRYANT
SECRETARY
AND
COMMISSIONER OF HIGHWAYS

WALLACE G. WILKINSON
GOVERNOR

Mr. Benjamin Cabbage
Kentucky Pipeline & Storage Co., Inc.
P. O. Box 1172
Henderson, KY 42420

 **BUD**
Before 'U' Dig
CALL TOLL FREE
1-800-752-6807
For Buried Line/Cable Locations

Subject: Hopkins County MP 054-041A-011.600
US 41A Earlington-Madisonville Road
Kentucky Pipeline & Storage Co., Inc.
Utility (PERMIT NO. 02-0359-91)

Dear Applicant:

Attached is your application for a permit which has been approved by the Department of Highways.

Please see that your work is done in conformity with this permit and all applicable conditions. Then notify this office when the work is completed and ready for inspection.

We accept your completion date of 07-01-92.

Sincerely,

Wayne Callahan

For W. P. Davenport, P.E.
Chief District Engineer
Department of Highways
P. O. Drawer D
Madisonville, KY 42431

7-1-91
Date

Telephone (502) 821-1600

WPD:ba

Attachment

COMMONWEALTH OF KENTUCKY
TRANSPORTATION CABINET
DEPARTMENT OF HIGHWAYS
ENCROACHMENT PERMIT GENERAL NOTES AND SPECIFICATIONS

TC 99-21
Rev. 6/87
Page 1 of 4

PERMIT NO 2-0359-91

SAFETY

A. General Requirements

- All signs and control of traffic shall be in accordance with the Manual on Uniform Traffic Control Devices for Streets and Highways, latest edition, Part VI and safety requirements shall comply with the Permits Manual.
- All Work necessary in shoulder or ditchline areas of a state highway is to be scheduled to be promptly completed so that hazards adjacent to the traveled-way are kept to an absolute minimum.
- No more than one(1) traveled-lane is to be blocked or obstructed during normal working hours. All signs and flagmen during lane closure shall conform to the Manual on Uniform Traffic Control Devices.
- When it is necessary to block one (1) traveled-lane of a state highway the normal working hours shall be as directed by the Department. No lanes are to be blocked or obstructed during adverse weather conditions (i.e. rain, snow, fog, etc.) without specific permission from the Department. Working hours shall be between _____ and _____.
- The traveled-way and shoulders shall be kept clear of mud and other construction debris at all times during construction of the permitted facility.
- No nonconstruction equipment or vehicles or office trailers will be allowed on the right-of-way during working hours.
- The right-of-way shall be left free and clear of equipment, material and vehicles during nonworking hours.

B. Explosives

- No explosive devices or explosive material shall be used within State right-of-way without proper license and approval of Kentucky Department of Mines and Minerals, Explosive Division.

C. Other Safety Requirements

- Meet basic criteria of MANUAL ON UNIFORM TRAFFIC CONTROL DEVICES
-
-
-
-

II UTILITIES

- * All work necessary within the right-of-way shall be behind a temporary fence erected prior to a boring operation.
- *The temporary woven wire fence shall be removed immediately upon completion of work on the right-of-way and control of access immediately restored to original condition, in accordance with applicable Kentucky Department of Highways Standard Drawings.
- * All vents, valves, manholes, etc. are to be located outside the right-of-way.
- * Encasement pipe shall extend from right-of-way line to right-of-way line and shall be one continuous run of pipe. The encasement pipe shall be welded at all joints.
- The boring pit and tail ditch shall not extend past the existing toe of slope or bottom of ditch line (from the right-of-way) and shall be a minimum of 30" deep.
- Encasement pipe shall conform to current standards for highway crossings in accordance with the Permits Manual.
- Parallel lines shall be constructed between back slope of ditch line and right-of-way line and shall have a minimum of 30" cover above top of pipe or conduit. ~~(30" x 30")~~
- All pavement cuts shall be restored per Kentucky Transportation Cabinet Form No. TC 99-13.
- Aerial crossing of this utility line shall have a minimum vertical clearance of _____ feet from the high point of the roadway to the low point of the line (calculated at the coefficient for expansion of 120 degrees Fahrenheit).
- The 30' clear zone requirement will be met to the extent possible in accordance with Chapter 99-01.0521 of the Permits Manual.
- Special Requirements

- Applies to Fully Controlled Access Highways only.

A. OSHA

- III Kentucky Occupational Safety and Health Standards for the construction industry which has the effect of law states in part: (Page 52, 1926.651 Specific Excavation Requirements) "Prior to opening an excavation, effort shall be made to determine whether underground installations: i.e., sewer, telephone, water, fuel, electric lines, etc., will be encountered, and if so, where such underground installations are located. When the excavation approaches the estimated location of such an installation, the exact location shall be determined and when it is uncovered, proper supports shall be provided for the existing installation. Utility companies shall be contacted and advised of proposed work prior to the start of actual excavation.

B. Archaeological

- Whenever materials of an archaeological nature are discovered during the course of construction work or maintenance operations, contact shall be made immediately with The Division of Environmental Analysis which maintains an archaeologist on its staff, or with the Office of the State Archaeologist located at the University of Kentucky. Following this consultation further action shall be decided on a case-by-case basis by the State Highway Engineer or the Transportation Planning Engineer or their designated representative.

C. Utilities in the Work Areas

- The permittee is to be responsible for any damage to existing utilities and any utility modifications or relocations within State right-of-way which necessary, as determined by the Department or by the owner of the utility, are to be at the expense of the permittee and subject to the approval to the Department.
- All existing manholes and valve boxes are to be adjusted to be flush with finished grade.

IV RIGHT-OF-WAY RESTORATION

- All disturbed portions of the right-of-way are to be restored to grass as per Kentucky Department of Highways Standard Specifications for Road and Bridge Construction (latest edition). A satisfactory turf, as determined by the Department, is to be established by the permittee prior to release of indemnity. Sodding or seeding as follows:

Lawn or High Maintenance Situation	- 70 % Lawn Fescue (eg. variety-Falcon) - 30 % Bluegrass or 70 % Lawn Rye (eg. variety-Derby) 30 % Bluegrass
------------------------------------	---

Right-of-Way Lawn Maintenance Situation	- 70% KY 31 Fescue - 30 % Perennial Rye Grass or 100% KY 31 Fescue
---	--

- 2 Tons Clean Straw mulch per acre of seeding.
- Prior to seeding, the ground must be prepared in accordance with Kentucky Department of Highways Standard Specifications for Road and Bridge Construction (latest edition).
- Substitutes for sod such as artificial turf or rocked mulched, or paved areas may be acceptable if they are esthetically pleasing.
- All ditch flow lines and all ditch side slopes are to be sodded.
- Existing concrete right-of-way markers are not to be disturbed, but if damaged in any way, they are to be entirely replaced by the permittee with new concrete markers to match the original markers, in accordance with Kentucky Department of Highways Standard Drawings. Markers which are entirely removed are to be re-established in the proper locations by the permittee and to the satisfaction of the Department.
- Other right-of-way restoration requirements are as follows:

V DRAINAGE

- All pipe is to be laid in a straight alignment, to proper grades, and with all materials and methods of installation including bedding and joint seating in accordance with Department Standard Specifications for Road and Bridge Construction, latest edition. Pipe is not to be covered until inspected by Department and express permission obtained to make backfill.

Permit No. _____

- All gutter lines at the base of new curbs are to be on continuous grades, and pockets of water along curbs, or in entrance areas, or other paved areas within the right-of-way are not to be acceptable.
- All drainage structures and appurtenances (manholes, catch basins, curbing, inlet basins, etc.) shall conform to department specifications and shall be constructed in accordance with Department standard drawings. Type required _____

VI PAVING N.A.

- No bituminous pavement is to be installed within the right-of-way between November 15 and April 1, nor when the temperature is below 49°F., without the express consent of the Department. No bituminous pavement is to be installed when the underlying course is wet.
- Paving within the right-of-way shall be as follows:
- Base (Type) _____ (Thickness) _____
- Surface Base (Type) _____ (Thickness) _____
- Finished Surface (Type) _____ (Thickness) _____
- Existing pavement and shoulder material shall be removed to accommodate the above paving specifications.
- The finished surface of all new pavement within the right-of-way shall be true to the required slope and grade, uniform in density and texture, free of irregularities and equivalent in riding qualities to the adjacent highway pavement or as determined by the Department of Highways.
- All materials and methods of construction, including base and subgrade preparation shall be in accordance with Kentucky Department of Highways Specifications for Road and Bridge Construction, latest edition.
- 24 hours notice to the Department is required prior to beginning paving operations:
Phone _____ Name _____
- To insure proper surface drainage the new pavement is to be flush with the edge of existing highway pavement and is to slope away from the existing edge of pavement as specified on drawings.

V SIDEWALKS SPECIFICATIONS N.A.

A. New Sidewalks

- Sidewalks are to be constructed of Class A concrete (3,500 p.s.i. test), are to be _____ feet width, are to be 6" in thickness across the bituminous entrance and 4" in thickness across the remaining sections.
- Sidewalks are to have tooled joints, not less than 1" in depth at four (4) foot intervals, and 1/2" premolded expansion joints extending entirely through the sidewalk at intervals not to exceed fifty (50) feet.
*This dimension should be equal to the width of the sidewalk.
- All materials and methods of construction, including curing, is to be in accordance with Kentucky Department of Highways Standard Specifications for Road and Bridge Construction, latest edition.

B. Existing Sidewalks

- (Applicable if existing sidewalks are being relocated) Use of the sidewalk is not to be blocked or obstructed and a usable walkway is to be maintained across the construction area at all times.
- All damaged sections of the sidewalks are to be entirely replaced to match existing sections.

VIII DENSE GRADED SHOULDERS N.A.

- Any existing dense graded aggregate shoulders on the entire frontage within the construction area, which have been disturbed, damaged or on which dirt has been placed or mud is deposited or tracked, are to be restored to original condition by removal of all contaminated material and replaced to proper grade with new dense graded aggregate.
- All new graded aggregate shoulders as specified on the plan are to consist of: 5" compacted dense graded aggregate/2 1/2 pounds per square yard calcium chloride.
- All dense graded aggregate shoulders are to slope away from the new edge of pavement at the rate of 1/4" per foot.

CURBING N.A.

A. Bituminous Curbs

- Bituminous Concrete curbs shall be given a paint coat of asphalt emulsion.
- The surface under the bituminous concrete curb shall be tacked with asphalt emulsion.

- All bituminous curbs shall be of the rolled curb type with a minimum base width of 8" and a minimum vertical height of _____ inches. The top of the curb shall be constructed in such a manner as to guarantee a uniform rolled effect throughout the entire run.

B. Concrete Curbs

- All curbs or curb and gutter are to be constructed of Class A concrete, 3,500 p.s.i. test, and are to be uniform in height, width and alignment, true to grade and satisfactory in finish and appearance as determined to the Department. All materials and methods of construction, including curing, is to be in accordance with Department of Highways Standard Specifications for Road and Bridge Construction, latest edition.

- All concrete curbs are to be 6" in width, extend _____" above finished grade and 12" below finished grade, with all visible edges rounded to 1/2 " radii.

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- The last _____ feet of all concrete curbs are to be tapered down to finish grade.

X. Right-of-Way Fence Replacement

- The replacement fence shall be a height of at least (48") and shall be of sufficient density to contain all animals. (If applicable)

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- The fence materials and design shall meet accepted industry standards and be treated or paintable.

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COMMONWEALTH OF KENTUCKY

Transportation Cabinet
Department of Highways
Division of Traffic

TC 99-1
Rev. 10/88

ENCROACHMENT PERMIT

PERMIT NO. 2-0359-91

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ADDRESS: 600 Barret Blvd. (P.O. Box 1172)
CITY: Henderson,
STATE: Kentucky ZIP CODE: 42420
PHONE: A.C. (502) 826-3222

PROJECT IDENTIFICATION
Access Control By Permit Partial Full
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MILEPOINT: _____ LEFT RIGHT X-ing
PROJECT STATUS: MAINTENANCE CONST. DESIGN
PROJECT NO. STATE: MP 054 041A 011-60
PROJECT NO. FEDERAL: _____
ROAD/STREET NAME: Erdington - madisonville

TYPE OF ENCROACHMENT:
 COMMERCIAL ENTRANCE - BUSINESS _____
 PRIVATE ENTRANCE: SINGLE FAMILY FARM
 UTILITY: OVERHEAD UNDERGROUND
 GRADE: FILL LANDSCAPE ON R/W
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 SELF-INSURED AMOUNT ENCUMBERED \$ 500⁰⁰
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The permittee agrees to the following terms and conditions:

1. The permittee shall comply with and is bound by the requirements of the Department's Permits Manual as revised to and in effect on the date of the issuance of this permit which is made a part hereof by reference.
2. Permittee agrees that if the Department determines that vehicular capacity deficiencies or over capacity conditions develop as a result of the installation and use of this facility, the permittee shall adjust, relocate or reconstruct the facilities and/or provide and bear the expense for signs, storage lanes or other corrective measures reasonably deemed necessary by the Department and as set forth in the Department's Permit Manual within a reasonable length of time after receipt of written notice regarding such adjustments, relocation, additions, modifications and/or corrective measures, such time to be specified in the notice. In cases where traffic signals are permitted or required, as determined by the Department, the costs for signal equipment and installation(s) shall be borne by the permittee and/or the Department in accordance with Department policy then in force as set forth in the Traffic Manual. Any modifications to the permittee's entrance necessary to accommodate signalization (including necessary easement(s) on private property) shall be the responsibility of the permittee, at no expense to the Department. (This applies only to Entrance Permits.)
3. The said encroachment will not infringe on the frontage rights of an abutting owner without written consent of the said owner as hereto: "I (we) consent to the granting of attached permit."
4. Any permit granted hereunder shall be with the full understanding that it shall not interfere with any similar rights or permits heretofore granted to any other party except as otherwise provided by law.
5. A plan prepared by _____ and dated _____ is attached hereto and made a part hereof, which describes the facilities to be constructed by the permittee for which facilities this permit is granted. The permittee agrees as a condition to the issuance of the permit to construct and maintain such facilities in accordance with said plan, and the permittee shall not use the facilities authorized herein in any manner contrary to that prescribed by this permit and plan. Normal usage and routine maintenance only are authorized under this permit.
6. Permittee shall comply with the Manual on Uniform Traffic Control Devices as revised to and in effect on the date of the issuance of this permit which is made a part hereof by reference.
7. Permittee shall at all times from date when work is first commenced and until such time as all facilities are removed from the right-of-way premise, defend, protect and save harmless the Department from all liability, claims, and demands arising out of work undertaken by the permittee pursuant to this permit, due to any negligent act or omission by the permittee, its servants, agents, employees or contractors. This provision shall not inure to the benefit of any third party or operate to enlarge any liability of the Department beyond that existing at common law if this right to indemnity did not exist.
8. Upon a violation of any of the provisions of this permit, the Department may revoke the permit by giving notice to the permittee in writing to remove from the right-of-way any facilities placed thereon within a reasonable time as set forth in the notice, and in the event said facilities are not so removed, and the right-of-way restored the Department may cause same to be removed, and the costs thereof shall be charged to the permittee.
9. The permittee, his successors and assigns shall use the encroachment premises in compliance with all Federal requirements imposed pursuant to the provisions of the Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000-1) and regulations of the U.S. Department of Transportation as set forth in Title 49 C.F.R., Part 21, and as said regulations may be amended.
10. Permittee agrees that in the event it should become necessary, as may be reasonably determined by the Department, for the facilities covered by this permit to be removed or relocated in connection with the reconstruction, relocation or improvement of the abutting highway, the Department may revoke this permit and require removal or relocation by the permittee at his own expense according and pursuant to the procedures provided in Paragraph 8 above except in those cases where the Department is required by law to pay any or all the same.
11. The permittee understands and agrees that this permit is personal to the permittee and shall not inure to his successors and assigns without the written approval of the Department and that he is bound by the provisions of this permit as long as the encroachment exists unless a written release has been obtained from the Department. (Does not apply to utilities serving the general public.)
12. If the work authorized by this permit is on a project in the construction phase, it shall be the responsibility of the permittee to make personal contact with _____ Resident Engineer on the project to coordinate the permitted work with the State's prime contractor on the project.
13. This permit does not alleviate any requirements of any other government agency.

THE UNDERSIGNED APPLICANT (BEING DULY AUTHORIZED REPRESENTATIVE/OWNER) DOES AGREE TO ALL TERMS AND CONDITIONS SET FORTH HEREIN.

JANUARY 1st, JULY 1st, 19 92 _____ Date

By _____ Signature

RECOMMENDED FOR APPROVAL
Signature _____ Title _____

APPROVED: _____ Signature _____ Title _____
Date 7-2-91

PRIVATE ENTRANCE: TO BE COMPLETED BY PERSONNEL INSTALLING FACILITY.

INSTALLED BY: _____ Signature _____ Title _____
DATE _____ 19 _____

COMMONWEALTH OF KENTUCKY
 TRANSPORTATION CABINET
 DEPARTMENT OF HIGHWAYS
 DIVISION OF TRAFFIC
 PLAN & PROFILE SHEET

TC 99-17
 REV.11/88

TYPE OF ENCROACHMENT
 Underground 8" Steel Gas Pipeline

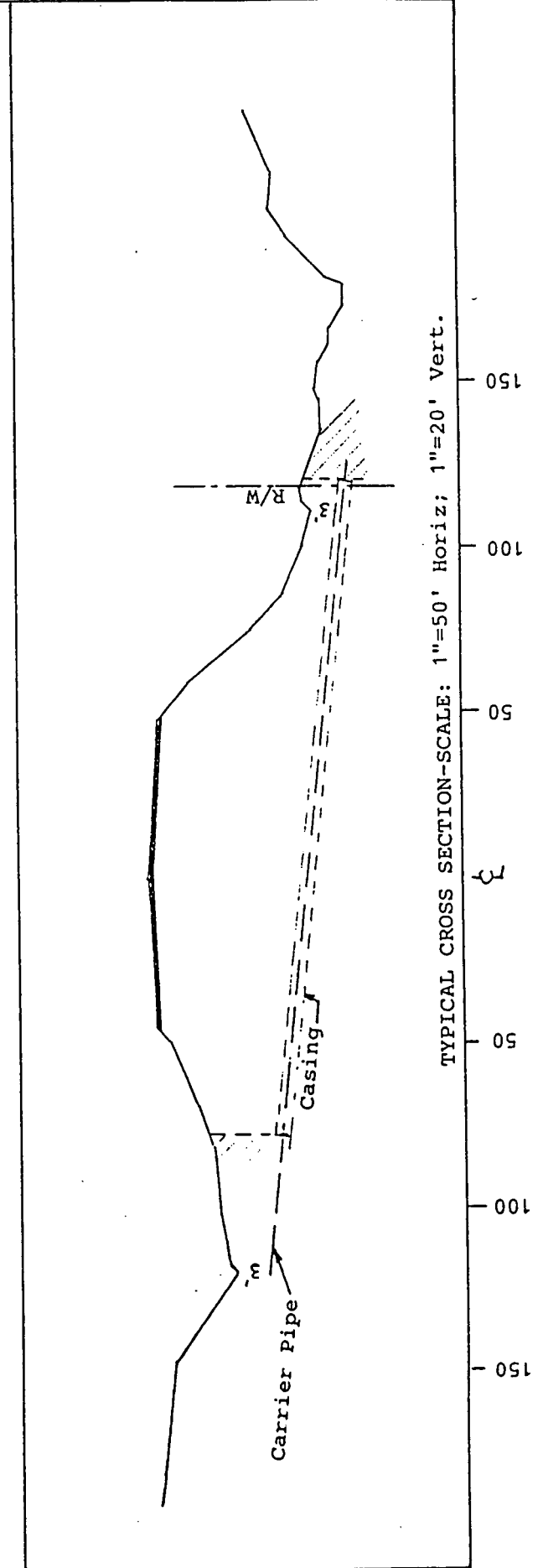
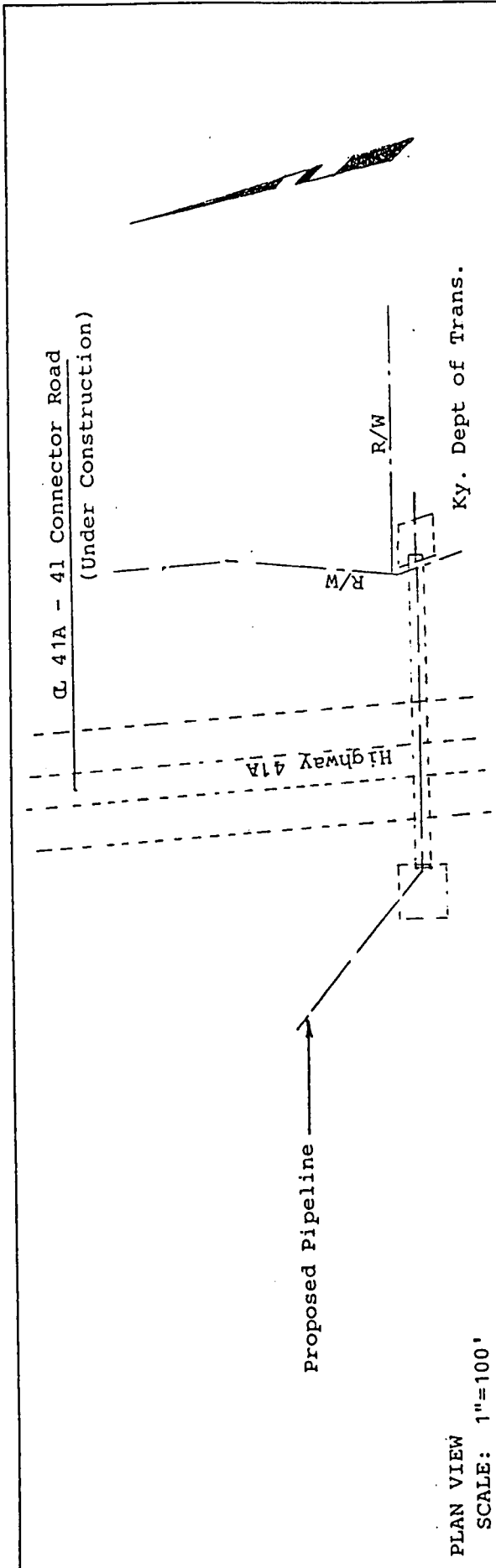
NT NAME Kentucky Pipeline & Storage Co., Inc.

COUNTY NAME Hopkins

PROJECT NO.

ROAD NAME Highway 41A

PILE MARKER LEFT RIGHT



LICENSE FOR UNDERGROUND
PIPELINES, CABLES & CONDUITS

THIS AGREEMENT, made in duplicate this 1st day of March, 1991, between the PADUCAH & LOUISVILLE RAILWAY, INC., party of the first part, herein called the "Railroad" and KENTUCKY PIPELINE & STORAGE COMPANY, INC., party or parties of the second part, hereinafter called the "Licensee," whose post office address is P.O. Box 1172, Henderson, Kentucky 42420.

WITNESSETH;

1. In consideration of a preparation and handling fee of \$200.00, in hand paid by the Licensee to the Railroad, the receipt whereof is hereby acknowledged, and the faithful performance by the Licensee of the covenants here in contained, the Railroad, insofar as it lawfully may, hereby grants to the Licensee license and permission to construct and maintain Natural Gas line (whether one or more pipes, cables or conduits hereinafter referred to as the "pipeline") across, along and underneath the property of the Railroad at or near, Richland, Hopkins County State of Kentucky at Mile 155 plus 262 feet, said pipeline being more particularly shown upon the exhibits hereto attached and made a part hereof, subject to the following conditions and specifications.

2. Licensee shall pay Railroad \$XXXX per annum, payable XXXX years in advance and every XXXX years thereafter, as rental for this license and permission. The annual payment is subject to change by Railroad at any time and from time to time after the fifth (5th) anniversary of this agreement, upon notice to Licensee. In the event said payment is increased, Railroad shall not have the right to make another increase for at least five (5) years from the effective date of such increase.

3. The license and permission herein granted to Licensee are subject and subordinate, however, to the rights of Railroad, its successors and assigns, its grantees, lessees and licensees, to construct, reconstruct, operate, use, maintain, repair and renew on, beneath or above the property covered thereby, and structures, improvements or facilities of similar or different character as are now or in the future may be located on, beneath or above said properties.

4. Licensee shall, except in emergencies, give not less than seventy-two (72) hours written notice to Railroad Engineering Superintendent of the day, hour and location that it proposes to undertake any construction or maintenance work and in the event of an emergency, shall notify Railroad Engineering Superintendent as soon as possible.

Licensee shall require each of its contractors and subcontractors to observe and conform to the conditions and requirements specified herein; and for the purposes of safety, protective and indemnification provisions hereof, such contractors and subcontractors, their agents, servants and employees and other persons on the Railroad property at the invitation of the Licensee, its contractors or subcontractors, shall be deemed the agents or employees of the Licensee.

5. Licensee shall, at no expense to Railroad, obtain all permits and approvals required to exercise this license and Licensee shall install, maintain and operate its facilities in accordance with requirements of lawful public authority. Licensee shall be responsible for any taxes, assessments and charges made against the pipeline or other of Licensee's facilities on Railroad's property or the operation of any of them.

6. The pipeline shall be installed at least 5.6 feet below the tracks of the Railroad, measured from base of rail to top of pipeline or, if no tracks are located on the property, at least 5.6 feet below natural ground, measured from top of ground to top of pipeline. Said pipeline shall be constructed of such material in in such a manner as will assure the safety of Railroad. Railroad's authorized representative shall have the right, but not the duty, to require certain materials or procedures to be used or to supervise the construction, maintenance, restoration or other work on Railroad's property. If, in the opinion of Railroad's authorized representative, casing of the pipeline is required at the time of installation or at any time subsequent hereto, Licensee shall promptly arrange for such casing at its own risk and expense.

7. If, in the opinion of the authorized representative of Railroad, the work to be done by the Licensee pursuant to this agreement will make necessary or desirable changes in the Railroad's facilities, or those of the Railroad's tenants or licensees, on the Railroad's property, the Railroad shall have the right, but not the duty, to make such changes, the expense thereof to be borne by the Licensee.

Railroad shall have the right, but not the duty, to furnish flagging or other protection or to perform work to support its tracks or otherwise protect its property or facilities at any time, at Licensee's sole risk and expense.

8. Licensee agrees at any time, or from time to time, at its own risk and expense, upon request of the authorized representative of the Railroad, to make such change or changes as may be necessary in the opinion of said representative to accommodate any change or improvement which Railroad may desire to make in or upon its property. In case Licensee shall fail within thirty (30) days after notice from Railroad to make such change or changes, Railroad shall have the right, but not the duty, to make such change or changes, or remove Licensee's facilities from said property at the risk and expense of Licensee.

9. Licensee shall, at its expense, take such measures as may be necessary and adequate in connection with its property or the property of Railroad to protect facilities of Railroad and those of others using Railroad's property from interference by induction, conduction, physical contact or otherwise attributable to the exercise by Licensee of the license granted to it.

In the event Railroad advises Licensee to take any action to protect Railroad, its facilities or facilities on Railroad's property, Licensee shall promptly take the indicated action, including, but not limited to, stopping the operation of the pipeline. If Licensee fails to do so, Railroad shall have the right, but not the duty, to perform on behalf of Licensee at the sole risk and expense of Licensee.

10. In the event Railroad elects to renew, replace, repair or alter any tracks or other facilities or to construct new facilities or to make other use of the property covered by this license, and in connection therewith requires the removal of any facilities placed by Licensee on Railroad's property, or should any facilities of Licensee need renewal or repair, Licensee shall, within thirty (30) days of receipt of notice, arrange for such removal, renewal, or repair at Licensee's risk and expense. In the event removal is required, the facilities shall be relocated at such location/on Railroad's property as is designated by Railroad, provided that Railroad's authorized representative determines that a location is reasonably available. Renewal of repair shall be to such condition as is indicated by Railroad's authorized representative. If Licensee fails to comply with the foregoing, Railroad shall have the right, but not the duty, to remove, renew or repair such facilities at the sole risk and expense of Licensee.

11. Cost and expense for work performed by the Railroad pursuant to this agreement is hereby defined to include, but not limited to, the actual cost of labor plus normal additives, cost of materials plus normal additives, the term "cost" shall include public liability, property damage Acts, and under any excise, or use tax based on the wage of labor, cost of material, or the gross cost of such maintenance, as the case may be. Bills covering such cost and expense as herein defined shall be paid by Licensee within fifteen (15) days after the receipt thereof.

12. As a part of the consideration, without which these rights would not have been granted, Licensee agrees to indemnify and hold harmless, Railroad and its officers, agents and employees from and against all liabilities, losses, damages, claims, demands, suits, fines, penalties, judgements, cost, attorney fees and expenses (the "Loss") for: 1) any personal injuries to or loss of life of, any person whomsoever, including but not limited to officers, employees, agents, patrons and licensees of the parties hereto, or any damage to any property of the parties or property in the possession or custody of the parties hereto, which such loss may be caused by, result from or arise by reason of, in connection with or incident to the grant or exercise of the rights herein contained or the presence or activities of any officer, agent or employee of the parties hereto, regardless of consideration of fault or negligence; 2) any use, disuse, or condition of the subject property or any part thereof, including but not limited to violation of any federal, state or local law, statute or regulation or the condition of or environmental contamination of the subject property when attributable to, or caused by Lessee. This Indemnity and Hold Harmless Section shall be continuing obligation for so long as the rights granted hereby are in effect and thereafter until all potential liability of Railroad shall be extinguished.

13. It is expressly understood Railroad does not warrant title to the premises and Licensee accepts the grant or privileges contained herein subject to all lawful outstanding existing liens and superior rights. Licensee agrees it shall not have or make any claim against Railroad for damages on account of any deficiency in title and agrees that in the event of failure or insufficiency of such title, the sole remedy of Licensee shall be the right to return of the consideration paid in advance, provided for herein, or proportionate part thereof, in the event of a partial deficiency or insufficiency of title. Licensee further agrees to indemnify and save harmless the Railroad and to assume all risk, responsibility and liability (including any expenses, attorneys' fees and costs incurred or sustained by Railroad) arising from, growing out of, or in any manner or degree directly or indirectly attributable to or resulting from any deficiency or insufficiency of its title affecting the right of the Railroad to make this grant.

14. This agreement shall continue in force indefinitely from and after the date hereof, subject, however, to the right of either party to terminate this agreement as to the entire pipeline and all of the facilities of Licensee, or any part thereof, at any time, or from time to time, as it may require, upon giving the other party sixty (60) days' notice in writing of its desire to terminate this agreement, and indicating in said notice the extent of said line and facilities to which such termination shall apply. When this agreement shall be terminated as to the entire line and all of the facilities of Licensee, or as to any part thereof, Licensee within thirty (30) days after the expiration of the time started is said notice, agrees at its own risk and expense to remove said facilities from the property of the Railroad, or such portion thereof as Railroad shall require removed, and to restore the railroad premises to a neat and safe condition, and if Licensee shall fail to do so within said time, Railroad shall have the right, but not the duty, to remove and restore the same, at the risk and expense of Licensee. Nothing herein contained shall be construed as conferring any property right on Licensee.

15. In case Railroad shall at any time, or from time to time, require the removal of only a portion of said pipeline, this agreement shall continue in force and be applicable to the portion or portions of said pipeline and other facilities remaining from time to time until said entire pipeline has been removed and the rental shall be adjusted accordingly.

16. Nothing in this agreement shall be construed to place any responsibility on Railroad for the quality of the construction, maintenance or other work performed on behalf of Licensee hereunder or for the conditions of any of Licensee's facilities.

Any approval given or supervision exercised by Railroad hereunder, or failure of Railroad to object to any work done, material used or method of construction, reconstruction or maintenance, shall not be construed to relieve Licensee of its obligations under this agreement.

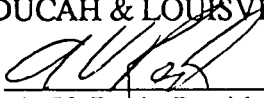
17. This agreement shall not be binding on either party hereto until all parties have executed the space provided below.

18. If required by Railroad, this agreement shall include the additional terms and conditions contained in Appendix I. In order to provide that all Appendices be applicable, Railroad shall require the execution of each appendix by all parties at the time this agreement is executed, and a copy of each Appendix shall be attached there to and made a part hereof.

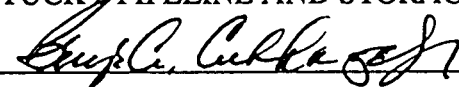
19. This agreement shall be binding on the successors and assigns of the parties hereto, but no assignment hereof by the Licensee, its successors, legal representatives or assigns, shall be binding upon the Railroad without its written consent in each instance.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed in duplicate, the day and year first above written.

PADUCAH & LOUISVILLE RAILWAY, INC.

By: 
A. V. Reck, President & CEO

KENTUCKY PIPELINE AND STORAGE COMPANY, INC.

By: 
Title: VICE-PRESIDENT

APPENDIX I

REQUIREMENTS FOR LICENSE TO INSTALL PIPE LINES THAT WILL CROSS UNDER OR PARALLEL TRACKS OF THE RAILROAD COMPANY

1. Name of Applicant: **Kentucky Pipeline and Storage Company, Inc.**
2. Address of Applicant: **600 Barrett Blvd., P.O. Box 1172, Henderson, Kentucky 40232**
3. Check one: () Individual, () Partnership, (X) Corporation, () Municipality
4. Location of pipe line: **Mile Post 155 plus 262 feet.**
5. Near: **Richland, Hopkins County, Kentucky**
6. Will pipe line be in right-of-way of dedicated street or highway? **No**
7. Commodity to be transmitted in pipe line: **Natural Gas**
8. Maximum operating pressure in pipe line: **1500 (psi by gauge)**
9. Hydrostatic pressure carrying pipe will be tested before using **2250 psi**

	PIPE INFORMATION	CARRYING PIPE	CASING PIPE
10.	Inside diameter (nominal):	8"	12"
11.	Wall thickness:	0.188"	1/4"
12.	Material:	Steel	Steel
13.	ASTM Spec. (Incl. Grade & Class	API5LX42	A139 Grade B
14.	Minimum yield point of material:	42,000 psi	36,000 psi
15.	Type of joint:	Welded	Welded
16.	Dept of top of casing pipe below base of rail 15+ feet.		
17.	Length of casing pipe 103 feet		
18.	Will casing pipe be vented? Yes		
19.	Will casing pipe be cathodically protected? Yes		
20.	Will casing pipe have a protective coating? Yes Type: TGF-3 Cold Tar Enamel		
21.	Method of installing casing pipe: Simultaneous Dry Bore (Simultaneous Dry Bore and Jack or Tunnel) (Wet boring will not be permitted)		

NOTE 1: American Railway Engineering Associations "Spec for pipeline for Non-Flammable substances".

IT IS AGREED, as per Paragraph No. 18, this Appendix I is hereby made part of License for underground pipe line agreement between the Paducah & Louisville Railway, Inc., and Kentucky Pipeline and Storage Company, Inc.

PADUCAH & LOUISVILLE RAILWAY, INC.

By: *A. V. Reck*
A. V. Reck, President & CEO

KENTUCKY PIPELINE AND STORAGE COMPANY, INC.

By: *Ernie C. Culhane*
Title: *VICE-PRESIDENT*



500 Water Street, SC J180
Jacksonville, FL 32202
(904) 359-1387

Leon Alexander
Contracts-Utility Group
Administrative Services

September 19, 1991

When corresponding, always
refer to: RE-97781-LA

Salvatore

Mr. Benjamin C. Cabbage, Jr.
Kentucky Pipeline and Storage Company, Inc.
600 Barret Blvd.
Henderson, KY 42420

Dear Mr. Cabbage:

Attached is fully-executed duplicate-original of agreement dated September 11, 1991, between CSX Transportation, Inc. and Kentucky Pipeline and Storage Company, Inc. covering installation and maintenance of a 9-inch natural gas pipeline crossing Railroad's right-of-way and trackage at a point 1,529 feet southwardly of Milepost HD-270, at or near Earlington, Kentucky.

The fee under Section 2.1 of the agreement is \$375.00; we received payment of \$225.00. CSXT will bill your company for the \$150.00 balance due under 2.1 of the agreement. The total fee for the agreement is \$3,375.000, payment made to CSXT by check totaling \$3,225.00.

Please note Item 9 on the CCB Form attached to your duplicate-original of the agreement and the required notification to be given the office of the Division Engineer when you coordinate the installation with that office. Further correspondence related to this agreement should also be directed to that office. Questions regarding the insurance requirements of the agreement should be directed to Assistant Director-Casualty Insurance, R. L. White, CSX Transportation, Inc., 500 Water Street, SC J907, Jacksonville, FL 32202, telephone no. (904) 359-1662.

Very truly yours,

Leon Alexander

Attachment

SEP 23 1991

PIPELINE CROSSING AGREEMENT

THIS AGREEMENT, Made as of the 11th day of September, 1991, by and between CSX TRANSPORTATION, INC., a Virginia corporation, whose mailing address is 500 Water Street, Jacksonville, Florida 32202, hereinafter called "Licensor" and KENTUCKY PIPELINE AND STORAGE COMPANY, INC., a corporation of the State of Delaware, whose mailing address is 600 Barret Boulevard, Henderson, Kentucky 42420, hereinafter called "Licensee", WITNESSETH:

WHEREAS, Licensee desires to construct and maintain a certain pipeline or duct work, for the transmission of natural gas only, hereinafter called "Pipeline" under or across the track(s) and property owned or controlled by Licensor at or near EARLINGTON, County of HOPKINS, State of KENTUCKY, at a point 1,529 feet southwardly measured along the center line of Licensor's main track(s) from Licensor's Milepost HD-270, Henderson Subdivision, (Station No. 4978+49), hereinafter called the "Crossing"; as shown on print of Licensee's Drawing attached hereto and made a part hereof; other details and data pertaining to said Pipeline being as indicated on Licensee's Application Form, dated May 20, 1991, also attached hereto and made a part hereof:

NOW, THEREFORE, in consideration of the mutual covenants, conditions, terms and agreements herein contained, the parties hereto agree and covenant as follows:

1. LICENSE:

1.1 Licensor, insofar as it has the legal right, power and authority to do so, and subject to:

(A) Licensor's present and future right to occupy, possess and use its property within the area of the Crossing for any and all purposes;

(B) All encumbrances, conditions, covenants, easements, and limitations applicable to Licensor's title to or rights in the subject property; and

(C) Compliance by Licensee with the terms and conditions herein contained;

does hereby license and permit Licensee to construct, maintain, repair, renew, operate, use, alter or change said Pipeline at the Crossing above for the term herein stated, and to remove same upon termination.

1.2 The term Pipeline, as used herein, includes pipes, ducts, casing, vents, manholes, connectors, fixtures, appliances and ancillary facilities devoted exclusively to the transmission usage above.

2. LICENSE FEE, TERM:

2.1 Upon execution of this Agreement, Licensee shall pay Licensor the sum of THREE HUNDRED SEVENTY FIVE U.S. DOLLARS (\$375.00) toward the cost of preparing and processing this Agreement.

2.2 Licensee shall also pay to Licensor a one-time license fee of THREE THOUSAND U.S. DOLLARS (\$3,000.00). License shall be revocable only in the event of Licensee's default. License shall end upon Licensee's cessation of use for the purpose(s) above.

2.3 In any term, Licensee shall indemnify Licensor against and shall pay directly or reimburse Licensor for any additional taxes and/or assessments levied against Licensor or Licensor's property on account of Pipeline or Crossing.

3. CONSTRUCTION AND MAINTENANCE:

3.1 Licensee, at its sole cost and expense, shall construct, maintain, relocate, repair, renew, alter, and/or remove said Pipeline, in a prudent, workmanlike manner, using quality materials and complying with any applicable standard(s) or regulation(s) of Licensor or Licensee's particular industry, A.R.E.A. Specifications, or any governmental body having jurisdiction over the Crossing.

3.2 Location and construction of Pipeline shall be made strictly in accordance with design(s) and specifications furnished to and approved by Licensor.

3.3 All Licensee's work and exercise of rights hereunder shall be undertaken at time(s) satisfactory to Licensor and in a manner so as to eliminate or minimize any impact on or interference with the safe use and operation of Licensor's track(s) and appurtenances thereto.

3.4 In the installation and/or maintenance of said Pipeline, Licensee shall not use explosives of any type or perform or cause any blasting without the separate express written consent of Licensor. As a condition to such consent, a representative will be assigned by Licensor to monitor blasting, and Licensee shall reimburse Licensor for the entire cost and/or expense of furnishing said monitor.

4. PERMITS, LICENSES:

4.1 Before any work hereunder is performed, or before use by Licensee of the Crossing for the contracted purpose, Licensee, at its sole cost and expense, shall obtain all necessary permits or licenses from any federal, state or local public authorities having jurisdiction over the Crossing or its intended use, and shall thereafter observe and comply with the requirements of such public authorities, and all applicable laws and regulations and future modifications thereof.

4.2 Licensee shall also defend, protect and hold Licensor harmless for failure to obtain such permits or licenses, any violations thereof, or for costs or expenses of compliance or remedy.

5. REPAIRS, COSTS:

5.1 Any repairs or maintenance to Pipeline which are necessary to protect or facilitate Licensor's use of its property shall be made by Licensee promptly, but in no event later than ten (10) days after Licensee has notice as to the need for such repairs or maintenance, whether or not such repairs or maintenance result from acts of Licensee, natural or weather events or otherwise.

5.2 Licensee hereby agrees to reimburse Licensor any loss, cost or expense (including losses resulting from train delays and inability to meet train schedules) arising from any failure of Licensee to make repairs or maintenance, or from improper or incomplete repairs or maintenance.

6. MARKING AND SUPPORT:

6.1 With respect to any subsurface installation upon Licensor's property, Licensee, at its sole cost and expense, shall:

(A) Erect, maintain and periodically verify the accuracy of aboveground markers, in a form approved by Licensor, indicating the location, depth and ownership of Pipeline or other facilities;

(B) Support track and roadbed of Licensor, in a manner satisfactory to Licensor.

6.2 After construction of Pipeline, Licensee shall restore said track(s), roadbed and other disturbed property of Licensor, and shall leave same in a condition satisfactory to Licensor. Licensee shall backfill with satisfactory material and thoroughly tamp all trenches to prevent settling of surface of land and roadbed of Licensor, and shall either remove any surplus earth or material from Licensor's property or cause said surplus earth or material to be placed and distributed at location(s) and in such manner as Licensor may direct.

7. TRACK CHANGES:

7.1 In the event that Licensor's ongoing operating needs and/or maintenance result in the future raising or lowering of Licensor's tracks, or in the event future use by Licensor of right-of-way and property (including any relocation of changes in or additions to Licensor's track(s) or other facilities) necessitate any change of location, height or depth of Pipeline or Crossing, Licensee, at its sole cost and expense and within twenty (20) days after notice in writing from Licensor, shall make changes in Pipeline or Crossing to accommodate Licensor's tracks or operations. Any additional costs or expenses incurred by Licensor to accommodate the use of Licensor's property by Licensee shall also be paid by Licensee.

7.2 Licensee agrees to periodically monitor and verify the depth or height of Pipeline and Crossing in relation to Licensor's tracks and facilities, and to relocate Pipeline or change Crossing, at Licensee's expense, should such relocation or change be necessary to comply with the minimum clearance requirements of this Agreement.

8. PIPE CHANGES:

8.1 If Licensee undertakes to revise, renew, relocate or change in any manner whatsoever all or any part of Pipeline (including any change in circumference, diameter or radius of pipe or change in materials transmitted in and through said pipe), plans therefor shall be submitted to Licensor for approval before any such change is made. After approval the terms and conditions of this Agreement shall apply thereto.

9. INTERFERENCE WITH RAIL FACILITIES:

9.1 If the operation, existence or maintenance of said Pipeline, at any time in the judgment of Licensor, causes: (a) interference with Licensor's communication, signal or other wires, train control system, or facilities; or (b) interference in any manner with the operation, maintenance or use by Licensor of its right-of-way, track(s), structures, pole lines, devices, other property, or any appurtenances thereto; then and in either event, Licensee, upon receipt of written notice from Licensor of any such interference, and at Licensee's sole risk, cost and expense, shall promptly make such changes in its Pipeline as may be required in the judgment of Licensor to eliminate all such interference.

9.2 Without assuming any duty hereunder to inspect Licensee's Pipeline, Licensor hereby reserves the right to inspect same and to require Licensee to undertake repairs, maintenance or adjustments to Pipeline, which repairs, maintenance or adjustments Licensee hereby agrees to make promptly, at Licensee's sole cost and expense.

10. RISK, LIABILITY, INDEMNITY:

With respect to the liabilities of the parties, it is hereby agreed that:

10.1 Licensee hereby assumes, and shall at all times hereafter release, indemnify, defend and save Licensor harmless from and against any and all liability, loss, claim, suit, damage, charge or expense which Licensor may suffer, sustain, incur or in any way be subjected to, on account of death of or injury to any person whomsoever (including officers, agents, employees or invitees of Licensor), and for damage to or loss of or destruction of any property whatsoever (including contents of Pipeline), arising out of, resulting from, or in any way connected with the presence, existence, operations or use of Pipeline or any structure in connection therewith, or restoration of premises of Licensor to good order or condition after removal, EXCEPT when caused solely by the fault, failure or negligence of Licensor. However, during any period of actual construction, repair, maintenance, replacement or removal of the Pipeline

when equipment, agents or personnel of Licensee are on the railroad right-of-way, Licensee's liability hereunder shall be absolute, irrespective of any sole fault or negligence of licensor.

10.2 Use of Licensor's property involves certain risks of loss or damage as a result of Licensor's rail operations. Notwithstanding Section 10.1, Licensee hereby assumes all risk of loss and damage to Licensee's Pipeline and other Property (including contents of Pipeline) which may result from fire or derailment arising out of Licensor's rail operations. For this Section, the term "Licensee's Property" shall also include property of third parties situated or placed upon Licensor's property by Licensee or by such third parties at request of or for benefit of Licensee.

10.3 Notwithstanding Section 10.1, Licensee also expressly assumes all risk of loss which in any way may result from Licensee's failure to maintain either the required clearances for any overhead Pipeline or the required depth and encasement for any underground Pipeline, whether or not such loss(es) result(s) in whole or part from Licensor's contributory negligence or joint fault.

10.4 Notwithstanding Section 10.1 or any other provision herein, Licensee assumes all responsibility for, and agrees to defend, indemnify and hold Licensor harmless from (a) all claims, costs and expenses, including reasonable attorneys' fees, as a consequence of any sudden or nonsudden pollution of air, water, land and/or ground water on or off the Crossing area, arising from or in connection with the use of this Crossing or resulting from leaking, bursting, spilling, or any escape of the material transmitted in or through said Pipeline, and (b) any claim or liability arising under federal or state law dealing with either such sudden or nonsudden pollution of air, water, land and/or ground water arising therefrom or the remedy thereof.

10.5 All obligations of Licensee hereunder to release, indemnify and hold Licensor harmless shall also extend to officers, agents and employees of Licensor, and to companies and other legal entities that control or are controlled by or subsidiaries of or are affiliated with Licensor, and their respective officers, agents and employees.

11. INSURANCE:

11.1 Prior to commencement of surveys, installation or occupation of Premises pursuant to this Agreement, Licensee shall procure and shall maintain during the continuance of this Agreement, at its sole cost and expense, a policy of Public Liability Insurance or Commercial Liability Insurance, naming Licensee as insured and covering liability assumed by Licensee under this Agreement. A coverage limit of not less than THREE MILLION DOLLARS (\$3,000,000) Combined Single Limit per occurrence for bodily injury liability and property damage liability is recommended as a prudent limit to protect Licensee's assumed obligations. If said policy does not automatically cover Licensee's contractual liability during periods of survey, installation, maintenance and continued occupation, a specific endorsement adding such coverage shall be purchased by Licensee.

11.2 If said policy is written on a "claims made" basis instead of an "occurrence" basis, Licensee shall arrange for adequate time for reporting losses. Failure to do so shall be at Licensee's sole risk.

11.3 Licenser may at any time request evidence of insurance purchased by Licensee to comply with this requirement, and may demand that Licensee purchase insurance deemed adequate by Licenser. Failure of Licensee to comply with Licenser's demand shall be considered a default, subject to Article 19.

11.4 Securing by Licensee of insurance hereunder shall not limit Licensee's liability under this Agreement, but shall be additional security therefor.

12. GRADE CROSSINGS:

12.1 Nothing herein contained shall be construed to permit Licensee or Licensee's contractor to move any vehicles or equipment over track(s) of Licenser, except at public road crossing(s), without separate prior written approval of Licenser.

13. FLAGGING:

13.1 If Licenser deems it advisable, during the progress of any construction, maintenance, repair, renewal, alteration, change or removal of said Pipeline, to place watchmen, flagmen, inspectors or supervisors for protection of operations of Licenser or others on Licenser's property at the Crossing, Licenser shall have the right to do so at the expense of Licensee, but Licenser shall not be liable for failure to do so.

13.2 Subject to Licenser's consent and to Licenser's railroad operating rules and labor agreements, Licensee may provide flagmen, watchmen, inspectors or supervisors, during all times of construction, in place of Licenser provision, at Licensee's sole risk; and in such event, Licenser shall not be liable for the failure or neglect of such watchmen, flagmen, inspectors or supervisors.

14. LICENSOR'S COSTS:

14.1 Licenser's expense for wages and materials for any work performed at the expense of Licensee pursuant hereto shall be paid by Licensee within thirty (30) days after receipt of Licenser's bill therefor.

14.2 Such expense shall include, but not be limited to, cost of supervision, traveling expenses, Federal Railroad Retirement and Unemployment Taxes, insurance and vacation allowances for Licenser's employees, and insurance and freight and handling charges on all material used. Any equipment rentals shall be payable by Licensee in accordance with Licenser's fixed applicable rate.

14.3 All bills not paid within said thirty (30) days shall thereafter accrue interest at twelve percent (12%) per annum, or at the highest rate permissible by local law.

15. TERMINATION, REMOVAL:

15.1 Upon termination or cancellation, for any reason, or within thirty (30) days of cancellation or revocation, Licensee, at its sole risk and expense, shall remove Pipeline from the property of Licensor, unless the parties hereto agree otherwise, and shall restore property of Licensor in a manner satisfactory to Licensor, and reimburse Licensor all loss, cost or expense Licensor may suffer resulting from such removal.

15.2 All rights which Licensee may have hereunder shall cease and end upon the date of expiration of term or revocation; provided, however, that termination or revocation of this Agreement shall not affect any claims and liabilities which may have arisen or accrued hereunder, and which at the time of termination or revocation have not been satisfied.

16. NOTICE:

16.1 Licensee shall give Licensor's Division Manager (733 W. 136th Street - Riverdale, IL 60627) at least five (5) days' written notice before doing any work of any character hereunder on Licensor's property, except that in cases of emergency shorter notice may be given.

16.2 All other notices and communications concerning this Agreement shall be addressed to Licensee at the address above and to Licensor at the address above, c/o CSXT Contract Administration J180; or at such other address as either party may designate in writing to the other.

16.3 Unless otherwise expressly stated herein, all such notices shall be in writing and sent via Certified or Registered Mail, Return Receipt Requested, and shall be effective upon actual receipt or upon date of refusal of delivery.

17. ASSIGNMENT:

17.1 Licensee shall obtain Licensor's written consent to any assignment of Licensee's interest herein and shall reimburse Licensor for any loss, cost or expense Licensor may incur as a result of Licensee's failure to obtain said written consent.

17.2 Subject to Section 17.1, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors or assigns.

17.3 In the event of any unauthorized sale, transfer, assignment, sublease or encumbrance of this Agreement, or any of the rights and privileges hereunder, Licensor, at its option, may terminate this Agreement at any time within six (6) months after such sale, transfer, etc., by giving Licensee or any such assignee written notice of such termination, and Licensor may thereupon enter and retake possession of the premises. Consent of Licensor shall be presumed to such assignment, etc., if no such termination notice is given.

18. TITLE:

18.1 Licensee shall not at any time own or claim any right, title or interest in or to Licensor's property occupied by Licensee's Pipeline, nor shall the exercise of this Agreement for any length of time give rise to any right, title or interest in Licensee to said property other than the license herein created.

19. DEFAULT BY LICENSEE:

19.1 The proper and complete performance of each and every of the covenants of this license shall be deemed of the essence of this Agreement, and in the event Licensee shall fail or refuse to fully and completely perform any or all of said covenants or remedy any breach within thirty (30) days after receiving a written notice from Licensor to do so, Licensor shall have the option of terminating this Agreement, regardless of license fee(s) having been paid in advance for any annual or other period, and revoking the privileges and powers hereby conferred upon Licensee.

20. BREACH, WAIVER:

20.1 Any waiver by either party at any time of its rights as to any covenant or condition herein contained shall not be construed as a permanent waiver of such covenant or condition, or any subsequent breach thereof, unless such covenant or breach is permanently waived in writing by said party.

21. LICENSOR APPROVAL, LIMITS:

21.1 Neither the failure of Licensor to object to any work done, material used, or method of construction or maintenance of said Crossing, nor any approval given or supervision exercised by Licensor, shall be construed as an admission of liability or responsibility by Licensor, or as a waiver by Licensor of any of the obligations, liability and/or responsibility of Licensee under this Agreement.

22. ENTIRETY, EXCLUSIVITY:

22.1 This Agreement contains the entire understanding between the parties hereto.

22.2 Neither this Agreement, any provision hereof, nor any agreement or provision included herein by reference, shall operate or be construed as being for the benefit of any third person.

23. FORM, LAW, FORUM:

23.1 The form or any language of this Agreement shall not be interpreted or construed in favor of or against either party hereto as the drafter thereof.

23.2 It is understood and agreed that this Agreement is executed by all parties under current interpretation of any and all applicable federal, state, county, municipal or other local statute, ordinance or law. Further, it is understood and agreed that each and every separate division (paragraph, clause, item, term, condition, covenant or agreement) herein contained shall have independent and severable status from each other, separate division, or combination thereof, for the determination of legality, so that if any separate division herein is determined to be unconstitutional, illegal, violative of trade or commerce in contravention of public reason, that separate division shall be treated as a nullity, but such holding or determination shall have no effect upon the validity or enforceability of each and every other separate division, herein contained, or any other combination thereof.

23.3 This Agreement shall be construed and governed by the laws of the state in which the Pipeline is located.

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

Witness(es) for Licensor:

Leon Alexander
Bill W. J.

CSX TRANSPORTATION, INC.

By D. S. P. A.
Title: DIRECTOR CONTRACT
ADMINISTRATION

Witness(es) for Licensee:

Jane Berrong
Amy B. Johnson

KENTUCKY PIPELINE AND STORAGE COMPANY,
INC.

By Paul C. Calkins
Title: Vice President

APPLICATION FOR PIPELINE CROSSING UNDER/OVER PROPERTIES AND TRACK


Plans for proposed installation shall be submitted to and meet the approval of the Railroad Company before construction is begun. Material and installation are to be in strict accordance with specifications of the American Railway Engineering Association and requirements of CSX Transportation, Inc. Original and four (4) copies of this form shall be submitted, accompanied by five (5) letter size prints of a drawing showing plan, elevation section of crossing from field survey, location in respect to milepost, width of Railroad's right-of-way and location of adjacent structures affecting crossing, and all information required in Figures 1 and 2 of AREA Specifications, Part 5 - Pipelines. If open cutting or tunneling is necessary, details of sheeting and method of supporting tracks or driving tunnel shall be shown.

1. Complete legal name of applicant: Kentucky Pipeline and Storage Company, Inc.
Telephone: (502) 826-3222
2. Address: 600 Barret Blvd. City: Henderson State: KY Zip 42420
3. If incorporated, name of state in which incorporated Delaware Municipality _____
4. Location 1529.5 feet South (direction) from nearest Railroad Milepost 270
V.S. _____
5. Nearest Station: Atkinson County: Hopkins State: Kentucky
Division Chicago Subdivision HD Val. Sec. (Map) _____
6. Within limits of public highway? Yes ___ No x. If "yes", show the road right-of-way on print. DOT/AAR Crossing No. _____
7. Temporary track support or riprapping required? Yes ___ No x - Describe _____
8. Wires, poles, obstructions to be relocated? Yes ___ No x - Describe _____
9. Product to be conveyed Natural Gas Flammable? Yes x No ___ Temperature 60° F
10. Max. Working Pressure 1200 PSI. Field Test Pressure 1500# PSI. Type Test Hydrostatic
11. Location of shut-off valves Each End - See Drawing
12. **PIPE SPECIFICATIONS:**

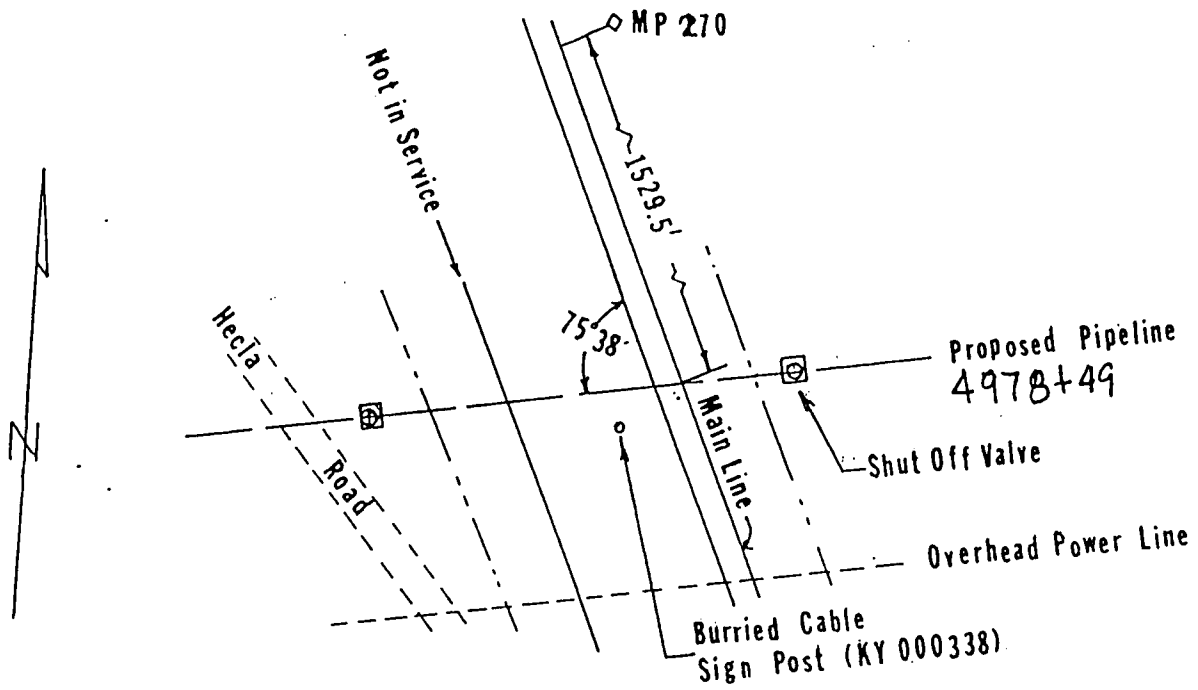
	<u>CARRIER PIPE:</u>	<u>CASING PIPE:</u>
Material	<u>Steel</u>	<u>Steel</u>
Material Specifications & Grade	<u>API 5LX42</u>	<u>A 139 Grade "B"</u>
Min. Yield Strength of Material PSI	<u>42,000#</u>	<u>36,000#</u>
Mill Test Pressure PSI	<u>1,600#</u>	<u>N/A</u>
Inside Diameter	<u>8.9"</u>	<u>12"</u>
Wall Thickness	<u>.219"</u>	<u>1/4"</u>
Outside Diameter	<u>8.625"</u>	<u>12.75"</u>
Type of Seam	<u>ERW</u>	<u>ERW</u>
Laying Lengths	<u>DR 42.5'</u>	<u>SR 20'</u>
Kind of Joints	<u>Welded</u>	<u>Welded</u>
Total Length Within Railroad Right-of-Way	<u>177'</u>	<u>177'</u>
Vents: Number <u>2</u> Size <u>2"</u> Height above ground	<u>48"</u>	
Seals: Both ends <u>Yes</u> One end _____		
Bury: Base of rail to top of casing <u>5</u> feet <u>6</u> inches		
Bury: (Not beneath tracks) _____ feet _____ inches		
Bury: (Roadway ditches) _____ feet _____ inches		
CATHODIC PROTECTION: Yes <u>x</u> No ___		
PROTECTIVE COATING: Yes <u>x</u> No ___ Kind <u>Coated and wrapped - TGF3</u>		
Type, size and spacing of insulators or supports <u>N/A</u>		
13. Method of installation Bored

If application is approved applicant agrees to reimburse CSXT for any cost incurred by the Railroad incident to installation, maintenance, and/or supervision necessitated by this pipeline installation and further agrees to assume all liability for accidents or injuries which arise as a result of this installation. Should open cut installation be required, a non-refundable charge of \$ _____ will be required to resurface tracks. Contract preparation fee in the amount of \$150.00 is attached.

May 20, 1991
Date

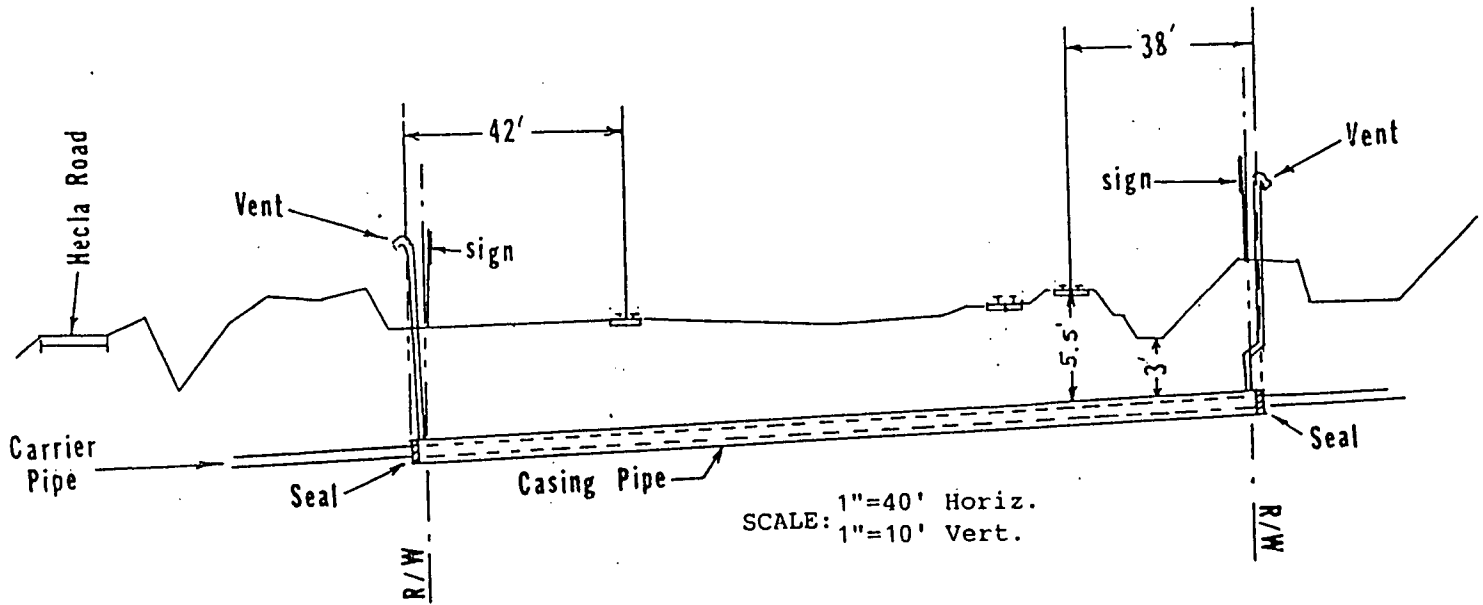

Signature & Title of Officer Signing Application

Benjamin C. Cabbage, Jr. (502) 826-3222



SCALE: 1"=1,000'

V
31
29



SCALE: 1"=40' Horiz.
1"=10' Vert.

KENTUCKY PIPELINE AND STORAGE COMPANY, INC.
HENDERSON, KENTUCKY 42420-1172

PROPOSED PIPELINE CROSSING (Earlington, Ky.)

SCALE: As Shown DATE: 1 March 1991

EXHIBIT "A"



500 Water Street, SC J180
Jacksonville, FL 32202
(904) 359-1387

Leon Alexander
Contracts-Utility Group
Administrative Services

July 19, 1991

When corresponding, always
refer to: RE-97239-LA

*1
madeleine*

Mr. Benjamin C. Cabbage, Jr.
Kentucky Pipeline and Storage Company, Inc.
600 Barret Boulevard
Henderson, KY 42420

Dear Mr. Cabbage:

Attached is fully-executed duplicate-original of agreement dated June 14, 1991, between CSX Transportation, Inc. and Kentucky Pipeline and Storage Company, Inc. covering installation and maintenance of a 9-inch natural gas pipeline crossing Railroad's right-of-way and trackage at a point 869.3 feet north of Milepost OOH-271, at or near Atkinson, Kentucky.

Please note Item 9 on the CCB Form attached to your duplicate-original of the agreement and the required notification to be given the office of the Division Engineer when you coordinate the installation with that office. Further correspondence related to this agreement should also be directed to that office. Questions regarding the insurance requirements of the agreement should be directed to Assistant Director-Casualty Insurance, R. L. White, CSX Transportation, Inc., 500 Water Street, SC J907, Jacksonville, FL 32202, telephone no. (904) 359-1662.

Very truly yours,

Leon Alexander

Attachment

JUL 23 1991

JUL 23 1991

CHICAGO DIVISION

Form CCB-3

April 1991

File: RE-

97239

PLEASE DO NOT REMOVE FROM AGREEMENT

Please observe the following when executing the attached instrument:

1. Execution on behalf of a CORPORATION should be accomplished by the President, Vice President or an officer authorized by Board Resolution to execute legal documents on behalf of the Corporation. If the Corporate name is set out erroneously in the Agreement, the document should be executed and the name corrected and initialled where it appears. (Furnish copy of such Resolution.)
2. If Agreement is with an INDIVIDUAL, that individual should sign the Agreement exactly as the name is set out in the caption of the Agreement. If the name is set out erroneously in the Agreement, the document should be executed and the name corrected and initialled where it appears.
3. If the Agreement is with a PARTNERSHIP, all general members of the partnership should execute the document unless one member of the firm has been designated managing partner or expressly by the partnership to execute this Agreement. (Furnish copy of such authority.)
4. The signatures must be WITNESSED by two (2) witnesses in the spaces provided.
5. NAME(S) and TITLE(S) of person(s) executing the document must be typed or printed in ink directly beneath signature(s).
6. In returning the Agreement, please furnish the following fee(s) set out in the Article(s) specified:

Article <u>2.1</u>	-	<u>\$225 - Bal. due</u>	Construction Risk Fee
Article <u>2.2</u>	-	<u>\$3,000.00</u>	One-Time License Fee,
Article _____	-	<u>\$ _____</u>	Other: <u>2.1 - \$150 paid by check # 239</u>
TOTAL		<u>\$3,225.00</u>	<u>Dated 5-20-91,</u>

7. Initial and date each rider attached to the document following the execution sheet.
8. Furnish Certificate of Insurance as evidenced by Article 11.
9. Subsequent to receipt of a fully executed copy of this Wireline/Pipeline Agreement, you must notify the Division Engineer's office at Riverdale, Illinois, telephone (708) 201-5155, extending at least five (5) days' advance notice of the date and time you desire to perform any work on Railroad property.
10. IF RENTAL, MAINTENANCE CHARGE or OTHER FEES are involved, show below the address to which bills should be sent:

Street Address and/or P. O. Box Number

City

State

Zip Code

PIPELINE CROSSING AGREEMENT

THIS AGREEMENT, Made as of the 14th day of June, 1991, by and between CSX TRANSPORTATION, INC., a Virginia corporation, whose mailing address is 500 Water Street, Jacksonville, Florida 32202, hereinafter called "Licensor" and KENTUCKY PIPELINE AND STORAGE COMPANY, INC., a corporation of the State of Delaware, whose mailing address is 600 Barret Boulevard, Henderson, Kentucky 42420, hereinafter called "Licensee", WITNESSETH:

WHEREAS, Licensee desires to construct and maintain a certain pipeline or duct work, for the transmission of natural gas only, hereinafter called "Pipeline" under or across the track(s) and property owned or controlled by Licensor at or near Atkinson, County of Hopkins, State of Kentucky, at a point 869.3 feet northwardly measured along the center line of Licensor's main track(s) from Licensor's Milepost OOH-271 (Station No. 5024+69), hereinafter called the "Crossing"; as shown on print of Licensee's Drawing attached hereto and made a part hereof; other details and data pertaining to said Pipeline being as indicated on Licensee's Application Form, dated May 20, 1991, also attached hereto and made a part hereof:

NOW, THEREFORE, in consideration of the mutual covenants, conditions, terms and agreements herein contained, the parties hereto agree and covenant as follows:

1. LICENSE:

1.1 Licensor, insofar as it has the legal right, power and authority to do so, and subject to:

(A) Licensor's present and future right to occupy, possess and use its property within the area of the Crossing for any and all purposes;

(B) All encumbrances, conditions, covenants, easements, and limitations applicable to Licensor's title to or rights in the subject property; and

(C) Compliance by Licensee with the terms and conditions herein contained;

does hereby license and permit Licensee to construct, maintain, repair, renew, operate, use, alter or change said Pipeline at the Crossing above for the term herein stated, and to remove same upon termination.

1.2 The term Pipeline, as used herein, includes pipes, ducts, casing, vents, manholes, connectors, fixtures, appliances and ancillary facilities devoted exclusively to the transmission usage above.

2. LICENSE FEE, TERM:

2.1 Upon execution of this Agreement, Licensee shall pay Licensor the sum of THREE HUNDRED SEVENTY-FIVE U.S. DOLLARS (\$375.00) toward the cost of preparing and processing this Agreement.

2.2 Licensee shall also pay to Licensor a one-time license fee of THREE THOUSAND U.S. DOLLARS (\$3,000.00). License shall be revocable only in the event of Licensee's default. License shall end upon Licensee's cessation of use for the purpose(s) above.

2.3 In any term, Licensee shall indemnify Licensor against and shall pay directly or reimburse Licensor for any additional taxes and/or assessments levied against Licensor or Licensor's property on account of Pipeline or Crossing.

3. CONSTRUCTION AND MAINTENANCE:

3.1 Licensee, at its sole cost and expense, shall construct, maintain, relocate, repair, renew, alter, and/or remove said Pipeline, in a prudent, workmanlike manner, using quality materials and complying with any applicable standard(s) or regulation(s) of Licensor or Licensee's particular industry, A.R.E.A. Specifications, or any governmental body having jurisdiction over the Crossing.

3.2 Location and construction of Pipeline shall be made strictly in accordance with design(s) and specifications furnished to and approved by Licensor.

3.3 All Licensee's work and exercise of rights hereunder shall be undertaken at time(s) satisfactory to Licensor and in a manner so as to eliminate or minimize any impact on or interference with the safe use and operation of Licensor's track(s) and appurtenances thereto.

3.4 In the installation and/or maintenance of said Pipeline, Licensee shall not use explosives of any type or perform or cause any blasting without the separate express written consent of Licensor. As a condition to such consent, a representative will be assigned by Licensor to monitor blasting, and Licensee shall reimburse Licensor for the entire cost and/or expense of furnishing said monitor.

4. PERMITS, LICENSES:

4.1 Before any work hereunder is performed, or before use by Licensee of the Crossing for the contracted purpose, Licensee, at its sole cost and expense, shall obtain all necessary permits or licenses from any federal, state or local public authorities having jurisdiction over the Crossing or its intended use, and shall thereafter observe and comply with the requirements of such public authorities, and all applicable laws and regulations and future modifications thereof.

4.2 Licensee shall also defend, protect and hold Licensor harmless for failure to obtain such permits or licenses, any violations thereof, or for costs or expenses of compliance or remedy.

5. REPAIRS, COSTS:

5.1 Any repairs or maintenance to Pipeline which are necessary to protect or facilitate Licensor's use of its property shall be made by Licensee promptly, but in no event later than ten (10) days after Licensee has notice as to the need for such repairs or maintenance, whether or not such repairs or maintenance result from acts of Licensee, natural or weather events or otherwise.

5.2 Licensee hereby agrees to reimburse Licensor any loss, cost or expense (including losses resulting from train delays and inability to meet train schedules) arising from any failure of Licensee to make repairs or maintenance, or from improper or incomplete repairs or maintenance.

6. MARKING AND SUPPORT:

6.1 With respect to any subsurface installation upon Licensor's property, Licensee, at its sole cost and expense, shall:

(A) Erect, maintain and periodically verify the accuracy of aboveground markers, in a form approved by Licensor, indicating the location, depth and ownership of Pipeline or other facilities;

(B) Support track and roadbed of Licensor, in a manner satisfactory to Licensor.

6.2 After construction of Pipeline, Licensee shall restore said track(s), roadbed and other disturbed property of Licensor, and shall leave same in a condition satisfactory to Licensor. Licensee shall backfill with satisfactory material and thoroughly tamp all trenches to prevent settling of surface of land and roadbed of Licensor, and shall either remove any surplus earth or material from Licensor's property or cause said surplus earth or material to be placed and distributed at location(s) and in such manner as Licensor may direct.

7. TRACK CHANGES:

7.1 In the event that Licensor's ongoing operating needs and/or maintenance result in the future raising or lowering of Licensor's tracks, or in the event future use by Licensor of right-of-way and property (including any relocation of changes in or additions to Licensor's track(s) or other facilities) necessitate any change of location, height or depth of Pipeline or Crossing, Licensee, at its sole cost and expense and within twenty (20) days after notice in writing from Licensor, shall make changes in Pipeline or Crossing to accommodate Licensor's tracks or operations. Any additional costs or expenses incurred by Licensor to accommodate the use of Licensor's property by Licensee shall also be paid by Licensee.

7.2 Licensee agrees to periodically monitor and verify the depth or height of Pipeline and Crossing in relation to Licensor's tracks and facilities, and to relocate Pipeline or change Crossing, at Licensee's expense, should such relocation or change be necessary to comply with the minimum clearance requirements of this Agreement.

8. PIPE CHANGES:

8.1 If Licensee undertakes to revise, renew, relocate or change in any manner whatsoever all or any part of Pipeline (including any change in circumference, diameter or radius of pipe or change in materials transmitted in and through said pipe), plans therefor shall be submitted to Licensor for approval before any such change is made. After approval the terms and conditions of this Agreement shall apply thereto.

9. INTERFERENCE WITH RAIL FACILITIES:

9.1 If the operation, existence or maintenance of said Pipeline, at any time in the judgment of Licensor, causes: (a) interference with Licensor's communication, signal or other wires, train control system, or facilities; or (b) interference in any manner with the operation, maintenance or use by Licensor of its right-of-way, track(s), structures, pole lines, devices, other property, or any appurtenances thereto; then and in either event, Licensee, upon receipt of written notice from Licensor of any such interference, and at Licensee's sole risk, cost and expense, shall promptly make such changes in its Pipeline as may be required in the judgment of Licensor to eliminate all such interference.

9.2 Without assuming any duty hereunder to inspect Licensee's Pipeline, Licensor hereby reserves the right to inspect same and to require Licensee to undertake repairs, maintenance or adjustments to Pipeline, which repairs, maintenance or adjustments Licensee hereby agrees to make promptly, at Licensee's sole cost and expense.

10. RISK, LIABILITY, INDEMNITY:

With respect to the liabilities of the parties, it is hereby agreed that:

10.1 Licensee hereby assumes, and shall at all times hereafter release, indemnify, defend and save Licensor harmless from and against any and all liability, loss, claim, suit, damage, charge or expense which Licensor may suffer, sustain, incur or in any way be subjected to, on account of death of or injury to any person whomsoever (including officers, agents, employees or invitees of Licensor), and for damage to or loss of or destruction of any property whatsoever (including contents of Pipeline), arising out of, resulting from, or in any way connected with the presence, existence, operations or use of Pipeline or any structure in connection therewith, or restoration of premises of Licensor to good order or condition after removal, EXCEPT when caused solely by the fault, failure or negligence of Licensor. However, during any period of actual construction, repair, maintenance, replacement or removal of the Pipeline

when equipment, agents or personnel of Licensee are on the railroad right-of-way, Licensee's liability hereunder shall be absolute, irrespective of any sole fault or negligence of licensor.

10.2 Use of Licensor's property involves certain risks of loss or damage as a result of Licensor's rail operations. Notwithstanding Section 10.1, Licensee hereby assumes all risk of loss and damage to Licensee's Pipeline and other Property (including contents of Pipeline) which may result from fire or derailment arising out of Licensor's rail operations. For this Section, the term "Licensee's Property" shall also include property of third parties situated or placed upon Licensor's property by Licensee or by such third parties at request of or for benefit of Licensee.

10.3 Notwithstanding Section 10.1, Licensee also expressly assumes all risk of loss which in any way may result from Licensee's failure to maintain either the required clearances for any overhead Pipeline or the required depth and encasement for any underground Pipeline, whether or not such loss(es) result(s) in whole or part from Licensor's contributory negligence or joint fault.

10.4 Notwithstanding Section 10.1 or any other provision herein, Licensee assumes all responsibility for, and agrees to defend, indemnify and hold Licensor harmless from (a) all claims, costs and expenses, including reasonable attorneys' fees, as a consequence of any sudden or nonsudden pollution of air, water, land and/or ground water on or off the Crossing area, arising from or in connection with the use of this Crossing or resulting from leaking, bursting, spilling, or any escape of the material transmitted in or through said Pipeline, and (b) any claim or liability arising under federal or state law dealing with either such sudden or nonsudden pollution of air, water, land and/or ground water arising therefrom or the remedy thereof.

10.5 All obligations of Licensee hereunder to release, indemnify and hold Licensor harmless shall also extend to officers, agents and employees of Licensor, and to companies and other legal entities that control or are controlled by or subsidiaries of or are affiliated with Licensor, and their respective officers, agents and employees.

11. INSURANCE:

11.1 Prior to commencement of surveys, installation or occupation of Premises pursuant to this Agreement, Licensee shall procure and shall maintain during the continuance of this Agreement, at its sole cost and expense, a policy of Public Liability Insurance or Commercial Liability Insurance, naming Licensee as insured and covering liability assumed by Licensee under this Agreement. A coverage limit of not less than THREE MILLION DOLLARS (\$3,000,000) Combined Single Limit per occurrence for bodily injury liability and property damage liability is recommended as a prudent limit to protect Licensee's assumed obligations. If said policy does not automatically cover Licensee's contractual liability during periods of survey, installation, maintenance and continued occupation, a specific endorsement adding such coverage shall be purchased by Licensee.

11.2 If said policy is written on a "claims made" basis instead of an "occurrence" basis, Licensee shall arrange for adequate time for reporting losses. Failure to do so shall be at Licensee's sole risk.

11.3 Licensor may at any time request evidence of insurance purchased by Licensee to comply with this requirement, and may demand that Licensee purchase insurance deemed adequate by Licensor. Failure of Licensee to comply with Licensor's demand shall be considered a default, subject to Article 19.

11.4 Securing by Licensee of insurance hereunder shall not limit Licensee's liability under this Agreement, but shall be additional security therefor.

12. GRADE CROSSINGS:

12.1 Nothing herein contained shall be construed to permit Licensee or Licensee's contractor to move any vehicles or equipment over track(s) of Licensor, except at public road crossing(s), without separate prior written approval of Licensor.

13. FLAGGING:

13.1 If Licensor deems it advisable, during the progress of any construction, maintenance, repair, renewal, alteration, change or removal of said Pipeline, to place watchmen, flagmen, inspectors or supervisors for protection of operations of Licensor or others on Licensor's property at the Crossing, Licensor shall have the right to do so at the expense of Licensee, but Licensor shall not be liable for failure to do so.

13.2 Subject to Licensor's consent and to Licensor's railroad operating rules and labor agreements, Licensee may provide flagmen, watchmen, inspectors or supervisors, during all times of construction, in place of Licensor provision, at Licensee's sole risk; and in such event, Licensor shall not be liable for the failure or neglect of such watchmen, flagmen, inspectors or supervisors.

14. LICENSOR'S COSTS:

14.1 Licensor's expense for wages and materials for any work performed at the expense of Licensee pursuant hereto shall be paid by Licensee within thirty (30) days after receipt of Licensor's bill therefor.

14.2 Such expense shall include, but not be limited to, cost of supervision, traveling expenses, Federal Railroad Retirement and Unemployment Taxes, insurance and vacation allowances for Licensor's employees, and insurance and freight and handling charges on all material used. Any equipment rentals shall be payable by Licensee in accordance with Licensor's fixed applicable rate.

14.3 All bills not paid within said thirty (30) days shall thereafter accrue interest at twelve percent (12%) per annum, or at the highest rate permissible by local law.

15. TERMINATION, REMOVAL:

15.1 Upon termination or cancellation, for any reason, or within thirty (30) days of cancellation or revocation, Licensee, at its sole risk and expense, shall remove Pipeline from the property of Licensor, unless the parties hereto agree otherwise, and shall restore property of Licensor in a manner satisfactory to Licensor, and reimburse Licensor all loss, cost or expense Licensor may suffer resulting from such removal.

15.2 All rights which Licensee may have hereunder shall cease and end upon the date of expiration of term or revocation; provided, however, that termination or revocation of this Agreement shall not affect any claims and liabilities which may have arisen or accrued hereunder, and which at the time of termination or revocation have not been satisfied.

16. NOTICE:

16.1 Licensee shall give Licensor's Division Manager (733 West 136th Street, Riverdale, Illinois 60627) at least five (5) days' written notice before doing any work of any character hereunder on Licensor's property, except that in cases of emergency shorter notice may be given.

16.2 All other notices and communications concerning this Agreement shall be addressed to Licensee at the address above and to Licensor at the address above, c/o CSXT Contract Administration J180; or at such other address as either party may designate in writing to the other.

16.3 Unless otherwise expressly stated herein, all such notices shall be in writing and sent via Certified or Registered Mail, Return Receipt Requested, and shall be effective upon actual receipt or upon date of refusal of delivery.

17. ASSIGNMENT:

17.1 Licensee shall obtain Licensor's written consent to any assignment of Licensee's interest herein and shall reimburse Licensor for any loss, cost or expense Licensor may incur as a result of Licensee's failure to obtain said written consent.

17.2 Subject to Section 17.1, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors or assigns.

17.3 In the event of any unauthorized sale, transfer, assignment, sublease or encumbrance of this Agreement, or any of the rights and privileges hereunder, Licensor, at its option, may terminate this Agreement at any time within six (6) months after such sale, transfer, etc., by giving Licensee or any such assignee written notice of such termination, and Licensor may thereupon enter and retake possession of the premises. Consent of Licensor shall be presumed to such assignment, etc., if no such termination notice is given.

18. TITLE:

18.1 Licensee shall not at any time own or claim any right, title or interest in or to Licensor's property occupied by Licensee's Pipeline, nor shall the exercise of this Agreement for any length of time give rise to any right, title or interest in Licensee to said property other than the license herein created.

19. DEFAULT BY LICENSEE:

19.1 The proper and complete performance of each and every of the covenants of this license shall be deemed of the essence of this Agreement, and in the event Licensee shall fail or refuse to fully and completely perform any or all of said covenants or remedy any breach within thirty (30) days after receiving a written notice from Licensor to do so, Licensor shall have the option of terminating this Agreement, regardless of license fee(s) having been paid in advance for any annual or other period, and revoking the privileges and powers hereby conferred upon Licensee.

20. BREACH, WAIVER:

20.1 Any waiver by either party at any time of its rights as to any covenant or condition herein contained shall not be construed as a permanent waiver of such covenant or condition, or any subsequent breach thereof, unless such covenant or breach is permanently waived in writing by said party.

21. LICENSOR APPROVAL, LIMITS:

21.1 Neither the failure of Licensor to object to any work done, material used, or method of construction or maintenance of said Crossing, nor any approval given or supervision exercised by Licensor, shall be construed as an admission of liability or responsibility by Licensor, or as a waiver by Licensor of any of the obligations, liability and/or responsibility of Licensee under this Agreement.

22. ENTIRETY, EXCLUSIVITY:

22.1 This Agreement contains the entire understanding between the parties hereto.

22.2 Neither this Agreement, any provision hereof, nor any agreement or provision included herein by reference, shall operate or be construed as being for the benefit of any third person.

23. FORM, LAW, FORUM:

23.1 The form or any language of this Agreement shall not be interpreted or construed in favor of or against either party hereto as the drafter thereof.

23.2 It is understood and agreed that this Agreement is executed by all parties under current interpretation of any and all applicable federal, state, county, municipal or other local statute, ordinance or law. Further, it is understood and agreed that each and every separate division (paragraph, clause, item, term, condition, covenant or agreement) herein contained shall have independent and severable status from each other, separate division, or combination thereof, for the determination of legality, so that if any separate division herein is determined to be unconstitutional, illegal, violative of trade or commerce in contravention of public reason, that separate division shall be treated as a nullity, but such holding or determination shall have no effect upon the validity or enforceability of each and every other separate division, herein contained, or any other combination thereof.

23.3 This Agreement shall be construed and governed by the laws of the state in which the Pipeline is located.

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

Witness(es) for Licensor:

Leon Alexander
Bill W.

CSX TRANSPORTATION, INC.

By D. J. Pugh
Title: DIRECTOR CONTRACT
ADMINISTRATION
CSX Rail Transport

Witness(es) for Licensee:

Jane Berrong
Amy B. Johnson

LICENSEE: KENTUCKY PIPELINE AND
STORAGE COMPANY, INC.

By Paul C. Coker
Title: VICE-PRESIDENT

APPLICATION FOR PIPELINE CROSSING UNDER/OVER PROPERTIES AND TRACK

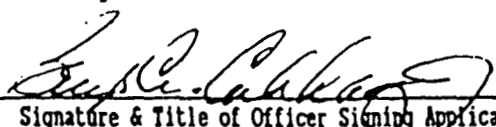
Plans for proposed installation shall be submitted to and meet the approval of the Railroad Company before construction is begun. Material and installation are to be in strict accordance with specifications of the American Railway Engineering Association and requirements of CSX Transportation, Inc. Original and four (4) copies of this form shall be submitted, accompanied by five (5) letter size prints of a drawing showing plan, elevation section of crossing from field survey, location in respect to milepost, width of Railroad's right-of-way and location of adjacent structures affecting crossing, and all information required in Figures 1 and 2 of AREA Specifications, Part 5 - Pipelines. If open cutting or tunneling is necessary, details of sheeting and method of supporting tracks or driving tunnel shall be shown.

1. Complete legal name of applicant: Kentucky Pipeline and Storage Company, Inc.
Telephone: (502) 826-3222
2. Address: 600 Barret Blvd. City: Henderson State: KY Zip 42420
3. If incorporated, name of state in which incorporated Delaware Municipality _____
4. Location 869.3 feet North (direction) from nearest Railroad Milepost 271
V.S. _____
5. Nearest Station: Atkinson County: Hopkins State: Kentucky
Division Chicago Subdivision HD Val. Sec. (Map) _____
6. Within limits of public highway? Yes _____ No x. If "yes", show the road right-of-way on print. DOT/AAR Crossing No. _____
7. Temporary track support or riprapping required? Yes _____ No x - Describe _____
8. Wires, poles, obstructions to be relocated? Yes _____ No x - Describe _____
9. Product to be conveyed Natural gas Flammable? Yes x No _____ Temperature 60° F
10. Max. Working Pressure 1200 PSI. Field Test Pressure 1500# PSI. Type Test Hydrostatic.
11. Location of shut-off valves Each End - See Drawing
12. **PIPE SPECIFICATIONS:**

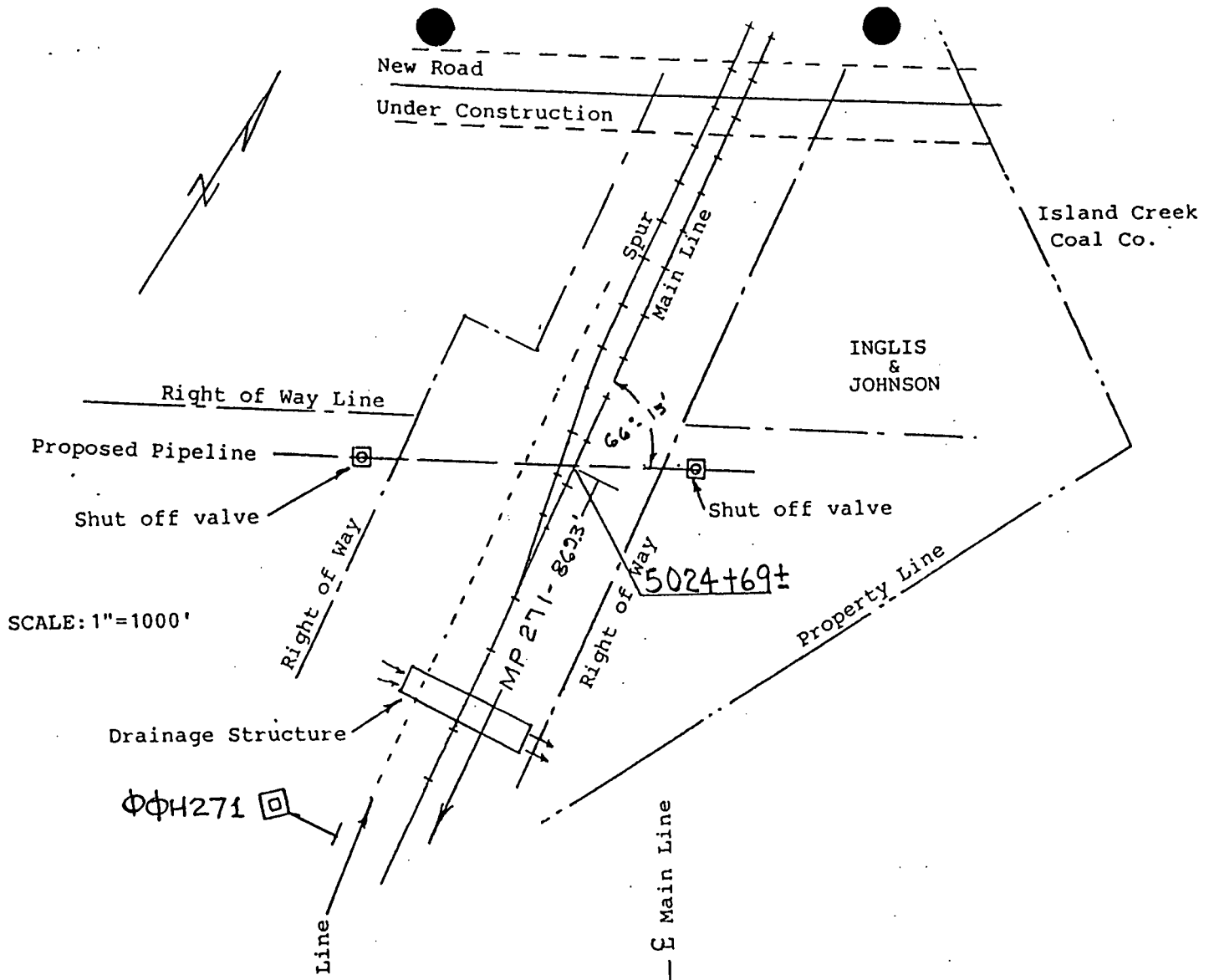
	<u>CARRIER PIPE</u>	<u>CASING PIPE:</u>
Material	<u>Steel</u>	<u>Steel</u>
Material Specifications & Grade	<u>API 5LX42</u>	<u>A 139 Grade "B"</u>
Min. Yield Strength of Material PSI	<u>42,000#</u>	<u>36,000#</u>
Mill Test Pressure PSI	<u>1,600#</u>	<u>N/A</u>
Inside Diameter	<u>8.9 "</u>	<u>12"</u>
Wall Thickness	<u>.219</u>	<u>1/4"</u>
Outside Diameter	<u>8.625</u>	<u>12.75</u>
Type of Seam	<u>ERW</u>	<u>ERW</u>
Laying Lengths	<u>DR 42.5'</u>	<u>SR 20'</u>
Kind of Joints	<u>Welded</u>	<u>Welded</u>
Total Length Within Railroad Right-of-Way	<u>167'</u>	<u>84'</u>
Vents: Number <u>2</u> Size <u>2"</u> Height above ground _____		<u>48"</u>
Seals: Both ends <u>Yes</u> One end _____		
Bury: Base of rail to top of casing <u>5</u> feet _____		<u>6</u> inches
Bury: (Not beneath tracks) _____ feet _____		inches
Bury: (Roadway ditches) _____ feet _____		inches
CATHODIC PROTECTION: Yes <u>x</u> No _____		
PROTECTIVE COATING: Yes <u>x</u> No _____ Kind <u>Coated and wrapped - TGF3</u>		
Type, size and spacing of insulators or supports <u>N/A</u>		
13. Method of installation Bored

If application is approved applicant agrees to reimburse CSXT for any cost incurred by the Railroad incident to installation, maintenance, and/or supervision necessitated by this pipeline installation and further agrees to assume all liability for accidents or injuries which arise as a result of this installation. Should open cut installation be required, a non-refundable charge of \$ _____ will be required to resurface tracks. Contract preparation fee in the amount of \$150.00 is attached.

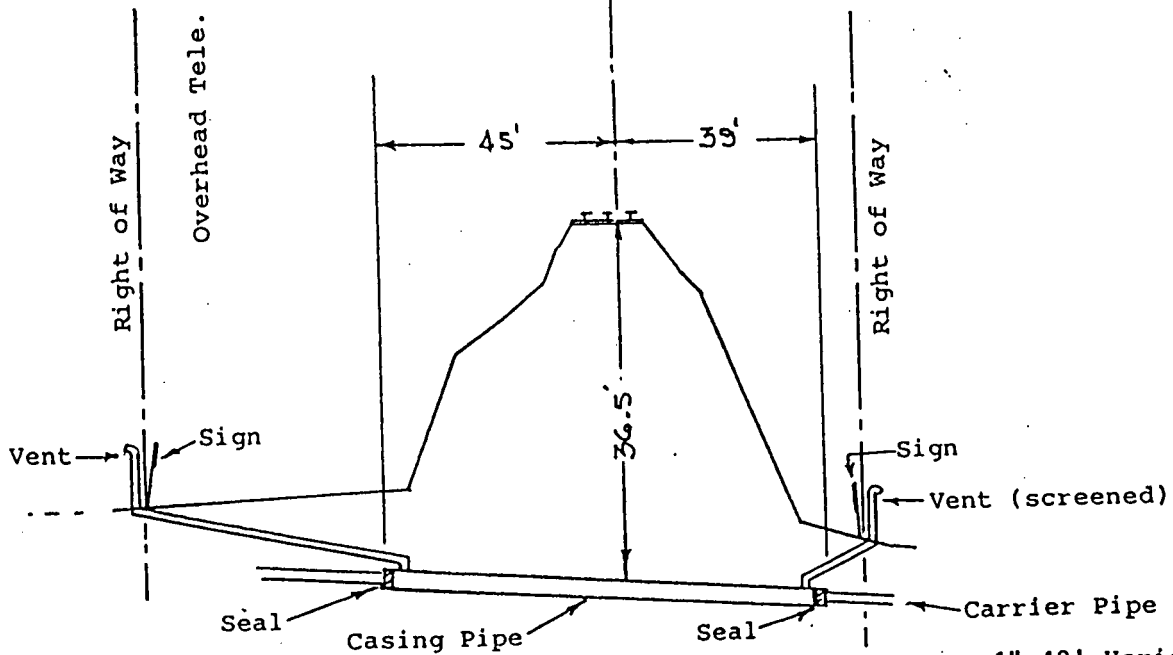
May 20, 1991
Date


Signature & Title of Officer Signing Application

Benjamin C. Cabbage, Jr. (502) 826-3222
Telephone Number



SCALE: 1"=1000'



SCALE: 1"=40' Horiz.
1"=20' Vert.

KENTUCKY PIPELINE AND STORAGE COMPANY, INC.
HENDERSON, KENTUCKY 42420-1172

Proposed Pipeline Crossing (Madisonville Area)
Hopkins County, Kentucky

Scale: As shown DATE: 21 March 1991

Existing Well Transferred to Kypesco's Bond

<u>Well #</u>	<u>Name</u>	<u>Permit No.</u>	<u>Location</u>	<u>Status</u>
16716	Cimerron Coal Co. #1	24974	12-J-25 1450 FNL x 2000 FEL	Injection/Withdrawal
16723	Dozier Hickman #1	25095	12-J-25 2265 FNL x 1300 FEL	Injection/Withdrawal
16743	Dozier Hickman #3 (Dozier #2)	25401	12-J-25 2810 FSL x 1655 FEL	Injection/Withdrawal
16746	Dozier Hickman #4	25462	12-J-25 2855 FSL x 1610 FEL	Monitor
16691	Fletcher Slaton #1	24526	11-J-25 1600 FNL x 250 FWL	Monitor
16739	Fletcher Slaton #2	25335	12-J-25 2400 FNL x 200 FEL	Injection/Withdrawal
16784	Fletcher Slaton #3		12-J-25 2485 FSL x 740 FEL	Monitor
16718	Island Creek Coal #1	25066	9-J-25 75 FSL x 2160 FWL	Injection/Withdrawal
16725	Island Creek Coal #2	25212	9-J-25 1300 FSL x 2400 FWL	Injection/Withdrawal
16719	Wilson #1 (Claude Dixon 16719)	83036	9-J-25 5525 FNL x 1375 FEL	Injection/Withdrawal
16737	Wilson #2 (Claude Dixon 16737)	83038	9-J-25 1700 FSL x 700 FEL	Monitor
16742	Wilson #3 (Claude Dixon 16742)	83037	12-J-25 75 FNL x 400 FEL	Injection/Withdrawal
16695	Wilson-Slaton #1 (C. Dixon 16695)	83039	11-J-25 600 FNL x 500 FWL	Monitor
16676	Wilson-Parrish Unit #1	24176	10-J-25 900 FSL x 1175 FWL	Plugged

Wells Drilled by Kypesco

<u>Well #</u>	<u>Name</u>	<u>Permit No.</u>	<u>Location</u>	<u>Status</u>
83071	Dozier #3	83071	12-J-25 2325 FNL x 1965 FEL	Injection/Withdrawal
83070	Kypesco #1	83070	12-J-25 465 FNL x 2055 FEL	Injection/Withdrawal
83210	Kypesco #2	83210	12-J-25 1391 FNL x 1755 FEL	Injection/Withdrawal
83209	Kypesco #3	83209	12-J-25 1283 FNL x 2537 FEL	Injection/Withdrawal
84965	Kypesco #4	84965	12-J-25 1622 FNL x 0711 FEL	Injection/Withdrawal
84966	Kypesco #5	84961	12-J-25 0741 FNL x 1093 FEL	Injection/Withdrawal
85119	Kypesco #6	85119	9-J-25 0808 FSL x 0553 FEL	Injection/Withdrawal
85965	Kypesco #7	85965	10-J-25 0706 FSL x 0444 FWL	Injection/Withdrawal
HD-1	Kypesco #8	87222	12-J-25 0968 FNL x 2125 FEL	Injection/Withdrawal

Schedule 3.25

Material Contracts

- a) None
- b) None
- c) None (\$15,000 or more)
- d) None
- e) None
- f) None
- g) None
- h) None
- i) Field Operations - Orbit Gas Company
Mechanical Equipment Operations & Maintenance (Compressors and Dehydration) -
Orbit Gas Company
- j) None
- k) None
- l) Orbit Gas Company - Gas Storage Arrangement

Compressor Maintenance Agreement

This Agreement made and entered into on JANUARY 1, 1997, by and between Orbit Gas Company (hereinafter called "Orbit"), and Kentucky Pipeline and Storage Company, Inc. (hereinafter called "Kypsco"), for Preventative Maintenance Service as follows:

Section 1. Scope of Agreement. This Agreement involves the maintenance of four (4) Ajax DPC 360 natural gas compressors owned by Kypsco and located in East Diamond Storage Field in Hopkins County, Kentucky.

Orbit agrees to provide qualified personnel with tools and transportation to perform preventative maintenance service, make necessary adjustments, and repair or replace unserviceable parts. (Parts costs are not included.) Preventative maintenance inspections will be performed on a regular schedule and any service or repair will be based on the specific needs of the compressor determined by Orbit and Kypsco.

Section 2. Exclusions. Orbit will allot eight (8) hours per unit per month to maintain under normal circumstances a good quality preventative maintenance program. A monthly fee of \$440.00 per unit is based upon eight (8) man hours of on-site work per unit.

The eight hour per unit allotment can be partially utilized for conditions listed below. However, if a proper preventative maintenance program is to exist Kypsco should hire Orbit above and beyond the allocated monthly fee to rectify any of the below stated conditions thus ensuring proper and sufficient on-site maintenance for mutually desired results:

- a) abnormal conditions or circumstances occurring as a wreck of the unit
- b) necessary repair of damage resulting from accident, theft, vandalism, neglect, or misuse
- c) operation of the compressor outside the manufacturer's specifications
- d) compression of wet or dirty gas
- e) weather conditions or causes other than ordinary use
- f) making equipment specification changes
- g) adding or removing accessories or attachments
- h) painting or refinishing

Section 3. Other Services. At the request of KypSCO, service outside the scope of the Agreement will be furnished at a rate as follows:

Serviceman:

Monday through Friday (8 a.m. - 5 p.m.)	\$ 55.00/hour
In excess of 8 hours/day and Saturdays	\$ 82.50/hour
Sundays and Holidays	\$110.00/hour
Travel Time	Applicable Rate
Service Truck Mileage	\$0.60/mile
Travel & Living Expenses (where applicable)	Actual Cost
Parts and Material from Ajax	List Price
Parts, Material & Services Outsourced	Cost Plus 35%

Section 4. Price and Payment. KypSCO shall pay Orbit a monthly charge of \$440.00 per unit exclusive of any taxes. Services are invoiced in advance and are due upon receipt. Interest of one (1) percent per month will be added to amount not paid within thirty (30) days of the date of invoice. Any and all taxes, including, but not limited to ad valorem, property, sales and use taxes, excluding income taxes of Orbit, assessed as a result of the Agreement or assessed against the compressor shall be borne solely by KypSCO.

Section 5. KypSCO's Responsibility.

- a) All parts costs associated with units.
- b) Operate equipment in a careful, proper and prudent manner.
- c) Provide fuel, starting air or gas, oil coolant. Fuel gas to be sweet and clean dry natural gas.
- d) Maintenance and repair of foundation, site clean up, unit clean up, and reclamation.

Section 6. Disclaimer. Notwithstanding anything in this Agreement expressed or implied to the contrary, it is specifically agreed and understood that Orbit makes no guarantee or warranty whatsoever except those which are expressly stated in this Agreement and Orbit's liability is expressly limited as stated in this Agreement. Orbit shall not be liable for any incidental, special or consequential damages specifically including but not limited to well damage, loss of use of facilities, loss of production, loss of operating supplies, or loss of revenues, profits or income hereunder.

Section 7. Indemnity. KypSCO shall protect, indemnify and hold Orbit harmless from and against any loss, damage, liability, suit, expense, cost or claim that arises as a result of loss or damage to property (including the equipment) whether owned by KypSCO, Orbit, or their employees or third parties, to the extent that such loss or damage, injury or death arises as a result of the negligence of KypSCO or its employees, contractors or subcontractors.

Orbit shall protect, indemnify and hold KypSCO harmless from and against any loss, damage, liability, suit, expense, cost or claim that arises as the result of loss or damage to property (including the equipment) whether owned by Orbit, KypSCO or their employees or third parties, to the extent that such loss or damage, injury or death arises as a result of the negligence of Orbit or its employees.

Notwithstanding anything else to the contrary, the parties herein agree that neither party shall be liable to the other for any incidental, special or consequential damages, specifically including but not limited to well damage, loss of use of facilities, loss of production, loss of operating supplies or loss of revenues, profits or income.

Section 8. Insurance. Notwithstanding anything else to the contrary, the parties herein agree that the insurance provided herein by Orbit shall only cover those risks contractually undertaken by Orbit in this Maintenance Agreement.

Section 9. Adjustment of Charges. Orbit reserves the right to adjust the maintenance charge provided by Section 4 hereof, if the location of the compressor or the specifications, attachments, or features of the compressor are changed after the date hereof.

Section 10. Entire Agreement. This Agreement constitutes the entire Agreement between the parties and supersedes all prior agreements and undertakings with respect to the matters contained in it herein.

Section 11. Assignment. Subject to obtaining prior written approval of the other party, either party may assign this Agreement.

Section 12. Governing Law. This Agreement shall be construed in accordance with the Laws of the Commonwealth of Kentucky.

Section 13. Term. The terms of this Agreement shall be for a term of 12 months beginning on the 1st day of JANUARY, 1997 and shall continue after that on a month-to-month basis provided that either party may terminate this Agreement at any time for failure of the other to comply with any of the terms and conditions hereof.

The attached Exhibits A & B are made a part of this contract dated JANUARY 1, 1997.

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

Kentucky Pipeline and Storage
Company, Inc.

By David B. Howard
PRESIDENT

Orbit Gas Company

By Benjamin C. Cabbage, Jr.
President

JANUARY 1, 1997

EXHIBIT A

The following defines the duties performed daily by Orbit Gas Company:

1. Start - stop, regulate load and speed on engine.
2. Check force feed lubricator pumps and oil level in lubricator. Drain water off once a week if necessary.
3. Check coolant, crankcase oil level, and oil level in reserve tank.
4. Check drive belts, fan, and water pump.
5. Read and record all pressures and temperatures in log book.
6. Check hydraulic fluid level, be careful not to overfill volume tank.
7. Check oil level in Woodward governor. It should be visible to level indicted in sight glass without being above that level. Extra care should be taken to keep dirt out while filling.
8. Check oil level in starter lubricator (fill with Marvel Mystery Oil, automatic transmission fluid, or 10 W oil).
9. Drain any liquid from fuel gas volume tank.
10. Check for leaks; gas, oil or water.

The following defines a maintenance contract activity performed by Orbit. In addition to maintaining contact with plant operating people on a daily or on an as-needed basis, the following duties are done at least monthly.

1. Grease and check all bearings and gas injection valve.
2. Change oil in air cleaner or clean dry type air cleaner.
3. Inspect belts.
4. Check lubricator pumps and hydraulic fluid level.
5. Check all oil and coolant levels:
 - a) lubricator
 - b) crankcase
 - c) governor
 - d) reservoir
 - e) cooler
 - f) radiator
6. Check spark plugs and ignition wiring.
7. Check fuel pressure, throttle valve, and linkage.
8. Drain fuel volume tank, scavenging chamber and distance piece.
9. Check all safety shutdowns.
10. Tighten cover plates.
11. Check and tighten anchor bolting.
12. Take compressor readings and record.
13. Inspect water pump.
14. Check and fill starter lubricator if applicable.
15. Inspect compressor valves as needed.

JANUARY 1, 1997

EXHIBIT B

The following items are to be performed not less than annually at Kypesco's expense: (Orbit will cause these items to be performed as directed by Kypesco.)

1. Calibrate gauges.
2. Check power end piston rings and clean exhaust ports as required.
3. Check reed valves and replace as required.
4. Rebuild gas injection valves and check o-rings in barrel and plunger assembly on layshaft.
5. Check power end packings.
6. Check crosshead pins and bushings, main bearings and rod bearings.
7. Clean and repair compressor valves, check compressor piston, cylinder and rings.
8. Visually check compressor rod packing.
9. Clean and check liquid level dumps.
10. Inspect outside of cooler, radiator and breather caps on crankcase.
11. Clean and flush crankcase, change oil.
12. Check and torque all foundation bolts.
13. Repair and replace unserviceable parts discovered in the above twelve (12) items checklist as determined by Orbit and the customer.



ORBIT GAS COMPANY

600 BARRETT BLVD.
P. O. BOX 2100
HENDERSON, KY 42420
TEL. (502) 827-2093
FAX (502) 826-3763

October 15, 1998

Mr. David B. Howard
Howard Energy Co., Inc.
13561 West Bay Shore, Suite 3000
Traverse City, Michigan 49684

Re: Kypsco Operating Agreement

Dear David:


Energy Supply Consultants, Inc. is a small company owned by Bill Haskins and me and was used in the development and subsequent operation of East Diamond Gas Storage Field. The initial operating agreement between Kypsco and Ensco was dated February 8, 1993 and has remained in effect since its inception even though Orbit Gas Company has conducted the physical operations on East Diamond.

Bill and I have decided to liquidate Ensco, and the principal asset remaining in the company is the above mentioned operating agreement. Because Orbit Gas Company has been the actual operator of the East Diamond Gas Storage Field since its' inception, we felt it would be proper that this operating agreement be assigned to Orbit. We trust that you will have no objection to this assignment as, practically, it will have no effect whatsoever upon the actual and continued operation of the field.

However, Section 11 of the original operating agreement requires that the non-assigning party consent to any assignment of the operating agreement. Therefore, the purpose of this letter is to advise you that such an assignment has been made anticipating that you would have no objection under the circumstances described above. If we are correct in our assumption in this regard, you may consider this letter merely as notice of our actions described above. If, on the other hand, you have any problem with this assignment to Orbit Gas Company, please let us know as we will certainly try to accommodate you and Howard Energy Co. in any way possible. Thanking you, I remain,

Very truly yours,

ORBIT GAS COMPANY

By 
Benjamin C. Cabbage, Jr.
President

BCC/jh

ASSIGNMENT OF CONTRACT

This Assignment made and entered into this 15th day of October, 1998, by and between ENERGY SUPPLY CONSULTANTS, INC., an Indiana corporation, qualified to conduct business in the Commonwealth of Kentucky, with offices at 600 Barrett Boulevard, Henderson, Kentucky 42420, hereinafter referred to as "ENSCO", and ORBIT GAS COMPANY, a Kentucky corporation, with offices at 600 Barrett Boulevard, Henderson, Kentucky, hereinafter referred to as "ORBIT".

W I T N E S S E T H:

That for and in consideration of Ten Dollars (\$10.00), cash in hand paid and of good and valuable consideration not herein mentioned but the receipt of all of which being hereby acknowledged, the undersigned ENSCO does by these presents transfer, assign, set over and convey unto ORBIT, all of its' right, title and interest in and to that certain contract entitled "Natural Gas Storage Field Operating Agreement" dated February 8, 1993, by and between Kentucky Pipeline & Storage Company, Inc. (KYPSCO) and ENSCO, said contract setting forth the terms and conditions of operations and describing all of the duties and responsibilities necessary and incident to the operation of a natural gas storage field identified therein as the East Diamond Gas Storage Field in Hopkins County, Kentucky. A copy of said contract assigned hereby is appended hereto and made a part of this assignment for all purposes.

ORBIT joins in the execution of this assignment for the purpose of consenting to the assumption of all duties and

responsibilities imposed under the terms of said "Natural Gas Storage Field Operating Agreement" and agrees that said agreement shall be faithfully kept and performed from and after the effective date hereof.

This assignment shall be effective as of 7:00 a.m. on October 31, 1998.

IN TESTIMONY WHEREOF, the parties hereto have executed this assignment the day and year first written above.

ENERGY SUPPLY CONSULTANTS, INC.

By William L. Haskins
William L. Haskins, President

ORBIT GAS COMPANY

By Benjamin C. Cabbage, Jr.
Benjamin C. Cabbage, Jr., President

STATE OF KENTUCKY)
)
COUNTY OF HENDERSON)

The foregoing instrument was acknowledged before me by William L. Haskins as President of Energy Supply Consultants, Inc., this 15th day of October, 1998.

My commission expires: 3-22-2002

Joanne M. Henderson
Notary Public

STATE OF KENTUCKY)
)
COUNTY OF HENDERSON)

The foregoing instrument was acknowledged before me by Benjamin C. Cabbage, Jr. as President of Orbit Gas Company, this 15th day of October, 1998.

My commission expires: 3-22-2002

Joanne M. Henderson
Notary Public

NATURAL GAS STORAGE FIELD
OPERATING AGREEMENT

THIS OPERATING AGREEMENT made and entered into this 8th day of February, 1993, by and between Kentucky Pipeline & Storage Co., Inc., having its principal office at 600 Barrett Boulevard, Henderson, Kentucky 42420 (hereinafter referred to as "Kypsco"), and Energy Supply Consultants, Inc., of the same address (hereinafter referred to as "Ensco").

W I T N E S S E T H:

WHEREAS, KYPSCO is the owner of that certain underground gas storage facility located in Hopkins County, Kentucky, and known as East Diamond Gas Storage Field set forth and generally described on the plat attached hereto and made a part hereof marked Exhibit "A", together with an 8" natural gas pipeline extending from East Diamond Gas Storage Field generally westward approximately 17 miles across Hopkins County and terminating one mile south of Rabbit Ridge, Kentucky at its interconnection with the ANR Pipeline Company natural gas transmission line, and

WHEREAS, KYPSCO will hereafter require that the operation of the East Diamond Gas Storage facility and related pipeline be conducted by a responsible third party and desires to contract with ENSCO to provide all necessary services to operate the underground gas storage facility and pipeline in accordance with the known objectives of KYPSCO and with the terms and conditions of this agreement.

NOW THEREFORE, in consideration of the mutual covenants and conditions hereinafter contained and expressed the parties hereto

do mutually covenant and agree to and with each other as follows:

1) **PREMISES:**

On October 22, 1991, KYPSCO entered into a gas storage agreement with Columbia Gas Company of Ohio (COH), hereafter referred to as the KYPSCO/COH Agreement. By the terms of KYPSCO/COH Agreement, KYPSCO leased all of the storage space available in the East Diamond Gas Storage facility for a term of 10 years to COH, commencing on the effective date of said agreement. Reference is herein made to said KYPSCO/COH Agreement for the terms as are contained therein relative to the injection and withdrawal cycles and the operation and maintenance as are specifically described in Articles II, IV, VI and VIII of said KYPSCO/COH Agreement. It is to be specifically understood and agreed that this operating agreement is subject to the terms and conditions contained in the KYPSCO/COH Agreement and the same are, by reference incorporated herein fully, as if set forth verbatim below.

It is recognized by both parties that the KYPSCO/COH Agreement contains a confidentiality provision (Article XV) which requires written consent to disclose the contents thereof. Because the principals (and only) officers of ENSCO negotiated the KYPSCO/COH Agreement on behalf of KYPSCO, the content of said KYPSCO/COH Agreement is well known to both parties to this operating agreement. Thus, no breach of Article XV of the KYPSCO/COH Agreement is contemplated or committed by reference to or inclusion of any of the terms of the KYPSCO/COH Agreement herein. It is recognized, however, that this relationship does not extend to third parties not otherwise exempted by the terms of said Article

XV, and, therefore, the parties hereto reaffirm the caveats and conditions of said Article XV as to all non exempt third parties.

2. TERM:

The term of this Operating Agreement shall be coextensive with the KYPSCO/COH Agreement; that is to say, the same shall run for a term of ten years from the effective date, subject however to the provision of Article 6.4 of the KYPSCO/COH Agreement, and for such additional five year extension as may be opted by COH in accordance with the provisions of Article VI of the KYPSCO/COH Agreement.

In the event KYPSCO, in its sole opinion, determines ENSCO has not performed its services in a good and workmanlike manner, or in the sole opinion of KYPSCO, KYPSCO determines that the gas storage operation does not meet its marginal discounted cash flow rate of return on its original investment plus operational costs, KYPSCO shall have the right to terminate this Agreement by giving ENSCO thirty (30) days written notice of its intent to do so. However, KYPSCO agrees that it will use reasonable efforts to negotiate with ENSCO for reduction in the compensation described in Paragraph 4 in this Agreement in order to meet its marginal discounted cash flow rate of return.

3. TERMS OF OPERATION:

a) ENSCO shall be available to maintain 24 hours per day, 7 days per week surveillance and shall furnish all required manpower, tools, equipment, vehicles and communication facilities as required for proper operation. In addition, ENSCO will maintain and operate all gas storage wells now existing and those now contemplated to be drilled by KYPSCO in the East Diamond Gas

Storage Field (see Section 12 hereinbelow). ENSCO's duties shall include (without limitation) daily monitoring and maintenance of the wells and wellheads and related equipment; maintenance and operation of drip tanks, methanol injectors and siphon lines as required; changing and integration of charts maintained for individual wells; proration of deliveries from each well to maintain efficient injection and withdrawal; and generally to perform all such duties as are considered normal, customary and prudent, so as to provide maintenance and operation of all wells for the storage and redelivery of natural gas. ENSCO will operate and maintain the field compressor or compressors and all of KYPSCO's infield gathering system, whether now or hereafter constructed, and which are located on the field side of said compressor or compressors within the recognized boundary of the East Diamond Gas Storage Field, and receive and transport gas to and from the aforesaid wells. These duties shall include (without limitation) changing and integration of all check meter charts; installation and calibration of meters; periodic inspection of pipeline for leaks; cathodic protection surveys; collection of gas samples as required for Btu adjustment; monitoring pipeline pressure; operating drip tanks; supervising maintenance of rights-of-way; supervision of new pipeline construction; ENSCO shall provide to KYPSCO all in house reports, on a daily, weekly and/or monthly basis as shall hereafter be determined as needed and shall maintain these records during the term of this agreement; and generally to perform all such duties as are considered to be customary and prudent in the maintenance and operation of gas gathering lines, natural gas storage wells and related machinery

and equipment used in connection therewith.

b) ENSCO shall also operate and maintain the 8" natural gas pipeline connector extending between East Diamond Gas Storage Field generally westward through Hopkins County, a distance of approximately 17 miles to the Rabbit Ridge interconnect with the ANR Pipeline. These duties shall include (without limitation) cathodic protection surveys; periodic on site inspection and walkovers as required; purging the lines as and when required; and generally to perform all such duties as are considered to be customary and prudent in the maintenance and operation of natural gas pipelines.

c) In addition to the normal and customary operation and maintenance of the wells, infield gathering system and pipeline connector as described above, ENSCO shall also perform or cause to be performed such other extraordinary services in connection with the operation of the East Diamond Gas Storage Field as may be authorized by KYPSCO. For these extraordinary services, ENSCO's compensation will be determined in accordance with the provisions of Paragraph 4c herein below.

4. COMPENSATION:

a) Subject to the provisions of subparagraph (b) below, KYPSCO agrees to pay to ENSCO the sum of Fifteen Thousand Dollars (\$15,000.00) per month for all services herein described for the maintenance and operation of its natural gas storage field and connector pipeline.

b) The monthly operating charges payable by KYPSCO to ENSCO will not be increased for a period of four years following the effective date. At the end of the fourth year of this

agreement, however, the monthly operating charge payable by KYPSCO to ENSCO shall increase to Seventeen Thousand Five Hundred Dollars (\$17,500.00) per month, and said amount shall thereafter be paid for the ensuing three years. At the end of the seventh full year of the term of this agreement, KYPSCO shall pay as an operating charge to ENSCO the sum of Twenty Thousand Dollars (\$20,000.00) per month for the remaining three years of this operating agreement.

c) In addition to the monthly operating charge specified in subparagraphs (a) and (b) above, KYPSCO shall pay ENSCO for all services of an extraordinary nature performed at the request of KYPSCO on a negotiated per job basis as and if required.

d) In the event COH elects to extend its storage agreement under the provisions of Article VI of said agreement which grants to COH the right to extend the same for two additional five year periods, then and in such event, this operating agreement shall continue in full force and effect during the term of such extension or extensions but the monthly operating charge shall be subject to renegotiation between the parties hereto. All other terms and conditions shall, however, remain unchanged unless the parties hereto agree to amend and/or alter the same.

5. FORCE MAJEURE:

Neither KYPSCO nor ENSCO will be liable for any loss resulting from acts of God, fire, flood, earthquake, accident of the elements, strikes or labor difficulties, sabotage, explosions, breakage or accident to machinery or lines or pipe, line freeze-ups, temporary failure of gas supply, acts or orders of civil and/or military authorities, restrictions or restraints imposed by law or by order of any public authority whether Federal, State or

local, or inability to procure necessary materials in the open market and on usual and lawful terms, or any other cause reasonably beyond the control of KYPSCO or ENSCO. ENSCO shall not be required to continue work on any lease or at any location where disruption or prevention of such work has occurred or is threatened by a landowner or other person asserting authority to do so.

6. PAYMENT:

All payments required hereunder shall be made by KYPSCO to ENSCO on or before 30 days from the date of any invoice forwarded by ENSCO for services, whether for monthly operating charges or for extraordinary services rendered at the request of KYPSCO. In the event any payment required hereunder is more than 30 days in arrears, it is agreed that the same shall bear interest at 1-1/2% per month until paid.

7. INSURANCE:

ENSCO agrees that at all times during the existence of this agreement it shall keep in full force and effect public liability and property damage insurance in an amount not less than \$1,000,000.00 for bodily injury and property damage combined. Evidence of said insurance shall be furnished upon request to KYPSCO.

8. INDEPENDENT CONTRACTOR:

It is understood and agreed between the parties that KYPSCO shall at all times during the term of this agreement be the owner/principal of the premises covered hereby and ENSCO, in turn, shall at all times be an independent contractor in the conduct of all activities contemplated by this agreement. All individuals employed by ENSCO shall be employees of ENSCO alone and ENSCO shall

fix the hours, wages and working conditions and shall be the sole supervisor of such employees. Further, it is understood and agreed that ENSCO shall have the right to subcontract all or any portion of the duties herein imposed by KYPSCO and assumed by ENSCO, provided however, that any such subcontractor shall discharge all such duties so assigned to it in a good and workmanlike manner and in accordance with customary and prudent operating practices in the area and subject to all terms of this operating agreement.

9. FIELD DELIVERABILITY:

ENSCO shall not be liable to KYPSCO for any failure of the East Diamond Gas Storage Field to deliver required volumes of natural gas pursuant to the KYPSCO/COH Agreement at any particular time unless such failure results from the negligent conduct on the part of ENSCO. ENSCO does, however, covenant and agree to and with KYPSCO to make every effort to abide by the terms of the KYPSCO/COH Agreement as the same relates to injection and withdrawal volumes, and further to advise KYPSCO as soon as possible of any anticipated occurrence which might cause a shortfall or other problem in connection with receipt or delivery of natural gas either into or out of storage.

10. GOVERNING LAW:

The terms of this operating agreement shall be construed and interpreted under, and in all respects governed by the laws of the State of Delaware.

11. ASSIGNMENT:

This operating agreement shall be binding upon and shall inure to the benefit of the respective parties hereto, their successors and assigns, providing that this agreement may not be

assigned by either party without the prior and written consent of the other.

12. FUTURE DEVELOPMENT:

It is understood that East Diamond Gas Storage Field will likely be developed in stages. The first stage has (with the exception of compression and dehydration) been completed at this time. The second stage contemplates the addition of four existing wells located in the northeast portion of East Diamond Gas Storage Field and the possible drilling of additional service wells and/or monitor wells. The third stage will likely contemplate the addition of two additional existing wells to the system and the possibility of drilling additional service wells and/or monitor wells. Notwithstanding this future development, the operating agreement entered into this date between the parties shall cover and embrace all such additional wells including the addition to the infield gathering system contemplated at this time. This agreement shall, however, not cover the supervision, labor and costs of such additional staged development, it being understood that same shall be construed as extraordinary expenses as defined in Section 5c and compensated accordingly.

13. EFFECTIVE DATE:

This Agreement shall be effective as of 7:00 a.m. on June 3, 1992, notwithstanding the date of execution hereof. This coincides with the effective date of the KYPSCO/COH Agreement.

14. NOTICES:

All notices required to be given to KYPSCO shall be sent to the following addresses:

Kentucky Pipeline & Storage Co., Inc.
P.O. Box 1172
Henderson, Kentucky 42420

- and -

Kentucky Pipeline & Storage Co., Inc.
David Howard, President
P.O. Box 4550
Traverse City, Michigan 49685-4550

All payments and notices to ENSCO required hereunder shall be sent to:

Energy Supply Consultants, Inc.
P.O. Box 2001
Henderson, Kentucky 42420

15. REPORTS:

ENSCO shall collect and provide all required and necessary information to KYPSCO so that the filing requirements of the Public Service Commission of Kentucky and the Federal Energy Regulatory Commission may be timely satisfied.

16. GEOLOGICAL INFORMATION:

KYPSCO agrees to turn over to ENSCO all existing well files and geological information including logs and core analyses for ENSCO's use. ENSCO, in turn, agrees to preserve and keep all such information in good and usable condition during the term of this operating agreement and to furnish same to KYPSCO at its request.

17. **ENFORCEMENT:**

This agreement constitutes the entire agreement between the parties hereto relating to the operation and maintenance of the East Diamond Gas Storage facility and related pipeline connector. The same shall not be amended except in writing duly executed by both parties hereto.

IN TESTIMONY WHEREOF, witness the execution hereof by KYPSCO and ENSCO in duplicate, this 8th day of February, 1993.

KENTUCKY PIPELINE AND
STORAGE CO., INC.

By: David B. Howard
PRESIDENT

Carol S. [Signature]
Witness

ENERGY SUPPLY CONSULTANTS, INC.

By: [Signature]
VICE-PRESIDENT

Jane Bernora
Witness

GAS STORAGE AGREEMENT

This Agreement, made and entered into as of the 16th day of November, 1990, by and between Kentucky Pipeline and Storage Company, Inc., having its principal office at 600 Barret Blvd., Henderson, Kentucky 42420 (hereinafter referred to as "Kypsco"), and Orbit Gas Company having its principal office at 711 Leitchfield Road, Owensboro, Kentucky 42303 (hereinafter referred to as "Orbit").

W I T N E S S E T H:

WHEREAS, Kypsco owns and operates underground gas storage facilities in Hopkins County, Kentucky; and

WHEREAS, Orbit is in need of gas storage service for certain quantities of gas; and

WHEREAS, Kypsco is willing to render such storage service;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, Kypsco and Orbit agree as follows:

ARTICLE I

DEFINITIONS

1.1 The term "day" shall mean a period of twenty-four (24) consecutive hours commencing at midnight, Central Standard time (C.S.T.) or such other time as may be mutually agreed upon.

1.2 The term "month" shall mean the period beginning at midnight C.S.T. on the first day of a calendar month and ending at

the same hour on the first day of the next succeeding calendar month.

1.3 The term "cubic foot" shall mean the volume of gas which occupies one cubic foot when such gas is at a temperature of 60 degrees Fahrenheit, and at a pressure of 14.65 pounds per square inch absolute.

1.4 The term "Mcf" shall mean 1,000 cubic feet of gas.

1.5 The term "MMcf" shall mean 1,000,000 cubic feet of gas.

1.6 The term "British thermal unit" or "BTU" shall mean the amount of heat required to raise the temperature of one pound of water one degree Fahrenheit, from 59 to 60 degrees Fahrenheit.

1.7 The term "Dekatherm" (dth) shall mean the quantity of heat energy which is equivalent to 1,000,000 BTU.

1.8 The term "Equivalent Volume(s)" shall mean a thermally equivalent volume of gas.

1.9 The term "natural gas or gas" shall mean natural gas unmixed, or any mixture of natural and synthetic gas.

1.10 The term "Contract Quantity" shall mean 35,000 Mcf of gas.

ARTICLE II

DELIVERIES AND REDELIVERIES

2.1 During the term of this Agreement, Orbit will cause ANR Pipeline Company (hereinafter referred to as "ANR") to deliver

to Kypsco, at the Point of Receipt, and Kypsco shall accept for storage and store, up to the Contract Quantity, at a daily rate not to exceed 1% of the Contract Quantity except as provided in Section 2.2 below. Kypsco shall retain .9% of the amount delivered, as compensation for its compressor fuel usage.

2.2 Kypsco may, at its sole discretion upon Orbit's request, (a) accept for storage and store volumes of gas in excess of the Contract Quantity, (b) accept for storage and store volumes of gas in excess of a daily rate of 1% of the contract quantity.

2.3 During the term of this Agreement, Kypsco shall withdraw from storage and redeliver to the Point of Agreement, for the account of Orbit, such volumes as Orbit may request, up to the volume of gas delivered by ANR at the Point of Receipt (less volumes retained as compensation for compressor fuel usage). However, such withdrawals shall not exceed, on a daily basis, 1% of the Contract Quantity without prior approval by Kypsco.

2.4 Orbit shall request the withdrawal of all if its volume in storage for redelivery to the Point of Receipt on or before the last day of the term of this Agreement. Any volume of gas remaining in storage after the last day of the term of this Agreement shall become the property of Kypsco. The total value of such volumes, calculated at a rate equal to the inside FERC price of spot gas delivered to ANR Pipeline Company in Louisiana on the last day of the term plus Fifty Cents (\$0.50) per Mcf, shall be subtracted from the total charges contained in the last statement rendered pursuant to Section 7.1. To the extent that the total

value exceeds the total charges in that statement, the difference shall be paid by Kypsco to Orbit.

2.5 The Point of Receipt shall be the interconnection between the facilities of Kypsco and ANR.

2.6 The Point of Delivery shall be the interconnection between the facilities of Orbit and ANR.

ARTICLE III

SCHEDULING OF DELIVERIES

3.1 Subject to Section 2.1 hereof, before the first day of each month, Orbit shall advise Kypsco of the daily volumes of gas to be delivered by Kypsco at the Point of Receipt for the account of Customer. On 24 hours' advance notice to Kypsco, Orbit may reschedule, with Kypsco approval, the daily volumes of gas delivered at the Point of Receipt.

3.2 Subject to Section 2.2 hereof, before the first day of each month, Orbit shall advise Kypsco of the daily volumes of gas to be withdrawn from storage for the account of Orbit. On 24 hours' notice to Kypsco, Orbit may reschedule, with Kypsco approval, the daily volume of gas to be withdrawn from storage.

ARTICLE IV

PRICE

4.1 Orbit will pay Kypsco an amount equal to the product

of \$.05 per MCF multiplied by the contract quantity: and in addition shall pay a gathering charge equal to \$.04 per MCF injected into storage and \$.04 per MCF withdrawn from storage. A payment schedule for the storage charges, gathering charge and withdrawal charge shall be mutually agreed and adopted by the parties. In any event, however, payment of all charges accrued on an annual basis shall be made in full on or before sixty (60) days from the date of last withdrawal.

4.2 If in any month, Kypsco stores volumes of gas in excess of the Contract Quantity plus 2%, pursuant to Section 2.2, Orbit will pay Kypsco, in addition to the amounts calculated pursuant to Section 4.1 an amount equal to \$.10 per Mcf multiplied by such excess volume.

4.3 If in any month Kypsco fails to accept for storage and store all volumes of gas delivered by Orbit pursuant and subject to Section 2.1, Kypsco shall refund to Orbit an amount equal to \$.05 per Mcf multiplied by the volume of gas that it failed to accept for storage and store.

ARTICLE V

TERM

5.1 The initial term of this agreement shall be a period of one year commencing on August 1, 1991. Thereafter, the term shall be automatically extended for successive periods of one year each.

5.2 This agreement may be terminated at any time during the initial term or during any one year extension thereof by Kypsco giving 90 days' prior written notice to Orbit.

5.3 This agreement may be terminated by Orbit at the end of the initial term or at the end of any one year extension by Orbit giving Kypsco 90 days' prior written notice.

ARTICLE VI

MEASUREMENT AND QUALITY

6.1 All quantities of gas received at the Point of Receipt by Kypsco for the account of Orbit shall be measured at the Point of Receipt by ANR in accordance with, and shall comply with the measurement and quality specifications contained in, ANR's FERC Natural Gas Tariff.

6.2 All quantities of gas redelivered by Kypsco at the Point of Receipt, for the account of Orbit shall be measured by ANR in accordance with, and shall comply with the measurement and quality specifications contained in, ANR's FERC Natural Gas Tariff.

6.3 All quantities of gas delivered by ANR to Orbit at the Point of Delivery shall be measured in accordance with the terms of the transportation agreement between Orbit and ANR.

ARTICLE VII

BILLING AND PAYMENT

7.1 Billing: On or before the 15th day of each calendar month, Kypsco shall render a statement to Orbit for the total charges for the storage of gas during the preceding calendar month calculated pursuant to Section 4.1 hereof. Orbit will pay to Kypsco on or before the 25th day of each month for gas stored during the previous month, the charges billed by Kypsco in the statement for said month. All such payments shall be made in the manner to be agreed upon by the parties.

7.2 Orbit shall have the right at all reasonable times to examine the books, records and charts of Kypsco to the extent necessary to verify the accuracy of any statement, charge or computation made under or pursuant to any provisions of this agreement.

7.3 Should Orbit fail to pay the amount of any statement rendered by Kypsco as herein provided when such amount is due, a late payment charge equal to 1 1/2% of the amount of the statement, net of taxes, not compounded, shall be added to the statement.

7.4 Should Orbit fail to pay the amount of any statement rendered by Kypsco as herein provided when such amount is due, Kypsco may, after 10 days prior written notice, suspend further service to Orbit until such amount is paid.

7.5 If Orbit shall find at any time within 12 months after the date of any statement rendered by Kypsco that it has been

overcharged in the amount billed in such statement, and if said overcharge shall have been paid, and Orbit shall have made a claim therefor within 60 days from the date of discovery thereof, the overcharge, if verified, shall be refunded within 30 days. Any refund will include interest at the rate of 8%. Such interest shall be due only for the period from 60 days following the date of the statement to the date of refund.

If Kypsco shall find at any time within 12 months after the date of any statement rendered by it that there has been an undercharge in the amount billed in such statement, it may submit a statement for such undercharge, and Orbit upon verifying the same, shall pay such amount within 30 days. Such payment shall not include interest unless the undercharge is due to meter tampering or fraud. In that event, interest shall be due at the rate of 12%.

ARTICLE VIII

FORCE MAJEURE AND REMEDIES

8.1 Neither Orbit nor Kypsco shall be liable in damages, or in any other remedy, legal or equitable, to the other for any act, omission or circumstances occasioned by or in consequence of any acts of God, strikes, lockouts, acts of the public enemy, wars, sabotage, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, breakage of accident to machinery or lines of pipe of

the necessity to make repairs, tests, or alterations to machinery of lines of pipe, line freezeups, temporary failure of gas supply, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, or any other cause, whether caused or occasioned by or happening on the account of, the act or omission of one of the parties hereto or some person or concern not a party hereto, not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. A failure to settle or prevent any strike or other controversy with employees or with anyone purporting of seeking to represent employees shall not be considered to be a matter within the control of the party claiming suspension.

8.2 Such causes or contingencies affecting the performance of this agreement by either party, however, shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use due diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting the performance of this agreement relieve either party from its obligation to make payments of amounts then due hereunder, nor shall such causes or contingencies relieve either party of liability unless such party shall give notice and full particulars of the same in writing or by telegraph to the other party as soon as possible after the occurrence relied on.

ARTICLE IX

USE OF GAS

9.1 None of the gas delivered hereunder shall be sold, transported, used or consumed in any state other than the State of Kentucky.

ARTICLE X

REGULATION

10.1 This agreement and the respective obligations of the parties hereunder are subject to valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction.

ARTICLE XI

POSSESSION AND LIABILITY

11.1 As between Kypsco and Orbit, Orbit shall be deemed in exclusive control and possession of the gas stored hereunder and responsible for any damage or injury caused thereby until it is delivered by ANR at the Point of Receipt and after it is redelivered to ANR at said Point of Receipt. Kypsco shall be deemed in exclusive control and possession of said gas and responsible for any damage or injury caused thereby only after it

is delivered by Orbit or for Orbit's account, at the Point of Receipt and before it is redelivered by Kypsco into the ANR pipeline. In all other cases, either Orbit or ANR, as the case may be, shall be deemed to be in exclusive control of such gas.

ARTICLE XII

WARRANTY OF TITLE TO GAS

12.1 Title to the contract quantity shall at all times hereunder remain in Orbit and Orbit warrants title to the same, free and clear of all liens, encumbrances and claims whatsoever. Kypsco warrants that upon redelivery the contract quantity shall be free and clear of all liens, encumbrances and claims whatsoever. Each further warrants that at the time of delivery it will have the right to deliver the gas and that it will indemnify the other and save it harmless from suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any and all persons to said gas or to royalties, taxes, license fees or charges thereon.

ARTICLE XIII

NOTICES

13.1 Notices to Orbit under this agreement shall be addressed to its President, Frank I. Lindsey, 711 Leitchfield Road, Owensboro, Kentucky 42403. Notices to Kypsco shall be addressed

to its Vice President, William L. Haskins, 600 Barret Blvd., Henderson, Kentucky 42420. Either party may change its address under this agreement by written notice to the other party. Unless otherwise provided herein, all notices given hereunder by one party to the other shall be sent by registered mail, overnight mail or by telegraph and shall be effective upon receipt thereof. However, routine communications, including monthly statements, shall be considered as duly delivered when mailed by either registered, overnight or ordinary mail.

ARTICLE XIV

NON-WAIVER OF FUTURE DEFAULTS

14.1 No waiver by either party of any one or more defaults by the other in the performance of any provision of this agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.

ARTICLE XV

GOVERNING LAW AND JURISDICTION

15.1 This agreement shall be governed by the law of the State of Kentucky. It is agreed that any and all litigation related to this agreement shall be brought in either a state or federal court located within the State of Kentucky, and each party, for the purposes of and such litigation, hereby submits to the exclusive jurisdiction and venue of that court.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed by their duly authorized officers, as of the day and the year first above written.

Kentucky Pipeline and Storage
Company, Inc.

By *Benjamin C. Cabbage, Jr.*
Benjamin C. Cabbage, Jr.
Vice President

Orbit Gas Company, Inc.

By *Frank I. Lindsey*
Frank I. Lindsey
President

Schedule 3.26

Intellectual Property

None

Schedule 3.27

Labor Matters

None

Schedule 3.28

Customers

H & H Star Energy, Inc.	\$873,659.50
Orbit Gas Company	17,492.15

Suppliers

Orbit Gas Company - Field Services & Operations \$15,000 per month

Orbit Gas Company - Mechanical Maintenance & Operations Compressor/Dehydration
Maintenance & Operations

Schedule 3.29

Environmental Matters

None

Schedule 3.36

Taxes

4/97, 4/98, 4/99 (not complete)

Pro forma 1120

State Kentucky

Intangible/Tangible Property Calendar 1997, 1998, 1999



Commonwealth of Kentucky REVENUE CABINET

See separate instructions

Taxable period beginning 05/01, 19 96, and ending

04/30, 19 97

Form header section containing: Name of Corporation (KENTUCKY PIPELINE AND STORAGE COMPANY, INC.), Address (221 1ST AVENUE W SUITE 405 SEATTLE WA 98119), Telephone Number (206) 284-4424, Kentucky Account Number 38787, Federal Identification Number 91-1488857, Federal Business Code Number 4920, and Kentucky Business Code No. 4920.

F Check if applicable: Initial return, Final return, Short-period return, Change of name/address

PART I - TAXABLE INCOME COMPUTATION table with 18 rows. Includes Federal taxable income (-767,795), ADDITIONS, and SUBTRACTIONS. Total taxable net income (after NOLD) is -788,183.

PART III - LICENSE TAX COMPUTATION table with 25 rows. Includes Capital stock (100,000), Retained earnings, and License tax liability (11,310). Total license tax liability is 9,984.

PART II - INCOME TAX COMPUTATION table with 8 rows. Includes Taxable Net Income breakdown, Income tax liability, and various credits. Net income tax liability is NONE.

TAX PAYMENT: Income License 9,984. SUMMARY: Interest Penalty TOTAL 9,984.

Make check(s) payable to Kentucky State Treasurer. Mail return with payment to Kentucky Revenue Cabinet, Frankfort, Kentucky 40620.

The undersigned, declare under the penalties of perjury, that I have examined these returns, including all accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct and complete.

Signature of principal officer or chief accounting officer: [Signature] Date: 7-7-97 Name and Social Security or federal identification number of person or firm preparing return

SCHEDULE Q - KENTUCKY CORPORATION QUESTIONNAIRE

NOTE: Do not enter name and account numbers if entered on Form 720 on page 1.

Table with 3 columns: Name of Corporation, Federal Identification No., Kentucky Account No. Values: KENTUCKY PIPELINE AND STORAGE COMPANY, INC., 91-1488857, 38787

IMPORTANT: Questions 4 - 12 must be completed by all corporations. If this is the corporation's initial return or if the corporation did not file a return under the same name and same federal I.D. number for the preceding year, questions 1, 2 and 3 must be answered. Failure to do so may result in a request for a delinquent return.

6. Did any corporation, individual, partnership, trust or association at any time during the taxable year own 50 percent or more of the corporation's voting stock? [X] Yes [] No

7. If the corporation has a KNOL for the taxable year and is electing to forego the net operating loss carryback period, check here []

8. Is the corporation a partner in a partnership doing business in Kentucky? [] Yes [X] No

Did the corporation have property or payroll in Kentucky, other than partnership property or payroll? [] Yes [] No

9. Was this return prepared on: (a) [] cash basis, (b) [X] accrual basis, (c) [] other

10. Is the corporation a public service corporation subject to taxation under KRS 136.120? [] Yes [X] No

11. (a) Did the corporation file a Kentucky intangible property tax return for January 1, 1997? [X] Yes [] No

(b) Did the corporation file a Kentucky tangible personal property tax return for January 1, 1997? [X] Yes [] No

12. Is the corporation currently under audit by the Internal Revenue Service? [] Yes [X] No

If "Yes," enter years under audit. If the Internal Revenue Service has made final and unappealable adjustments to the corporation's taxable income which have not been reported to this Cabinet, check here [] and file Form 720X, Amended Kentucky Corporation Income Tax and Corporation License Tax Return, for each year adjusted and attach a copy of the final determination.

1. Indicate whether: (a) [] completely new business; (b) [] successor to previously existing business... 2. List the following Kentucky account numbers... 3. If a foreign corporation, enter the date qualified to do business in Kentucky.

4. The corporation's books are in care of: HOWARD PUBLICATIONS, INC. SEATTLE, WA

5. Did the corporation at any time during the taxable year own 50 percent or more of the voting stock of another corporation, either domestic or foreign? [] Yes [X] No

OFFICER INFORMATION (Failure to Provide Requested Information May Result in a Penalty)

President's Name: HOWARD, DAVID B. President's Address: MICHIGAN

Treasurer's Name: Treasurer's Address:

President's Social Security Number: 516-66-1179 Percent of Stock Owned: %

Treasurer's Social Security Number: Percent of Stock Owned: %

Vice Pres Name: CUBBAGE, BENJAMIN C. Vice President's Address: KENTUCKY

Sec'y Name: NEWELL, R.D. Secretary's Address: CALIFORNIA

Vice President's Social Security Number: 051-22-0166 Percent of Stock Owned: %

Secretary's Social Security Number: 537-40-0372 Percent of Stock Owned: %

STATE DEPRECIATION SCHEDULE
FOR KY TRADE OR BUSINESS
FOR THE YEAR ENDED 04/30/97

ASSET #	DATE ACQ	DEPR METH	ACRS CLASS	LIFE	DEPR %	BUSINESS BASIS	SALVAGE VALUE	SEC 179 /ADDL	C P	DEPRECIABLE BASIS	DEPRECIATION		
											PRIOR	CURRENT	ACCUM
LEASEHOLD													
100	10/31/92	MCR	E	15YR	6.93	581,237.				581,237.	178,685.	40,255.	218,940.
WELLS													
201	10/31/92	MCR	E	15YR	6.93	515,399.				515,399.	158,445.	35,695.	194,140.
WELLS													
202	10/31/93	MCR	E	15YR	7.69	244,655.				244,655.	56,393.	18,826.	75,219.
WELLS													
203	10/31/93	MCR	E	15YR	7.70	121,012.				121,012.	27,894.	9,312.	37,206.
WELLS													
204	10/31/94	MCR	E	15YR	8.55	216,563.				216,563.	31,402.	18,516.	49,918.
WELLS													
205	10/31/95	MDB	E	15YR	9.50	318,321.				318,321.	15,916.	30,241.	46,157.
WELLS													
206	10/31/96	MCR	E	15YR	5.00	2,379.				2,379.		119.	119.
P. LINE													
300	10/31/92	MCR	E	15YR	6.93	2,472,890.				2,472,890.	760,221.	171,267.	931,488.
COMPRESSORS													
401	10/31/92	SLS	C	7YR	8.96	214,767.				214,767.	147,386.	19,252.	166,638.
COMPRESSORS													
402	10/31/93	MCR	C	7YR	12.49	579,769.				579,769.	326,225.	72,441.	398,666.
COMPRESSORS													
403	10/31/94	MCR	C	7YR	17.49	13,210.				13,210.	5,122.	2,311.	7,433.
COMPRESSORS													
404	10/31/95	MCR	C	7YR	24.49	661,498.				661,498.	94,500.	161,999.	256,499.
COMPRESSORS													
405	10/31/96	MCR	C	7YR	14.29	26,332.				26,332.		3,762.	3,762.
OFFICE FURNITURE													
501	05/01/91	SLS	C	7YR	8.70	276.				276.	215.	24.	239.
OFFICE FURNITURE													
502	10/31/93	MCR	C	7YR	12.35	170.				170.	96.	21.	117.
15 YR. PROPERTY													
6	10/31/93	MCR	E	15YR	7.70	992,289.				992,289.	228,723.	76,357.	305,080.

STATE DEPRECIATION SCHEDULE
FOR KY TRADE OR BUSINESS
FOR THE YEAR ENDED 04/30/97

ASSET #	DATE ACQ	DEPR METH	ACRS CLASS	LIFE	DEPR %	BUSINESS BASIS	SALVAGE VALUE	SEC 179 /ADDL	C P	DEPRECIABLE BASIS	DEPRECIATION		
											PRIOR	CURRENT	ACCUM
15 YR. PROPERTY													
602	10/31/95	MDB	E	15YR	9.50	287,993.				287,993.	14,400.	27,359.	41,759.
15 YR. PROPERTY													
603	10/31/96	MCR	E	15YR	5.00	925,613.				925,613.		46,281.	46,281.
PRE-OPENING COSTS													
700	05/01/90	AMT	1	5YR		10,599.				10,599.	10,599.		10,599.
		BEGINNING BALANCES				7,230,648.				7,230,648.	2,056,222.	683,876.	2,740,098.
		ADDITIONS				954,324.				954,324.		50,162.	50,162.
		BALANCE BEFORE DISPOSALS				8,184,972.				8,184,972.	2,056,222.	734,038.	2,790,260.
		DISPOSALS											
		BALANCE AFTER DISPOSALS				8,184,972.				8,184,972.	2,056,222.	734,038.	2,790,260.

KENTUCKY PIPELINE AND STORAGE COMPANY, INC.

91-1488857

STATEMENT: 720-1

PART I LN 17 - KY NOL DEDUCTION	AMOUNT
C/F 1995	20,388.
TOTAL AMOUNT	20,388.

STATEMENT: Q-1

NAME, ADDRESS	FED ID NO.
HOWARD ENERGY COMPANY, INC.	91-1218779

A Check if a: 1 Consolidated return (attach Form 851) <input type="checkbox"/> 2 Personal holding co. (attach Sch. PH) <input type="checkbox"/> 3 Personal service corp. (as defined in Temporary Regs. sec. 1.441-4T- see instructions) <input type="checkbox"/>	Use IRS label. Other-wise, print or type.	Name KENTUCKY PIPELINE AND STORAGE COMPANY, INC.	B Employer identification number 91-1488857
		Number, street, and room or suite no. (If a P.O. box, see instructions.) 221 1ST AVENUE W SUITE 405	C Date incorporated 05/01/90
		City or town, state, and ZIP code SEATTLE, WA 98119	D Total assets (see instructions)

E Check applicable boxes: (1) Initial return (2) Final return (3) Change of address **\$ 6,004,324.**

Income	1a	Gross receipts or sales	262,825.	b	Less returns and allowances		c	Bal	1c	262,825.
	2	Cost of goods sold (Schedule A, line 8)					2	NONE	2	NONE
	3	Gross profit. Subtract line 2 from line 1c					3	262,825.	3	262,825.
	4	Dividends (Schedule C, line 19)					4		4	
	5	Interest					5	425.	5	425.
	6	Gross rents					6		6	
	7	Gross royalties					7		7	
	8	Capital gain net income (attach Schedule D (Form 1120))					8		8	
	9	Net gain or (loss) from Form 4797, Part II, line 20 (attach Form 4797)					9		9	
	10	Other income (see instructions - attach schedule)					10		10	
	11	Total income. Add lines 3 through 10					11	263,250.	11	263,250.
Deductions	12	Compensation of officers (Schedule E, line 4)				12		12		
	13	Salaries and wages (less employment credits)				13		13		
	14	Repairs and maintenance				14		14		
	15	Bad debts				15		15		
	16	Rents				16	2,910.	16	2,910.	
	17	Taxes and licenses				17	6,202.	17	6,202.	
	18	Interest				18		18		
	19	Charitable contributions (see instructions for 10% limitation)				19		19		
	20	Depreciation (attach Form 4562)		20	734,038.					
	21	Less depreciation claimed on Schedule A and elsewhere on return		21a		21b	734,038.			
Instructions for	22	Depletion				22		22		
	23	Advertising				23		23		
	24	Pension, profit-sharing, etc., plans				24		24		
	25	Employee benefit programs				25		25		
	26	Other deductions (attach schedule)		SEE STMT 1		26	287,895.	26	287,895.	
	27	Total deductions. Add lines 12 through 26				27	1,031,045.	27	1,031,045.	
	28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11				28	-767,795.	28	-767,795.	
	29	Less: a Net operating loss deduction (see instructions)		29a				29a		
		b Special deductions (Schedule C, line 20)		29b				29b		
	29c					29c		29c		
Tax and payments	30	Taxable income. Subtract line 29c from line 28				30	-767,795.	30	-767,795.	
	31	Total tax (Schedule J, line 10)				31	NONE	31	NONE	
	32	Payments: a 1995 overpayment credited to 1996	32a							
		b 1996 estimated tax payments	32b							
		c Less 1996 refund applied for on Form 4466	32c			d Bal	32d			
		e Tax deposited with Form 7004				32e				
		f Credit from regulated investment companies (attach Form 2439)				32f				
		g Credit for Federal tax on fuels (attach Form 4136). See instructions.				32g				
	33	Estimated tax penalty (see instructions). Check if Form 2220 is attached				33	NONE	33	NONE	
	34	Tax due. If line 32h is smaller than the total of lines 31 and 33, enter amount owed				34	NONE	34	NONE	
35	Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid				35		35			
36	Enter amount of line 35 you want: Credited to 1997 estimated tax				36		36			
	Refunded									

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature RM **Date** 17-7-97 **Title** _____

Paid Preparer's Use Only

Preparer's signature _____ Date _____ Check if self-employed Preparer's social security number _____

Firm's name (or yours if self-employed) and address _____ EIN _____ ZIP code _____

Schedule A Cost of Goods Sold (See instructions.)

1	Inventory at beginning of year	1
2	Purchases	2
3	Cost of labor	3
4	Additional section 263A costs (attach schedule)	4
5	Other costs (attach schedule)	5
6	Total. Add lines 1 through 5	6
7	Inventory at end of year	7
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8

8 NONE

9a Check all methods used for valuing closing inventory:

(i) Cost as described in Regulations section 1.471-3

(ii) Lower of cost or market as described in Regulations section 1.471-4

(iii) Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c) ▶

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO. gd

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation Yes No

Schedule C Dividends and Special Deductions (See instructions.)

	(a) Dividends received	(b) %	(c) Special deductions: (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations that are subject to the 70% deduction (other than debt-financed stock)	70	
2	Dividends from 20%-or-more-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock)	80	
3	Dividends on debt-financed stock of domestic and foreign corporations (section 246A)	see instructions	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities	42	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities	48	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs that are subject to the 70% deduction	70	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs that are subject to the 80% deduction	80	
8	Dividends from wholly owned foreign subsidiaries subject to the 100% deduction (section 245(b))	100	
9	Total. Add lines 1 through 8. See instructions for limitation		
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958	100	
11	Dividends from certain FSCs that are subject to the 100% deduction (section 245(c)(1))	100	
12	Dividends from affiliated group members subject to the 100% deduction (section 243(a)(3))	100	
13	Other dividends from foreign corporations not included on lines 3, 6, 7, 8, or 11		
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471)		
15	Foreign dividend gross-up (section 78)		
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3 (section 246(d))		
17	Other dividends		
18	Deduction for dividends paid on certain preferred stock of public utilities		
19	Total dividends. Add lines 1 through 17. Enter here and on line 4, page 1		
20	Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on line 29b, page 1		

Schedule E Compensation of Officers (See instructions.)

Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1, Form 1120) are \$500,000 or more.

(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
			(d) Common	(e) Preferred	
1		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
2	Total compensation of officers				
3	Compensation of officers claimed on Schedule A and elsewhere on return				
4	Subtract line 3 from line 2. Enter the result here and on line 12, page 1				

Schedule J Tax Computation (See instructions.)

1 Check if the corporation is a member of a controlled group (see sections 1561 and 1563) **Important: Members of a controlled group, see instructions.**
 If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order):
 (1) \$ _____ (2) \$ _____ (3) \$ _____

b Enter the corporation's share of:
 (1) Additional 5% tax (not more than \$11,750) \$ _____
 (2) Additional 3% tax (not more than \$100,000) \$ _____

3 Income tax. Check this box if the corporation is a qualified personal service corporation as defined in section 448(d)(2) (see instructions) **3 NONE**

4a Foreign tax credit (attach Form 1118)	4a	
b Possessions tax credit (attach Form 5735)	4b	
c Check: <input type="checkbox"/> Nonconventional source fuel credit <input type="checkbox"/> QEV credit (attach Form 8834)	4c	
d General business credit. Enter here and check which forms are attached: <input type="checkbox"/> 3800 <input type="checkbox"/> 3468 <input type="checkbox"/> 5884 <input type="checkbox"/> 6478 <input type="checkbox"/> 6765 <input type="checkbox"/> 8586 <input type="checkbox"/> 8830 <input type="checkbox"/> 8826 <input type="checkbox"/> 8835 <input type="checkbox"/> 8844 <input type="checkbox"/> 8845 <input type="checkbox"/> 8846 <input type="checkbox"/> 8820 <input type="checkbox"/> 8847	4d	
e Credit for prior year minimum tax (attach Form 8827)	4e	

5 Total credits. Add lines 4a through 4e **5**

6 Subtract line 5 from line 3 **6 NONE**

7 Personal holding company tax (attach Schedule PH (Form 1120)) **7**

8 Recapture taxes. Check if from: Form 4255 Form 8611 **8**

9 Alternative minimum tax (attach Form 4626) **9**

10 Total tax. Add lines 6 through 9. Enter here and on line 31, page 1 **10 NONE**

Schedule K Other Information (See instructions.)

	Yes	No
1 Check method of accounting: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶ _____		
2 See the instructions and state the principal: Business activity code no. ▶ <u>4920</u> Business activity ▶ <u>GAS STORAGE & TRAN</u> Product or service ▶ <u>NATURAL GAS</u>		
3 Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) <input checked="" type="checkbox"/>		X
If "Yes," attach a schedule showing: (a) name and identifying number, (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.		
4 Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? <input checked="" type="checkbox"/>	X	
If "Yes," enter employer identification number and name of the parent corporation ▶ <u>91-1218779</u> <u>HOWARD ENERGY CO., INC.</u>		
5 Did any individual, partnership, corporation, estate or trust at the end of the tax year own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) <input checked="" type="checkbox"/>	X	
If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned ▶ <u>SEE STMT 2</u>		
6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See secs. 301 and 316.) <input checked="" type="checkbox"/>		X
If "Yes," file Form 5452. If this is a consolidated return, answer here for the parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.		
7 Was the corporation a U.S. shareholder of any controlled foreign corporation? (See sections 951 and 957.) <input checked="" type="checkbox"/>		X
If "Yes," attach Form 5471 for each such corporation. Enter number of Forms 5471 attached ▶ _____		
8 At any time during the 1996 calendar year, did the corporation have an interest in or a signature or other authority over a financial account (such as a bank account, securities account, or other financial account) in a foreign country? <input checked="" type="checkbox"/>		X
If "Yes," the corporation may have to file Form TD F 90-22.1. If "Yes," enter name of foreign country ▶ _____		
9 During the tax year, did the corporation receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," see instructions for other forms the corporation may have to file <input checked="" type="checkbox"/>		X
10 Did one foreign person at any time during the tax year own, directly or indirectly, at least 25% of: (a) the total voting power of all classes of stock of the corporation entitled to vote, or (b) the total value of all classes of stock of the corporation? If "Yes," <input checked="" type="checkbox"/>		X
a Enter percentage owned ▶ _____		
b Enter owner's country ▶ _____		
c The corporation may have to file Form 5472. Enter number of Forms 5472 attached ▶ _____		
11 Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/>		
If so, the corporation may have to file Form 8281.		
12 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ _____		
13 If there were 35 or fewer shareholders at the end of the tax year, enter the number ▶ <u>1</u>		
14 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here <input type="checkbox"/>		
15 Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) ▶ \$ _____		

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		80,330.		25,048.
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts	()		()	
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach schedule)				
7	Loans to stockholders				
8	Mortgage and real estate loans				
9	Other investments (attach schedule)				
10a	Buildings and other depreciable assets	7,794,972.		8,749,296.	
b	Less accumulated depreciation	(2,055,727.)	5,739,245.	(2,780,020.)	5,969,276.
11a	Depletable assets				
b	Less accumulated depletion	()		()	
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)	10,599.		10,599.	
b	Less accumulated amortization	(10,599.)		(10,599.)	
14	Other assets (attach schedule) SEE STMT 3		10,100.		10,000.
15	Total assets		5,829,675.		6,004,324.
Liabilities and Stockholders' Equity					
16	Accounts payable		327,800.		618,569.
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach schedule) SEE STMT 4		-5,600.		
19	Loans from stockholders		5,440,007.		5,815,366.
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (attach schedule)				
2	Capital stock: a Preferred stock				
b	Common stock	100,000.	100,000.	100,000.	100,000.
23	Paid-in or capital surplus				
24	Retained earnings - Appropriated (attach sch)				
25	Retained earnings - Unappropriated		-32,532.		-529,611.
26	Less cost of treasury stock		()		()
27	Total liabilities and stockholders' equity		5,829,675.		6,004,324.

Note: You are not required to complete Schedules M-1 and M-2 below if the total assets on line 15, column (d) of Schedule L are less than \$25,000.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (See instructions.)

1	Net income (loss) per books	-497,079.	7	Income recorded on books this year not included on this return (itemize):	
2	Federal income tax	-261,035.		Tax-exempt interest \$	
3	Excess of capital losses over capital gains				
4	Income subject to tax not recorded on books this year (itemize):				
5	Expenses recorded on books this year not deducted on this return (itemize):		8	Deductions on this return not charged against book income this year (itemize):	
a	Depreciation \$ 724,293.		a	Depreciation \$ 734,038.	
b	Contributions carryover \$		b	Contributions carryover \$	
c	Travel and entertainment \$ 64.				
					734,038.
		724,357.	9	Add lines 7 and 8	734,038.
6	Add lines 1 through 5	-33,757.	10	Income (line 28, page 1) - line 6 less line 9	-767,795.

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1	Balance at beginning of year	-32,532.	5	Distributions: a Cash	
2	Net income (loss) per books	-497,079.		b Stock	
3	Other increases (itemize):			c Property	
			6	Other decreases (itemize):	
4	Add lines 1, 2, and 3	-529,611.	7	Add lines 5 and 6	
			8	Balance at end of year (line 4 less line 7)	-529,611.

Department of the Treasury
Internal Revenue Service (99)

▶ See separate instructions. ▶ Attach this form to your return.

Attachment
Sequence No. **67**

Name(s) shown on return KENTUCKY PIPELINE AND STORAGE COMPANY, INC.	Business or activity to which this form relates FORM 1120 LINE 20	Identifying number 91-1488857
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Part I Election To Expense Certain Tangible Property (Section 179) (Note: If you have any "listed property," complete Part V before you complete Part I.)

1 Maximum dollar limitation. If an enterprise zone business, see instructions	1	\$17,500
2 Total cost of section 179 property placed in service. See instructions	2	954,324.
3 Threshold cost of section 179 property before reduction in limitation.	3	\$200,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	754,324.
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instr.	5	NONE
(a) Description of property (b) Cost (business use only) (c) Elected cost		
6		
7 Listed property. Enter amount from line 27.	7	
8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9 Tentative deduction. Enter the smaller of line 5 or line 8	9	
10 Carryover of disallowed deduction from 1995. See instructions	10	
11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	NONE
12 Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	NONE
13 Carryover of disallowed deduction to 1997. Add lines 9 and 10, less line 12	13	NONE

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

Part II MACRS Depreciation For Assets Placed in Service ONLY During Your 1996 Tax Year (Do Not Include Listed Property.)

Section A - General Asset Account Election

14 If you are making the election under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See instructions.

Section B - General Depreciation System (GDS) (See instructions.)

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
15a 3-year property						
b 5-year property						
c 7-year property		26,332.	7-YR	HY	200DB	3,762.
d 10-year property						
e 15-year property		927,992.	15-YR	HY	150DB	46,400.
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	

Section C - Alternative Depreciation System (ADS) (See instructions.)

16a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part III Other Depreciation (Do Not Include Listed Property.) (See instructions.)

17 GDS and ADS deductions for assets placed in service in tax years beginning before 1996	17	683,876.
18 Property subject to section 168(f)(1) election.	18	
19 ACRS and other depreciation	19	

Part IV Summary (See instructions.)

20 Listed property. Enter amount from line 26	20	
21 Total. Add deductions on line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions.	21	734,038.
22 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	22	

For Paperwork Reduction Act Notice, See Instructions.

Part V Listed Property - Automobiles, Certain Other Vehicles, Cellular Telephones, Certain Computers, and Property Used for Entertainment, Recreation, or Amusement

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 23a, 23b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See instructions for limitations for automobiles.)

23a Do you have evidence to support the business/investment use claimed? <input type="checkbox"/> Yes <input type="checkbox"/> No										23b If "Yes," is the evidence written? <input type="checkbox"/> Yes <input type="checkbox"/> No	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost			
24 Property used more than 50% in a qualified business use (See instructions.):											
25 Property used 50% or less in a qualified business use (See instructions.):										S/L-	
										S/L-	
										S/L-	
26 Add amounts in column (h). Enter the total here and on line 20, page 1										26	
27 Add amounts in column (i). Enter the total here and on line 7, page 1.										27	

Section B - Information On Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
28 Total business/investment miles driven during the year (DO NOT include commuting miles)												
29 Total commuting miles driven during the year												
30 Total other personal (noncommuting) miles driven												
Total miles driven during the year.												
Add lines 28 through 30												
32 Was the vehicle available for personal use during off-duty hours?												
33 Was the vehicle used primarily by a more than 5% owner or related person?												
34 Is another vehicle available for personal use?												

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

	Yes	No
35 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
36 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
37 Do you treat all use of vehicles by employees as personal use?		
38 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
39 Do you meet the requirements concerning qualified automobile demonstration use? See instructions		

Note: If your answer to 35, 36, 37, 38, or 39 is "Yes," you need not complete Section B for the covered vehicles.

Part V: Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
Amortization of costs that begins during your 1996 tax year:					
41 Amortization of costs that began before 1996				41	
42 Total. Enter here and on "Other Deductions" or "Other Expenses" line of your return.				42	

REGULAR DEPRECIATION
FORM 1120 LINE 20
FOR THE YEAR ENDED 04/30/97

ASSET NUM	DATE ACQ	C MTH	L S LIFE	DEPR %	BUSINESS BASIS	SALVAGE VALUE	SEC 179 EXP	DEPRECIATION					
								ITC TYP	ITC BASIS ADJUST	DEPR BASIS	PRIOR	CURRENT	ACCUM	EXPL
LEASEHOLD													
100	103192	MCR	E	15/00	6.93	581,237.				581,237.	178,685.	40,255.	218,940.
WELLS													
201	103192	MCR	E	15/00	6.93	515,399.				515,399.	158,445.	35,695.	194,140.
WELLS													
202	103193	MCR	E	15/00	7.69	244,655.				244,655.	56,393.	18,826.	75,219.
WELLS													
203	103193	MCR	E	15/00	7.70	121,012.				121,012.	27,894.	9,312.	37,206.
WELLS													
204	103194	MCR	E	15/00	8.55	216,563.				216,563.	31,402.	18,516.	49,918.
WELLS													
205	103195	MDB	E	15/00	9.50	318,321.				318,321.	15,916.	30,241.	46,157.
WELLS													
206	103196	MCR	E	15/00	5.00	2,379.				2,379.		119.	119.
PIPELINE													
300	103192	MCR	E	15/00	6.93	2,472,890.				2,472,890.	760,221.	171,267.	931,488.
COMPRESSORS													
401	103192	SLS	C	07/00	8.96	214,767.				214,767.	147,386.	19,252.	166,638.
COMPRESSORS													
402	103193	MCR	C	07/00	12.49	579,769.				579,769.	326,225.	72,441.	398,666.
COMPRESSORS													
403	103194	MCR	C	07/00	17.49	13,210.				13,210.	5,122.	2,311.	7,433.
COMPRESSORS													
404	103195	MCR	C	07/00	24.49	661,498.				661,498.	94,500.	161,999.	256,499.
COMPRESSORS													
405	103196	MCR	C	07/00	14.29	26,332.				26,332.		3,762.	3,762.
OFFICE FURNITURE													
501	050191	SLS	C	07/00	8.70	276.				276.	215.	24.	239.
OFFICE FURNITURE													
502	103193	MCR	C	07/00	12.35	170.				170.	96.	21.	117.
15 YR. PROPERTY													
601	103193	MCR	E	15/00	7.70	992,289.				992,289.	228,723.	76,357.	305,080.
15 YR. PROPERTY													
602	103195	MDB	E	15/00	9.50	287,993.				287,993.	14,400.	27,359.	41,759.
15 YR. PROPERTY													
603	103196	MCR	E	15/00	5.00	925,613.				925,613.		46,281.	46,281.
PRE-OPENING COSTS													
700	050190	AMT	1	05/00		10,599.				10,599.	10,599.		10,599.
BEGINNING BALANCES						7,230,648.				7,230,648.	2,056,222.	683,876.	2,740,098.
ADDITIONS						954,324.				954,324.		50,162.	50,162.
DISPOSALS													
ENDING BALANCES						8,184,972.				8,184,972.	2,056,222.	734,038.	2,790,260.
FM PARTS II, III, V & VI CUR YR ELECTED SEC 179 EXP SECTION 179 EXP CARRYOVER TOTAL REPORTED ON FORM/SCH												734,038.	
												734,038.	

2,780,818 BOOK COST
2,205,895 TAX COST
574,923 DIFF NON DEPRECIABLE

1,047,212 TOTAL
55%

ALTERNATIVE MINIMUM DEPRECIATION
ADJUSTMENTS AND PREFERENCES
FOR THE YEAR ENDED 04/30/97

ASSET NUM	DATE ACQ	REG TAX			AMT DEPRECIATION								
		DEP MTH	ACR CLS	LIFE	AMT DEPR	DEPR CODE	DEPR LIFE	DEPR %	DEPR BASIS	PRIOR	CURRENT	ACCUM	ADJ/PREF	EXPL
LEASEHOLD													
100	10/31/92	MCR	E	15/00	40,255.	M	22/00	5.31	581,237.	128,603.	30,861.	159,464.	9,394.
WELLS													
201	10/31/92	MCR	E	15/00	35,695.	M	22/00	5.31	515,399.	114,036.	27,366.	141,402.	8,329.
WELLS													
202	10/31/93	MCR	E	15/00	18,826.	M	22/00	5.72	244,655.	39,467.	13,990.	53,457.	4,836.
WELLS													
203	10/31/93	MCR	E	15/00	9,312.	M	22/00	5.72	121,012.	19,521.	6,920.	26,441.	2,392.
WELLS													
204	10/31/94	MCR	E	15/00	18,516.	M	22/00	6.14	216,563.	21,645.	13,290.	34,935.	5,226.
WELLS													
205	10/31/95	MDB	E	15/00	30,241.	M	22/00	6.59	318,321.	10,852.	20,964.	31,816.	9,277.
WELLS													
206	10/31/96	MCR	E	15/00	119.	M	22/00	3.40	2,379.		81.	81.	38.
PIPELINE													
300	10/31/92	MCR	E	15/00	171,267.	M	22/00	5.31	2,472,890.	547,144.	131,301.	678,445.	39,966.
COMPRESSORS													
401	10/31/92	SLS	C	07/00	19,252.	M	14/00	6.72	214,767.	80,153.	14,423.	94,576.	4,829.
COMPRESSORS													
402	10/31/93	MCR	C	07/00	72,441.	M	14/00	8.08	579,769.	142,340.	46,867.	189,207.	25,574.
COMPRESSORS													
403	10/31/94	MCR	C	07/00	2,311.	M	14/00	9.05	13,210.	2,048.	1,196.	3,244.	1,115.
COMPRESSORS													
404	10/31/95	MCR	C	07/00	161,999.	M	14/00	10.14	661,498.	35,437.	67,078.	102,515.	94,921.
COMPRESSORS													
405	10/31/96	MCR	C	07/00	3,762.	M	14/00	5.36	26,332.		1,411.	1,411.	2,351.
OFFICE FURNITURE													
501	05/01/91	SLS	C	07/00	24.	M	10/00	9.42	276.	132.	26.	158.	-2.
OFFICE FURNITURE													
502	10/31/93	MCR	C	07/00	21.	M	10/00	10.00	170.	57.	17.	74.	4.
15 YR. PROPERTY													
601	10/31/93	MCR	E	15/00	76,357.	M	22/00	5.72	992,289.	160,072.	56,742.	216,814.	19,615.
15 YR. PROPERTY													
602	10/31/95	MDB	E	15/00	27,359.	M	22/00	6.59	287,993.	9,818.	18,966.	28,784.	8,393.
15 YR. PROPERTY													
603	10/31/96	MCR	E	15/00	46,281.	M	22/00	3.41	925,613.		31,555.	31,555.	14,726.
BEGINNING BALANCES					683,876.				7,220,049.	1,311,325.	450,007.	1,761,332.	233,869.
ADDITIONS					50,162.				954,324.		33,047.	33,047.	17,115.
DISPOSALS													
ENDING BALANCES					734,038.				8,174,373.	1,311,325.	483,054.	1,794,379.	250,984.

KENTUCKY PIPELINE AND STORAGE COMPANY, INC.

91-1488857

STATEMENT: 1

1120 LN 26 - OTHER DEDUCTIONS	AMOUNT
MEALS/ENTERTAINMENT	64.
OPERATING COSTS	232,143.
LEGAL & PROFESSIONAL	438.
INSURANCE	52,908.
TRAVEL LODGING AIRFARE	562.
OFFICE EXPENSE	110.
TELEPHONE	1,670.
TOTAL AMOUNT	287,895.

STATEMENT: 2

1120 SCH K LN 5 - OTHER INFORMATION

HOWARD ENERGY CO., INC. 221 1ST AVENUE W., SUITE 405 91-1218779	
PERCENTAGE OWNED	90.00

STATEMENT: 3

1120 SCH L LN 14 - OTHER ASSETS	BEGINNING	ENDING
UTILITY DEPOSIT	100.	
OPERATOR BOND	10,000.	10,000.
TOTAL AMOUNT	10,100.	10,000.

STATEMENT: 4

1120 SCH L LN 18 - OTH CURRENT LIABILITIES	BEGINNING	ENDING
INCOME TAXES PAYABLE	-5,600.	
TOTAL AMOUNT	-5,600.	

KENTUCKY PIPELINE AND STORAGE COMPANY, INC.

91-1488857

STATEMENT: 4562-1

15e. 15-YR PROP :	DEPR BASIS	PERIOD	CONV	METHOD	DEDUCTION
206 WELLS	2,379.	15-YR	HY	150DB	119.
603 15 YR. PROPERTY	925,613.	15-YR	HY	150DB	46,281.
TOTAL AMOUNT	927,992.				46,400.

STATEMENT: 4562-2

17. PRIOR MACRS :	DATE	DEPR BASIS	PERIOD	METHOD	DEDUCTION
100 LEASEHOLD	10/92	581,237.	15-YR	150DB	40,255.
201 WELLS	10/92	515,399.	15-YR	150DB	35,695.
202 WELLS	10/93	244,655.	15-YR	150DB	18,826.
203 WELLS	10/93	121,012.	15-YR	150DB	9,312.
204 WELLS	10/94	216,563.	15-YR	150DB	18,516.
205 WELLS	10/95	318,321.	15-YR	150DB	30,241.
300 PIPELINE	10/92	2,472,890.	15-YR	150DB	171,267.
401 COMPRESSORS	10/92	214,767.	7-YR	S/L	19,252.
402 COMPRESSORS	10/93	579,769.	7-YR	200DB	72,441.
403 COMPRESSORS	10/94	13,210.	7-YR	200DB	2,311.
404 COMPRESSORS	10/95	661,498.	7-YR	200DB	161,999.
501 OFFICE FURNITURE	05/91	276.	7-YR	S/L	24.
502 OFFICE FURNITURE	10/93	170.	7-YR	200DB	21.
601 15 YR. PROPERTY	10/93	992,289.	15-YR	150DB	76,357.
602 15 YR. PROPERTY	10/95	287,993.	15-YR	150DB	27,359.
TOTAL AMOUNT		7,220,049.			683,876.

Kentucky Pipeline & Storage Co
 BALANCE SHEET
 APRIL 30, 1997

ASSETS

CURRENT ASSETS:

Cash - Operating Account	\$	792.19	
Cash - Income Account		24,255.64	
		<u> </u>	
TOTAL CURRENT ASSETS	\$		25,047.83 Pg. 1

PROPERTY AND EQUIPMENT:

Leasehold Cost	\$	581,237.13 ①	
Accum Deprec-Leasehold Cost	(	218,940.00) ②	
Wells		1,418,328.82 ①	
Accum Depreciation - Wells	(	402,761.00) ②	
Pipeline & Gathering		2,472,890.06 ①	
Accum Depreciation-Pipe & Gath	(	931,847.75) ②	
Compression & Dehydration		1,495,576.41 ①	
Accum Depreciation-Comp & Dehy	(	832,998.00) ②	
Furniture and fixtures		445.68	
Accum Depreciation - Furn/Fix	(	352.25) ②	
Cushion Gas		2,780,817.85 ①	
Accum Depreciation - Cush Gas	(	393,121.00) ②	
		<u> </u>	
TOTAL PROPERTY AND EQUIPMENT	\$		5,969,275.95

OTHER ASSETS:

KY Operator's Bond	\$	10,000.00	
Preoperating Expenses		10,599.49	
Accumulated Amortization	(	10,599.49)	
		<u> </u>	
TOTAL OTHER ASSETS	\$		10,000.00 Pg. 1

TOTAL ASSETS \$ 6,004,323.78

reclass
 from liab + 266,635
 6,270,959

Σ ① = 5,748,751.11 Oil & Gas Properties
 Σ ② = 2,780,000 Accum Depreciation

BALANCE SHEET
APRIL 30, 1997

LIABILITIES AND EQUITY

CURRENT LIABILITIES:

Accounts Payable	\$ 885,204.84	<i>PSI.</i>
Federal income tax payable	(266,635.00)	<i>redness to asset</i>
NOTES PAYABLE	5,815,365.80	
	<hr/>	
TOTAL CURRENT LIABILITIES	\$ 6,433,935.64	

EQUITY:

Capital Stock	\$ 100,000.00	
Retained earnings	(32,532.07)	<i>PG 2</i>
NET INCOME (LOSS)	(497,079.79)	
	<hr/>	
TOTAL EQUITY	\$(429,611.86)	

TOTAL LIABILITIES AND EQUITY

\$ 6,004,323.78

866,635
6,870,959

INCOME STATEMENT
FOR THE PERIOD(S)

	04/01/97 - 04/30/97	05/01/96 - 04/30/97		
	ACTUAL \$	Pct %	ACTUAL \$	Pct %
	-----		-----	
INCOME:				
Storage Income	\$ 253,573.00	100.0%	\$ 262,824.90	100.0%
	-----		-----	
TOTAL INCOME	253,573.00	100.0	262,824.90	100.0
EXPENSES:				
Leasehold Rentals	1,565.24	0.6	2,910.25	1.1
Insurance - General	52,908.00	20.9	52,908.00	20.1
Legal & Accounting	0.00	0.0	437.70	0.2
Office expense	0.00	0.0	73.00	0.0
Postage expense	0.00	0.0	37.00	0.0
Taxes & License - Other	4,502.83	1.8	6,202.38	2.4
Telephone	175.85	0.1	1,670.30	0.6
Travel, Lodging & Airfare	0.00	0.0	561.67	0.2
Meals & Entertainment	0.00	0.0	128.23	0.0
Monthly Operations	5,659.80	2.2	52,141.02	19.8
Ensco Operations	15,000.00	5.9	180,000.00	68.5
	-----		-----	
TOTAL EXPENSES	79,811.72	31.5	297,069.55	113.0
	-----		-----	
NET OPERATING INCOME (LOSS)	173,761.28	68.5	(34,244.65)	(13.0)
OTHER (INCOME) AND EXPENSES:				
Interest Income	(134.63)	(0.1)	(422.86)	(0.2)
Depreciation Expense	97,887.00	38.6	724,293.00	275.6
	-----		-----	
TOTAL OTHER (INCOME) AND EXP	97,752.37	38.5	723,870.14	275.4
	-----		-----	
NET INCOME (LOSS) BEFORE TAX	76,008.91	30.0	(758,114.79)	(99.9)
INCOME TAXES:				
Federal income tax	(261,035.00)	(99.9)	(261,035.00)	(99.3)
	-----		-----	
TOTAL INCOME TAXES	(261,035.00)	(99.9)	(261,035.00)	(99.3)
	-----		-----	
NET INCOME (LOSS)	\$ 337,043.91	132.9%	\$(497,079.79)	(99.9)
	=====		=====	

UPDATE JOURNAL ENTRIES REPORT For Period 04/01/97 To 04/30/97

J E NUMBER: 12-2 DATE: 04/30/97 SOURCE: STATUS: NEW

ACCOUNT	DESCRIPTION	DEBIT	CREDIT
7150	Depreciation Expense	40,941.00	
1521	Accum Deprec-Leasehold Cost		56,690.00
1531	Accum Depreciation - Wells	66,729.00	
1541	Accum Depreciation-Pipe & G		5,739.00
1551	Accum Depreciation-Comp & D		3,758.00
1601	Accum Depreciation - Cush G		41,483.00
To adjust and record book/tax depreciation for year			

J E NUMBER: 12-3 DATE: 04/30/97 SOURCE: STATUS: NEW

ACCOUNT	DESCRIPTION	DEBIT	CREDIT
2000	Accounts Payable	250,000.00	
2000	Accounts Payable		925,613.00
4000	Storage Income		250,000.00
1600	Cushion Gas	925,613.00	
To record storage income & add'l base gas purchased during the year per attached			

J E NUMBER: 12-4 DATE: 04/30/97 SOURCE: STATUS: NEW

ACCOUNT	DESCRIPTION	DEBIT	CREDIT
2100	Federal income tax payable	263,822.00	
7210	Federal income tax		263,822.00
To record tax benefit			

J E NUMBER: 12-5 DATE: 04/30/97 SOURCE: STATUS: NEW

ACCOUNT	DESCRIPTION	DEBIT	CREDIT
2100	Federal income tax payable		25,328.00
3040	Retained earnings	25,328.00	
To reverse dup. FIT Entry intended to true up actual FIT benefit with org. estimate			

J E NUMBER: 12-6 DATE: 04/30/97 SOURCE: STATUS: NEW

ACCOUNT	DESCRIPTION	DEBIT	CREDIT
7210	Federal income tax	4,272.00	
2100	Federal income tax payable		4,272.00
To true up to actual FIT benefit from y/e 4/30/96			

UPDATE JOURNAL ENTRIES REPORT For Period 04/01/97 To 04/30/97

J E NUMBER: 12-7 DATE: 04/30/97 SOURCE: STATUS: NEW

ACCOUNT	DESCRIPTION	DEBIT	CREDIT
6240	Insurance - General	52,908.00	
2000	Accounts Payable		52,908.00
To record insurance premium not billed until May for the year ended April 30			

J E NUMBER: 12-8 DATE: 04/30/97 SOURCE: STATUS: NEW

ACCOUNT	DESCRIPTION	DEBIT	CREDIT
2000	Accounts Payable	171,116.51	
6500	Taxes & License - Other	4,242.40	
2400	HOWARD ADVANCES		175,358.91
To record the following taxes:			

J E NUMBER: 12-9 DATE: 04/30/97 SOURCE: STATUS: NEW

ACCOUNT	DESCRIPTION	DEBIT	CREDIT
2100	Federal income tax payable	1,485.00	
7210	Federal income tax		1,485.00
To record additional tax benefit from additional state tax expnese			
TOTAL:		1,806,456.91	1,806,456.91

UPDATE JOURNAL ENTRIES REPORT For Period 04/01/97 To 04/30/97

Journal Entry Update Control Totals

1521	Accum Deprec-Leasehold Cost		56,690.00
1531	Accum Depreciation - Wells	66,729.00	
1541	Accum Depreciation-Pipe & Gat		5,739.00
1551	Accum Depreciation-Comp & Deh		3,758.00
1600	Cushion Gas	925,613.00	
1601	Accum Depreciation - Cush Gas		41,483.00
2000	Accounts Payable		557,404.49
2100	Federal income tax payable	235,707.00	
2400	HOWARD ADVANCES		175,358.91
3040	Retained earnings	25,328.00	
4000	Storage Income		250,000.00
6240	Insurance - General	52,908.00	
6500	Taxes & License - Other	4,242.40	
7150	Depreciation Expense	40,941.00	
7210	Federal income tax		261,035.00
		<hr/>	<hr/>
	TOTALS:	1,351,468.40	1,351,468.40

TRIAL BALANCE as of 04/30/97

ACCOUNT	DESCRIPTION	DEBIT	CREDIT
1000	Cash - Operating Account	792.19	
1040	Cash - Income Account	24,255.64	
1520	Leasehold Cost	581,237.13	
1521	Accum Deprec-Leasehold Cost		218,940.00
1530	Wells	1,418,328.82	
1531	Accum Depreciation - Wells		402,761.00
1540	Pipeline & Gathering	2,472,890.06	
1541	Accum Depreciation-Pipe & Gath		931,847.75
1550	Compression & Dehydration	1,495,576.41	
1551	Accum Depreciation-Comp & Dehy		832,998.00
1580	Furniture and fixtures	445.68	
1581	Accum Depreciation - Furn/Fix		352.25
1600	Cushion Gas	2,780,817.85	
1601	Accum Depreciation - Cush Gas		393,121.00
1750	KY Operator's Bond	10,000.00	
1900	Preoperating Expenses	10,599.49	
1910	Accumulated Amortization		10,599.49
2000	Accounts Payable		885,204.84
2100	Federal income tax payable	266,635.00	
2400	HOWARD ADVANCES		5,815,365.80
3010	Capital Stock		100,000.00
3040	Retained earnings	32,532.07	
4000	Storage Income		262,824.90
6115	Leasehold Rentals	2,910.25	
240	Insurance - General	52,908.00	
6270	Legal & Accounting	437.70	
6300	Office expense	73.00	
6340	Postage expense	37.00	
6500	Taxes & License - Other	6,202.38	
6520	Telephone	1,670.30	
6530	Travel, Lodging & Airfare	561.67	
6540	Meals & Entertainment	128.23	
6550	Monthly Operations	52,141.02	
6600	Ensco Operations	180,000.00	
7100	Interest Income		422.86
7150	Depreciation Expense	724,293.00	
7210	Federal income tax		261,035.00
	TOTAL:	<u>10,115,472.89</u>	<u>10,115,472.89</u>

A Check if a: 1 Consolidated return (attach Form 851) <input type="checkbox"/> 2 Personal holding co. (attach Sch. PH) <input type="checkbox"/> 3 Personal service corp. (as defined in Temporary Regs. sec. 1.441-4T - see instructions) <input type="checkbox"/>		Use IRS label. Otherwise, print or type. KENTUCKY PIPELINE AND STORAGE COMPANY, INC.	B Employer id. number 91-1488857
			C Date incorporated 05 01 90
			D Total assets (see instructions) 6 004 324

E Check applicable boxes: (1) Initial return (2) Final return (3) Change of address

Income	1a Gross receipts or sales	262 825	b Less returns and allowances		c Bal ▶	1c	262 825
	2 Cost of goods sold (Schedule A, line 8)					2	
	3 Gross profit. Subtract line 2 from line 1c					3	
	4 Dividends (Schedule C, line 19)					4	
	5 Interest					5	423
	6 Gross rents					6	
	7 Gross royalties					7	
	8 Capital gain net income (attach Schedule D (Form 1120))					8	
	9 Net gain or (loss) from Form 4797, Part II, line 20 (attach Form 4797)					9	
	10 Other income (see instructions - attach schedule)					10	
	11 Total income. Add lines 3 through 10					11	263 248
Deductions	12 Compensation of officers (Schedule E, line 4)					12	
	13 Salaries and wages (less employment credits)					13	
	14 Repairs and maintenance					14	
	15 Bad debts					15	
	16 Rents					16	2 910
	17 Taxes and licenses					17	6 202
	18 Interest					18	
	19 Charitable contributions (see instructions for 10% limitation)					19	
	20 Depreciation (attach Form 4562)		724 293	20			
	21 Less depreciation claimed on Schedule A and elsewhere on return			21a		21b	724 293
	22 Depletion					22	
	23 Advertising					23	
	24 Pension, profit-sharing, etc., plans					24	
	25 Employee benefit programs					25	
	26 Other deductions (attach schedule)					26	287 843
	27 Total deductions. Add lines 12 through 26					27	1 021 298
	28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11					28	758 050
29 Less:	a Net operating loss deduction (see instructions)		29a				
	b Special deductions (Schedule C, line 20)		29b				
30 Taxable income. Subtract line 29c from line 28					30	(Loss) 758 050	
Taxes and Payments	31 Total tax (Schedule J, line 10)					31	
	32 Payments:	a 1995 overpayment credited to 1996	32a				
		b 1996 estimated tax payments	32b				
	c Less 1996 refund applied for on Form 4466	32c					
	d Bal ▶	32d					
	e Tax deposited with Form 7004	32e					
	f Credit from regulated investment companies (attach Form 2439)	32f					
	g Credit for Federal tax on fuels (attach Form 4136). See instructions	32g					
32h							
33 Estimated tax penalty (see instructions). Check if Form 2220 is attached					33		
34 Tax due. If line 32h is smaller than the total of lines 31 and 33, enter amount owed					34		
35 Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid					35		
36 Enter amount of line 35 you want: Credited to 1997 estimated tax ▶ Refunded ▶					36		

Sign Here
 Under penalties of perjury, I declare that I have examined this return including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer _____ Date _____ Title _____

Paid Preparer's Use Only	Preparer's signature ▶	Date	Check if self-employed <input type="checkbox"/>	Preparer's social security no.
	Firm's name (or yours if self-employed) and address ▶	EIN ▶	ZIP code ▶	

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash				25,008
2a	Trade notes and accounts receivable				
	b Less allowance for bad debts				
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach schedule)				
7	Loans to stockholders				
8	Mortgage and real estate loans				
9	Other investments (attach schedule)				
10a	Buildings and other depreciable assets			8749296	
	b Less accumulated depreciation			2780020	5969276
11a	Depletable assets				
	b Less accumulated depletion				
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)			10596	
	b Less accumulated amortization			10599	-0-
14	Other assets (attach schedule)				10000
15	Total assets				6004324
Liabilities and Stockholders' Equity					
16	Accounts payable				618569
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach schedule)				
19	Loans from stockholders				5815366
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (attach schedule)				
22	Capital stock: a Preferred stock				
	b Common stock			100000	100,000
23	Paid-in or capital surplus				
24	Retained earnings - Appropriated (attach schedule)				
25	Retained earnings - Unappropriated				<529611>
26	Less cost of treasury stock				
27	Total liabilities and stockholders' equity				6004324

Note: You are not required to complete Schedules M-1 and M-2 below if the total assets on line 15, column (d) of Schedule L are less than \$25,000.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (See instructions.)			
1	Net income (loss) per books	<LOSS> <497079>	7 Income recorded on books this year not included on this return (itemize):
2	Federal income tax	<BENEFIT> <761035>	Tax-exempt interest
3	Excess of capital losses over capital gains		
4	Income subject to tax not recorded on books this year (itemize):		
5	Expenses recorded on books this year not deducted on this return (itemize):		8 Deductions on this return not charged against book income this year (itemize):
	a Depreciation		a Depreciation
	b Contributions carryover		b Contributions carryover
	c Travel and entertainment	64	
		64	
6	Add lines 1 through 5	<758050>	9 Add lines 7 and 8
			10 Income (line 28, page 1) - line 6 less line 9
			758050

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)			
1	Balance at beginning of year	DEFICIT <32532>	5 Distributions: a Cash
2	Net income (loss) per books	<LOSS> <497079>	b Stock
3	Other increases (itemize):		c Property
			6 Other decreases (itemize):
			7 Add lines 5 and 6
4	Add lines 1, 2, and 3	<529611>	8 Balance at end of year (line 4 less line 7)
			<529611>

720

Kentucky Corporation Income and License Tax Return

1997

41A720

(S Corporations Use Form 720S)

Commonwealth of Kentucky REVENUE CABINET

See separate instructions

Taxable period beginning 05/01, 19 97, and ending 04/30, 19 98

Form header section containing company name (KENTUCKY PIPELINE AND STORAGE COMPANY, INC.), address (221 1ST AVENUE W SUITE 405), city (SEATTLE), state (WA), ZIP code (98119), telephone number ((206) 284-4424), and various identification numbers (C, D, E, B).

F Check if applicable: Initial return, Final return, Short-period return, Change of name/address

Table for PART I - TAXABLE INCOME COMPUTATION. Rows include Federal taxable income, ADDITIONS (interest, state taxes, transition amount, safe harbor lease adjustment, deductions), and SUBTRACTIONS (interest, dividend, transition, federal jobs credit, safe harbor lease adjustment, other).

Table for PART III - LICENSE TAX COMPUTATION. Rows include Capital stock, Paid-in or capital surplus, Retained earnings (appropriated/unappropriated), Mortgages, Advances by affiliated companies, Other liabilities, Intercompany accounts, Other capital accounts, Less monies borrowed for inventory, Less KRS 136.071 deduction, Total capital, Apportionment fraction, Capital employed subject to tax, Tax before credit, License tax credit, License tax liability, Extension payment, Income tax overpayment, License tax due, License tax overpayment, Credited to 1997 income tax, Credited to 1998, Refunded.

Table for PART II - INCOME TAX COMPUTATION. Rows include Taxable Net Income (with rates for various brackets), Income tax liability, Unemployment tax credit, Recycling/composting equipment tax credit, Coal conversion tax credit, Enterprise zone tax credit, Net income tax liability.

TAX PAYMENT Income License 24. SUMMARY Interest Penalty TOTAL 24.

Make check(s) payable to Kentucky State Treasurer. Mail return with payment to Kentucky Revenue Cabinet, Frankfort, Kentucky 40620. The undersigned, declare under the penalties of perjury, that I have examined these returns, including all accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct and complete.

Signature of principal officer or chief accounting officer: RDM, Date: 17 June 1998, Name and Social Security or federal identification number of person or firm preparing return.

COPY watermark

SCHEDULE Q - KENTUCKY CORPORATION QUESTIONNAIRE

NOTE: Do not enter name and account numbers if entered on Form 720 on page 1.

Table with 3 columns: Name of Corporation, Federal Identification No., Kentucky Account No. Row 1: KENTUCKY PIPELINE AND STORAGE COMPANY, INC., 91-1488857, 38787

IMPORTANT: Questions 4 - 12 must be completed by all corporations. If this is the corporation's initial return or if the corporation did not file a return under the same name and same federal I.D. number for the preceding year, questions 1, 2 and 3 must be answered. Failure to do so may result in a request for a delinquent return.

1. Indicate whether: (a) completely new business; (b) successor to previously existing business which was organized as: (1) corporation; (2) partnership; (3) sole proprietorship; or (4) other. If successor to previously existing business, give name, address and federal I.D. number of the previous business organization. 2. List the following Kentucky account numbers. Enter N/A for any number not applicable. 3. If a foreign corporation, enter the date qualified to do business in Kentucky.

4. The corporation's books are in care of: HOWARD PUBLICATIONS, INC. SEATTLE, WA 5. Did the corporation at any time during the taxable year own 50 percent or more of the voting stock of another corporation, either domestic or foreign?

6. Did any corporation, individual, partnership, trust or association at any time during the taxable year own 50 percent or more of the corporation's voting stock? 7. If the corporation has a KNOL for the taxable year and is electing to forego the net operating loss carryback period, check here. 8. Is the corporation a partner in a partnership doing business in Kentucky? 9. Was this return prepared on: (a) cash basis, (b) accrual basis, (c) other. 10. Is the corporation a public service corporation subject to taxation under KRS 136.120? 11. (a) Did the corporation file a Kentucky intangible property tax return for January 1, 1998? (b) Did the corporation file a Kentucky tangible personal property tax return for January 1, 1998?

12. Is the corporation currently under audit by the Internal Revenue Service? If "Yes," enter years under audit. If the Internal Revenue Service has made final and unappealable adjustments to the corporation's taxable income which have not been reported to this Cabinet, check here and file Form 720X, Amended Kentucky Corporation Income Tax and Corporation License Tax Return, for each year adjusted and attach a copy of the final determination.

OFFICER INFORMATION (Failure to Provide Requested Information May Result in a Penalty)

President's Name: HOWARD, DAVID B. President's Address: MICHIGAN President's Social Security Number: 516-66-1179 Vice Pres Name: CUBBAGE, BENJAMIN C. Vice President's Social Security Number: 051-22-0166

Treasurer's Name: Treasurer's Address: Treasurer's Social Security Number: Sec'y Name: NEWELL, R.D. Secretary's Address: CALIFORNIA Secretary's Social Security Number: 537-40-0372

STATE DEPRECIATION SCHEDULE
FOR KY TRADE OR BUSINESS
FOR THE YEAR ENDED 04/30/98

ASSET #	DATE ACQ	DEPR METH	ACRS CLASS	LIFE	DEPR %	BUSINESS BASIS	SALVAGE VALUE	SEC 179 /ADDL	C P	DEPRECIABLE BASIS	DEPRECIATION			
											PRIOR	CURRENT	ACCUM	
LEASEHOLD														
100	10/31/92	MCR	E	15YR	6.23	581,237.					581,237.	218,940.	36,230.	255,170.
WELLS														
201	10/31/92	MCR	E	15YR	6.23	515,399.					515,399.	194,140.	32,126.	226,266.
WELLS														
202	10/31/93	MCR	E	15YR	6.93	244,655.					244,655.	75,219.	16,944.	92,163.
WELLS														
203	10/31/93	MCR	E	15YR	6.93	121,012.					121,012.	37,206.	8,381.	45,587.
WELLS														
204	10/31/94	MCR	E	15YR	7.70	216,563.					216,563.	49,918.	16,665.	66,583.
WELLS														
205	10/31/95	MDB	E	15YR	8.55	318,321.					318,321.	46,157.	27,216.	73,373.
WELLS														
206	10/31/96	MCR	E	15YR	9.50	2,379.					2,379.	119.	226.	345.
PIPELINE														
300	10/31/92	MCR	E	15YR	6.23	2,472,890.					2,472,890.	931,488.	154,140.	1,085,628.
COMPRESSORS														
401	10/31/92	SLS	C	7YR	8.96	214,767.					214,767.	166,638.	19,252.	185,890.
COMPRESSORS														
402	10/31/93	SLS	C	7YR	8.92	579,769.					579,769.	398,666.	51,744.	450,410.
COMPRESSORS														
403	10/31/94	MCR	C	7YR	12.50	13,210.					13,210.	7,433.	1,651.	9,084.
COMPRESSORS														
404	10/31/95	MCR	C	7YR	17.49	661,498.					661,498.	256,499.	115,714.	372,213.
COMPRESSORS														
405	10/31/96	MCR	C	7YR	24.49	26,332.					26,332.	3,762.	6,449.	10,211.
OFFICE FURNITURE														
501	05/01/91	SLS	C	7YR	9.06	276.					276.	239.	25.	264.
OFFICE FURNITURE														
502	10/31/93	SLS	C	7YR	8.82	170.					170.	117.	15.	132.
15 YR. PROPERTY														
	10/31/93	MCR	E	15YR	6.93	992,289.					992,289.	305,080.	68,721.	373,801.

STATE DEPRECIATION SCHEDULE
 FOR KY TRADE OR BUSINESS
 FOR THE YEAR ENDED 04/30/98

ASSET #	DATE ACQ	DEPR METH	ACRS CLASS	LIFE	DEPR %	BUSINESS BASIS	SALVAGE VALUE	SEC 179 /ADDL	C P	DEPRECIABLE BASIS	DEPRECIATION		
											PRIOR	CURRENT	ACCUM
15 YR. PROPERTY													
602	10/31/95	MDB	E	15YR	8.55	287,993.				287,993.	41,759.	24,623.	66,382.
15 YR. PROPERTY													
603	10/31/96	MCR	E	15YR	8.61	925,613.				925,613.	46,281.	79,651.	125,932.
PRE-OPENING COSTS													
700	05/01/90	AMT	1	OYR		10,599.				10,599.	10,599.		10,599.
						BEGINNING BALANCES	8,184,972.			8,184,972.	2,790,260.	659,773.	3,450,033.
						ADDITIONS							
						BALANCE BEFORE DISPOSALS	8,184,972.			8,184,972.	2,790,260.	659,773.	3,450,033.
						DISPOSALS							
						BALANCE AFTER DISPOSALS	8,184,972.			8,184,972.	2,790,260.	659,773.	3,450,033.

KENTUCKY PIPELINE AND STORAGE COMPANY, INC.

91-1488857

STATEMENT: 720-1

PART I LN 17 - KY NOL DEDUCTION	AMOUNT
C/F 1995	20,388.
C/F 1996	767,795.
TOTAL AMOUNT	788,183.

STATEMENT: Q-1

NAME, ADDRESS	FED ID NO.
HOWARD ENERGY COMPANY, INC.	91-1218779

U Corporation Income Tax Return

For calendar year 1997, tax year beginning 05/01, 1997, ending 04/30, 1998

▶ Instructions are separate. See Instructions for Paperwork Reduction Act Notice.

A Check if a: 1 Consolidated return (attach Form 851) <input type="checkbox"/> 2 Personal holding co. (attach Sch. PH) <input type="checkbox"/> 3 Personal service corp. (as defined in Temporary Regs. sec. 1.441-4T-see instructions) <input type="checkbox"/>	Use IRS label. Otherwise, print or type.	Name KENTUCKY PIPELINE AND STORAGE COMPANY, INC.	B Employer identification number 91-1488857
		Number, street, and room or suite no. (If a P.O. box, see instructions.) 221 1ST AVENUE W SUITE 405	C Date incorporated 05/01/90
		City or town, state, and ZIP code SEATTLE, WA 98119	D Total assets (see instructions) 5,535,262.

E Check applicable boxes: (1) Initial return (2) Final return (3) Change of address

Income	1 a Gross receipts or sales	494,165.	b Less returns and allowances		c Bal ▶	1c	494,165.	
	2 Cost of goods sold (Schedule A, line 8)					2	NONE	
	3 Gross profit. Subtract line 2 from line 1c					3	494,165.	
	4 Dividends (Schedule C, line 19)					4		
	5 Interest					5	7,425.	
	6 Gross rents					6		
	7 Gross royalties					7		
	8 Capital gain net income (attach Schedule D (Form 1120))					8		
	9 Net gain or (loss) from Form 4797, Part II, line 18 (attach Form 4797)					9		
	10 Other income (see instructions - attach schedule)					10		
	11 Total income. Add lines 3 through 10					▶	11	501,590.
Deductions	12 Compensation of officers (Schedule E, line 4)					12		
	13 Salaries and wages (less employment credits)					13		
	14 Repairs and maintenance					14		
	15 Bad debts					15		
	16 Rents					16	2,811.	
	17 Taxes and licenses					17	25,187.	
	18 Interest					18		
	19 Charitable contributions (see instructions for 10% limitation)					19		
	20 Depreciation (attach Form 4562)		20 659,773.					
	21 Less depreciation claimed on Schedule A and elsewhere on return		21a			21b	659,773.	
22 Depletion					22			
23 Advertising					23			
24 Pension, profit-sharing, etc., plans					24			
25 Employee benefit programs					25			
26 Other deductions (attach schedule)		SEE STMT. 1			26	290,490.		
27 Total deductions. Add lines 12 through 26					▶	27	978,261.	
28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11						28	-476,671.	
29 Less: a Net operating loss deduction (see instructions)		29a						
b Special deductions (Schedule C, line 20)		29b				29c		
30 Taxable income. Subtract line 29c from line 28						30	-476,671.	
31 Total tax (Schedule J, line 10)						31	NONE	
Tax and Payments	32 Payments: a 1996 overpayment credited to 1997	32a						
	b 1997 estimated tax payments	32b						
	c Less 1997 refund applied for on Form 4466	32c						
	d Bal ▶	32d						
	e Tax deposited with Form 7004	32e						
	f Credit for tax paid on undistributed capital gains (attach Form 2439)	32f						
	g Credit for Federal tax on fuels (attach Form 4136). See instructions	32g						
	33 Estimated tax penalty (see instructions). Check if Form 2220 is attached					▶ <input checked="" type="checkbox"/>	33	NONE
	34 Tax due. If line 32h is smaller than the total of lines 31 and 33, enter amount owed						34	NONE
	35 Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid						35	
36 Enter amount of line 35 you want: Credited to 1998 estimated tax ▶ Refunded ▶						36		

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature: RDM Signature of officer Date: June 1997 Title: _____

Paid Preparer's Use Only: Preparer's signature: _____ Date: _____ Check if self-employed Preparer's social security number: _____ Firm's name (or yours if self-employed): _____ EIN: _____

COPY

KENTUCKY PIPELINE AND STORAGE

Form 1120 (1997) COMPANY, INC.

Schedule A Cost of Goods Sold (See instructions.)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2.	8	NONE

9a Check all methods used for valuing closing inventory:

- (i) Cost as described in Regulations section 1.471-3
- (ii) Lower of cost or market as described in Regulations section 1.471-4
- (iii) Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c) ▶

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO. 9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation Yes No

Schedule C Dividends and Special Deductions (See instructions.)

	(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations that are subject to the 70% deduction (other than debt-financed stock)	70	
2	Dividends from 20%-or-more-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock)	80	
3	Dividends on debt-financed stock of domestic and foreign corporations (section 246A)	see instructions	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities	42	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities	48	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs that are subject to the 70% deduction	70	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs that are subject to the 80% deduction	80	
8	Dividends from wholly owned foreign subsidiaries subject to the 100% deduction (section 245(b))	100	
9	Total. Add lines 1 through 8. See instructions for limitation		
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958	100	
11	Dividends from certain FSCs that are subject to the 100% deduction (section 245(c)(1))	100	
12	Dividends from affiliated group members subject to the 100% deduction (section 243(a)(3))	100	
13	Other dividends from foreign corporations not included on lines 3, 6, 7, 8, or 11		
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471)		
15	Foreign dividend gross-up (section 78)		
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3 (section 246(d))		
17	Other dividends		
18	Deduction for dividends paid on certain preferred stock of public utilities		
19	Total dividends. Add lines 1 through 17. Enter here and on line 4, page 1. ▶		
20	Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on line 29b, page 1. ▶		

Schedule E Compensation of Officers (See instructions.)

Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1, Form 1120) are \$500,000 or more.

(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
			(d) Common	(e) Preferred	
1		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
2	Total compensation of officers				
3	Compensation of officers claimed on Schedule A and elsewhere on return				

KENTUCKY PIPELINE AND STORAGE COMPANY, INC.

Form 1120 (1997)

91-1488857 Page 3

Schedule J Tax Computation (See instructions.)

1 Check if the corporation is a member of a controlled group (see sections 1561 and 1563) **Important:** Members of a controlled group, see instructions.
If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order):
(1) \$ _____ (2) \$ _____ (3) \$ _____

b Enter the corporation's share of:
(1) Additional 5% tax (not more than \$11,750) . . . \$ _____
(2) Additional 3% tax (not more than \$100,000) . . . \$ _____

3 Income tax. Check this box if the corporation is a qualified personal service corporation as defined in section 448(d)(2) (see instructions) **3** NONE

4a Foreign tax credit (attach Form 1118)	4a	
b Possessions tax credit (attach Form 5735)	4b	
c Check: <input type="checkbox"/> Nonconventional source fuel credit <input type="checkbox"/> QEV credit (attach Form 8834)	4c	
d General business credit. Enter here and check which forms are attached: <input type="checkbox"/> 3800 <input type="checkbox"/> 3468 <input type="checkbox"/> 5884 <input type="checkbox"/> 6478 <input type="checkbox"/> 6765 <input type="checkbox"/> 8586 <input type="checkbox"/> 8830 <input type="checkbox"/> 8826 <input type="checkbox"/> 8835 <input type="checkbox"/> 8844 <input type="checkbox"/> 8845 <input type="checkbox"/> 8846 <input type="checkbox"/> 8820 <input checked="" type="checkbox"/> 8847 <input type="checkbox"/> 8861	4d	
e Credit for prior year minimum tax (attach Form 8827)	4e	
5 Total credits. Add lines 4a through 4e	5	
6 Subtract line 5 from line 3	6	NONE
7 Personal holding company tax (attach Schedule PH (Form 1120))	7	
8 Recapture taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611	8	
9 Alternative minimum tax (attach Form 4626)	9	
10 Total tax. Add lines 6 through 9. Enter here and on line 31, page 1	10	NONE

Schedule K Other Information (See instructions.)

	Yes	No
1 Check method of accounting: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶ _____		
2 See the instructions and state the principal: Business activity code no. ▶ <u>4920</u> o Business activity ▶ <u>GAS STORAGE & TRAN</u> c Product or service ▶ <u>NATURAL GAS</u>		
3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name and identifying number, (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.		X
4 Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? If "Yes," enter employer identification number and name of the parent corporation ▶ <u>91-1218779</u> <u>HOWARD ENERGY CO., INC.</u>	X	
5 At the end of the tax year, did any individual, partnership, corporation, estate or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned ▶ <u>SEE STMT 2</u>	X	
6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See secs. 301 and 316.) If "Yes," file Form 5452. If this is a consolidated return, answer here for the parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.		X
7 Was the corporation a U.S. shareholder of any controlled foreign corporation? (See sections 951 and 957.) If "Yes," attach Form 5471 for each such corporation. Enter number of Forms 5471 attached ▶ _____		X
8 At any time during the 1997 calendar year, did the corporation have an interest in or a signature or other authority over a financial account (such as a bank account, securities account, or other financial account) in a foreign country? If "Yes," the corporation may have to file Form TD F 90-22.1. If "Yes," enter name of foreign country ▶ _____		X
9 During the tax year, did the corporation receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," see instructions for other forms the corporation may have to file		X
10 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of: (a) the total voting power of all classes of stock of the corporation entitled to vote, or (b) the total value of all classes of stock of the corporation? If "Yes," a Enter percentage owned ▶ _____ b Enter owner's country ▶ _____ c The corporation may have to file Form 5472. Enter number of Forms 5472 attached ▶ _____		X
11 Check this box if the corporation issued publicly offered debt instruments with original issued discount. . . . ▶ <input type="checkbox"/> If so, the corporation may have to file Form 8281.		
12 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ _____		
13 If there were 35 or fewer shareholders at the end of the tax year, enter the number ▶ <u>1</u>		
14 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here ▶ <input type="checkbox"/>		
15 Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) ▶ \$ _____		

KENTUCKY PIPELINE AND STORAGE
COMPANY, INC.

Form 1120 (1997)

91-1488857 Page 4

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash		25,048.		175,951.
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts				
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities (see instructions)				
6	Other current assets (attach schedule)				
7	Loans to stockholders				
8	Mortgage and real estate loans				
9	Other investments (attach schedule)				
10a	Buildings and other depreciable assets	8,749,296.		8,789,004.	
b	Less accumulated depreciation	(2,780,020.)	5,969,276.	(3,439,693.)	5,349,311.
11a	Depletable assets				
b	Less accumulated depletion				
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)	10,599.		10,599.	
b	Less accumulated amortization	(10,599.)		(10,599.)	
14	Other assets (attach schedule) SEE STMT 3		10,000.		10,000.
15	Total assets		6,004,324.		5,535,262.
Liabilities and Stockholders' Equity					
16	Accounts payable		618,569.		
17	Mortgages, notes, bonds payable in less than 1 year				
18	Other current liabilities (attach schedule)				
19	Loans from stockholders		5,815,366.		6,274,689.
20	Mortgages, notes, bonds payable in 1 year or more				
21	Other liabilities (attach schedule)				
22	Capital stock: a Preferred stock				
b	Common stock	100,000.	100,000.	100,000.	100,000.
23	Additional paid-in capital				
24	Retained earnings - Appropriated (attach sch)				
25	Retained earnings - Unappropriated		-529,611.		-839,427.
26	Adjustments to shareholders' equity (attach schedule)				
27	Less cost of treasury stock				
28	Total liabilities and stockholders' equity		6,004,324.		5,535,262.

Note: You are not required to complete Schedules M-1 and M-2 below if the total assets on line 15, column (d) of Schedule L are less than \$25,000.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (See instructions.)

1	Net income (loss) per books	-309,816.	7	Income recorded on books this year not included on this return (itemize):	
2	Federal income tax	-166,850.		Tax-exempt interest \$	
3	Excess of capital losses over capital gains				
4	Income subject to tax not recorded on books this year (itemize):				
5	Expenses recorded on books this year not deducted on this return (itemize):		8	Deductions on this return not charged against book income this year (itemize):	
a	Depreciation \$ 659,704.		a	Depreciation \$ 659,773.	
b	Contributions carryover \$		b	Contributions carryover \$	
c	Travel and entertainment \$ 64.				
		659,768.			659,773.
6	Add lines 1 through 5	183,102.	9	Add lines 7 and 8	659,773.
			10	Income (line 28, page 1) - line 6 less line 9	-476,671.

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1	Balance at beginning of year	-529,611.	5	Distributions: a Cash	
2	Net income (loss) per books	-309,816.		b Stock	
3	Other increases (itemize):			c Property	
			6	Other decreases (itemize):	
			7	Add lines 5 and 6	

Depreciation and Amortization
(Including Information on Listed Property)

Department of the Treasury
Internal Revenue Service (99)

▶ See separate instructions.

▶ Attach this form to your return.

Attachment
Sequence No. **67**

Name(s) shown on return
**KENTUCKY PIPELINE AND STORAGE
COMPANY, INC.**

Business or activity to which this form relates
FORM 1120 LINE 20

Identifying number
91-1488857

Part I Election To Expense Certain Tangible Property (Section 179) (Note: If you have any "listed property," complete Part V before you complete Part I.)

1	Maximum dollar limitation. If an enterprise zone business, see instructions	1	\$18,000
2	Total cost of section 179 property placed in service. See instructions	2	
3	Threshold cost of section 179 property before reduction in limitation	3	\$200,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	NONE
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instr.	5	18,000.
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter amount from line 27	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from 1996. See instructions	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	18,000.
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	NONE
13	Carryover of disallowed deduction to 1998. Add lines 9 and 10, less line 12 ▶	13	NONE

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

Part II MACRS Depreciation For Assets Placed in Service ONLY During Your 1997 Tax Year (Do Not Include Listed Property.)

Section A - General Asset Account Election

14 If you are making the election under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See instructions.

Section B - General Depreciation System (GDS) (See instructions.)

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
15a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	

Section C - Alternative Depreciation System (ADS) (See instructions.)

16a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part III Other Depreciation (Do Not Include Listed Property.) (See instructions.)

17	GDS and ADS deductions for assets placed in service in tax years beginning before 1997	17	659,773.
18	Property subject to section 168(f)(1) election	18	
19	ACRS and other depreciation	19	

Part IV Summary (See instructions.)

20	Listed property. Enter amount from line 26	20	
21	Total. Add deductions on line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions	21	659,773.
22	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	22	

Part V Listed Property – Automobiles, Certain Other Vehicles, Cellular Telephones, Certain Computers, and Property Used for Entertainment, Recreation, or Amusement

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 23a, 23b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See instructions for limits for passenger automobiles.)

23a Do you have evidence to support the business/investment use claimed? <input type="checkbox"/> Yes <input type="checkbox"/> No		23b If "Yes," is the evidence written? <input type="checkbox"/> Yes <input type="checkbox"/> No							
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost	
24 Property used more than 50% in a qualified business use (See instructions.):									
25 Property used 50% or less in a qualified business use (See instructions.):									
26 Add amounts in column (h). Enter the total here and on line 20, page 1							26	27 Add amounts in column (i). Enter the total here and on line 7, page 1	

Section B - Information On Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
28 Total business/investment miles driven during the year (DO NOT include commuting miles)												
29 Total commuting miles driven during the year												
30 Total other personal (noncommuting) miles driven												
31 Total miles driven during the year. Add lines 28 through 30												
32 Was the vehicle available for personal use during off-duty hours?												
33 Was the vehicle used primarily by a more than 5% owner or related person?												
34 Is another vehicle available for personal use?												

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

	Yes	No
35 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
36 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
37 Do you treat all use of vehicles by employees as personal use?		
38 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
39 Do you meet the requirements concerning qualified automobile demonstration use? See instructions		

Note: If your answer to 35, 36, 37, 38, or 39 is "Yes," you need not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
) Amortization of costs that begins during your 1997 tax year:					
41 Amortization of costs that began before 1997					
42 Total. Enter here and on "Other Deductions" or "Other Expenses" line of your return.					42

Form 4626

Alternative Minimum Tax-Corporations

OMB No. 1545-0175

1997

See separate instructions.

Attach to the corporation's tax return.

Department of the Treasury Internal Revenue Service

Name KENTUCKY PIPELINE AND STORAGE COMPANY, INC.

Employer identification number 91-1488857

Table with 7 main rows and sub-rows (a-t, 2a-2s, 4a-4d, 4e). Columns include description, sub-row identifier, and numerical values. Row 1: Taxable income or (loss) before net operating loss deduction -476,671. Row 2t: Combine lines 2a through 2s 181,709. Row 3: Preadjustment alternative minimum taxable income (AMTI) -294,962. Row 4e: ACE adjustment 55,985. Row 5: Combine lines 3 and 4e -238,977. Row 7: Alternative minimum taxable income -238,977.

Paperwork Reduction Act Notice, see separate instructions.

Form 4626 (1997)

KENTUCKY PIPELINE AND STORAGE
COMPANY, INC.

Form 4626 (1997)

91-1488857 Page 2

8	Enter the amount from line 7 (alternative minimum taxable income)	8	-238,977.
9	Exemption phase-out computation (if line 8 is \$310,000 or more, skip lines 9a and 9b and enter -0- on line 9c):		
a	Subtract \$150,000 from line 8 (if you are completing this line for a member of a controlled group, see the instructions). If zero or less, enter -0-	9a	NONE
b	Multiply line 9a by 25% (.25)	9b	
c	Exemption. Subtract line 9b from \$40,000 (if you are completing this line for a member of a controlled group, see instructions). If zero or less, enter -0-	9c	40,000.
10	Subtract line 9c from line 8. If zero or less, enter -0-	10	NONE
11	Multiply line 10 by 20% (.20).	11	
12	Alternative minimum tax foreign tax credit. See instructions	12	
13	Tentative minimum tax. Subtract line 12 from line 11.	13	NONE
14	Regular tax liability before all credits except the foreign tax credit and possessions tax credit	14	NONE
15	Alternative minimum tax. Subtract line 14 from line 13. Enter the result on the appropriate line of the corporation's income tax return (e.g., Form 1120, Schedule J, line 9). If zero or less, enter -0-	15	NONE

19... SUPPLEMENTARY STATEMENTS

KENTUCKY PIPELINE AND STORAGE COMPANY, INC.

91-1488857

STATEMENT: 4562-1

17. PRIOR MACRS :	DATE	DEPR BASIS	PERIOD	METHOD	DEDUCTION
100 LEASEHOLD	10/92	581,237.	15-YR	150DB	36,230.
201 WELLS	10/92	515,399.	15-YR	150DB	32,126.
202 WELLS	10/93	244,655.	15-YR	150DB	16,944.
203 WELLS	10/93	121,012.	15-YR	150DB	8,381.
204 WELLS	10/94	216,563.	15-YR	150DB	16,665.
205 WELLS	10/95	318,321.	15-YR	150DB	27,216.
206 WELLS	10/96	2,379.	15-YR	150DB	226.
300 PIPELINE	10/92	2,472,890.	15-YR	150DB	154,140.
401 COMPRESSORS	10/92	214,767.	7-YR	S/L	19,252.
402 COMPRESSORS	10/93	579,769.	7-YR	S/L	51,744.
403 COMPRESSORS	10/94	13,210.	7-YR	200DB	1,651.
404 COMPRESSORS	10/95	661,498.	7-YR	200DB	115,714.
405 COMPRESSORS	10/96	26,332.	7-YR	200DB	6,449.
501 OFFICE FURNITURE	05/91	276.	7-YR	S/L	25.
502 OFFICE FURNITURE	10/93	170.	7-YR	S/L	15.
601 15 YR. PROPERTY	10/93	992,289.	15-YR	150DB	68,721.
602 15 YR. PROPERTY	10/95	287,993.	15-YR	150DB	24,623.
603 15 YR. PROPERTY	10/96	925,613.	15-YR	150DB	79,651.
TOTAL AMOUNT		8,174,373.			659,773.

REGULAR DEPRECIATION
FORM 1120 LINE 20
FOR THE YEAR ENDED 04/30/98

ASSET NUM	DATE ACQ	C MTH	L S	LIFE	DEPR %	BUSINESS BASIS	SALVAGE VALUE	SEC 179 EXP	ITC TYP	BASIS ADJUST	DEPRECIATION				
											DEPR BASIS	PRIOR	CURRENT	ACCUM EXPL	
LEASEHOLD															
100	103192	MCR	E	15/00	6.23	581,237.					581,237.	218,940.	36,230.	255,170.	
WELLS															
201	103192	MCR	E	15/00	6.23	515,399.					515,399.	194,140.	32,126.	226,266.	
WELLS															
202	103193	MCR	E	15/00	6.93	244,655.					244,655.	75,219.	16,944.	92,163.	
WELLS															
203	103193	MCR	E	15/00	6.93	121,012.					121,012.	37,206.	8,381.	45,587.	
WELLS															
204	103194	MCR	E	15/00	7.70	216,563.					216,563.	49,918.	16,665.	66,583.	
WELLS															
205	103195	MDB	E	15/00	8.55	318,321.					318,321.	46,157.	27,216.	73,373.	
WELLS															
206	103196	MCR	E	15/00	9.50	2,379.					2,379.	119.	226.	345.	
PIPELINE															
300	103192	MCR	E	15/00	6.23	2,472,890.					2,472,890.	931,488.	154,140.	1,085,628.	
COMPRESSORS															
401	103192	SLS	C	07/00	8.96	214,767.					214,767.	166,638.	19,252.	185,890.	
COMPRESSORS															
402	103193	SLS	C	07/00	8.92	579,769.					579,769.	398,666.	51,744.	450,410.	
COMPRESSORS															
403	103194	MCR	C	07/00	12.50	13,210.					13,210.	7,433.	1,651.	9,084.	
COMPRESSORS															
404	103195	MCR	C	07/00	17.49	661,498.					661,498.	256,499.	115,714.	372,213.	
COMPRESSORS															
405	103196	MCR	C	07/00	24.49	26,332.					26,332.	3,762.	6,449.	10,211.	
OFFICE FURNITURE															
501	050191	SLS	C	07/00	9.06	276.					276.	239.	25.	264.	
OFFICE FURNITURE															
502	103193	SLS	C	07/00	8.82	170.					170.	117.	15.	132.	
15 YR. PROPERTY															
601	103193	MCR	E	15/00	6.93	992,289.					992,289.	305,080.	68,721.	373,801.	
15 YR. PROPERTY															
602	103195	MDB	E	15/00	8.55	287,993.					287,993.	41,759.	24,623.	66,382.	
15 YR. PROPERTY															
603	103196	MCR	E	15/00	8.61	925,613.					925,613.	46,281.	79,651.	125,932.	
PRE-OPENING COSTS															
700	050190	AMT	1	00/00		10,599.					10,599.	10,599.		10,599.	
BEGINNING BALANCES						8,184,972.					8,184,972.	2,790,260.	659,773.	3,450,033.	
ADDITIONS															
DISPOSALS															
ENDING BALANCES						8,184,972.					8,184,972.	2,790,260.	659,773.	3,450,033.	
62 PARTS II, III, V & VI												659,773.			
CUR YR ELECTED SEC 179 EXP															
SECTION 179 EXP CARRYOVER															
TOTAL REPORTED ON FORM/SCH												659,773.			

ALTERNATIVE MINIMUM DEPRECIATION
ADJUSTMENTS AND PREFERENCES
FOR THE YEAR ENDED 04/30/98

ASSET NUM	DATE ACQ	REG TAX			AMT DEPRECIATION								
		DEP MTH	ACR CLS	LIFE	AMT DEPR	DEPR CODE	DEPR LIFE	DEPR %	DEPR BASIS	PRIOR	CURRENT	ACCUM	ADJ/PREF	EXPL
LEASEHOLD													
100	10/31/92	MCR	E	15/00	36,230.	M	22/00	4.95	581,237.	159,464.	28,757.	188,221.	7,473.
WELLS													
201	10/31/92	MCR	E	15/00	32,126.	M	22/00	4.95	515,399.	141,402.	25,500.	166,902.	6,626.
WELLS													
202	10/31/93	MCR	E	15/00	16,944.	M	22/00	5.33	244,655.	53,457.	13,036.	66,493.	3,908.
WELLS													
203	10/31/93	MCR	E	15/00	8,381.	M	22/00	5.33	121,012.	26,441.	6,448.	32,889.	1,933.
WELLS													
204	10/31/94	MCR	E	15/00	16,665.	M	22/00	5.72	216,563.	34,935.	12,384.	47,319.	4,281.
WELLS													
205	10/31/95	MDB	E	15/00	27,216.	M	22/00	6.14	318,321.	31,816.	19,534.	51,350.	7,682.
WELLS													
206	10/31/96	MCR	E	15/00	226.	M	22/00	6.60	2,379.	81.	157.	238.	69.
PIPELINE													
300	10/31/92	MCR	E	15/00	154,140.	M	22/00	4.95	2,472,890.	678,445.	122,349.	800,794.	31,791.
COMPRESSORS													
401	10/31/92	SLS	C	07/00	19,252.	M	14/00	6.00	214,767.	94,576.	12,878.	107,454.	6,374.
COMPRESSORS													
402	10/31/93	SLS	C	07/00	51,744.	M	14/00	7.22	579,769.	189,207.	41,846.	231,053.	9,898.
COMPRESSORS													
403	10/31/94	MCR	C	07/00	1,651.	M	14/00	8.08	13,210.	3,244.	1,068.	4,312.	583.
COMPRESSORS													
404	10/31/95	MCR	C	07/00	115,714.	M	14/00	9.05	661,498.	102,515.	59,891.	162,406.	55,823.
COMPRESSORS													
405	10/31/96	MCR	C	07/00	6,449.	M	14/00	10.14	26,332.	1,411.	2,670.	4,081.	3,779.
OFFICE FURNITURE													
501	05/01/91	SLS	C	07/00	25.	M	10/00	9.42	276.	158.	26.	184.	-1.
OFFICE FURNITURE													
502	10/31/93	SLS	C	07/00	15.	M	10/00	8.82	170.	74.	15.	89.	
15 YR. PROPERTY													
601	10/31/93	MCR	E	15/00	68,721.	M	22/00	5.33	992,289.	216,814.	52,873.	269,687.	15,848.
15 YR. PROPERTY													
602	10/31/95	MDB	E	15/00	24,623.	M	22/00	6.14	287,993.	28,784.	17,673.	46,457.	6,950.
15 YR. PROPERTY													
603	10/31/96	MCR	E	15/00	79,651.	M	22/00	6.59	925,613.	31,555.	60,959.	92,514.	18,692.
BEGINNING BALANCES					659,773.				8,174,373.	1,794,379.	478,064.	2,272,443.	181,709.
ADDITIONS													
DISPOSALS													
ENDING BALANCES					659,773.				8,174,373.	1,794,379.	478,064.	2,272,443.	181,709.

KENTUCKY PIPELINE AND STORAGE COMPANY, INC.

91-1488857

STATEMENT: 1

1120 LN 26 - OTHER DEDUCTIONS	AMOUNT
MEALS/ENTERTAINMENT	64.
OPERATING COSTS	225,602.
LEGAL & PROFESSIONAL	10,978.
INSURANCE	51,045.
TRAVEL LODGING AIRFARE	593.
OFFICE EXPENSE	79.
TELEPHONE	1,634.
SUBSCRIPTIONS	495.
TOTAL AMOUNT	290,490.

STATEMENT: 2

1120 SCH K LN 5 - OTHER INFORMATION	
HOWARD ENERGY CO., INC. 221 1ST AVENUE W., SUITE 405 91-1218779	
PERCENTAGE OWNED	90.00

STATEMENT: 3

1120 SCH L LN 14 - OTHER ASSETS	BEGINNING	ENDING
OPERATOR BOND	10,000.	10,000.
TOTAL AMOUNT	10,000.	10,000.

1990 SUPPLEMENTARY STATEMENTS

KENTUCKY PIPELINE AND STORAGE COMPANY, INC.

91-1488857

STATEMENT: ACE-1

1. Pre-adjustment AMTI			-294,962.
2a. AMT depreciation		355,421.	
2b(1). Post 1993 property			
2b(2). Post 1989, pre-1994 property			
2b(3). Pre-1990 MACRS property			
2b(4). Pre-1990 original ACRS property			
2b(5). Property described in sec 168(f)1-4.			
2b(6). Other property	280,775.		
2b(7). Total ACE depreciation		280,775.	
2c. ACE depreciation adjustment			74,646.
3a. Tax-exempt interest income			
3b. Death benefits from life insurance			
3c. All other distrib from life insurance			
3d. Inside buildup undistributed income			
3e. Other items			
3f. Total increase to ACE due to inclusion			
4a. Certain dividends received			
4b. Div pd preferred stock pub util sec 247			
4c. Div pd to ESOP deduct under Sec 404(k)			
4d. Non-patronage dividends - Sec 1382(c)			
4e. Other items			
4f. Total increase to ACE due to disallowance			
5a. Intangible drilling costs			
5b. Circulation expenditures			
5c. Organizational expenditures			
5d. LIFO inventory adjustments			
5e. Installment sales			
5f. Total other E&P adjustments			
6. Disallowance of loss - debt pools			
7. Acquisition exp of life insur comp			
8. Depletion			
9. Basis adjustments sale/exchange prop			
10. Adjusted current earnings			-220,316.

41A720ES (10-97)
COMMONWEALTH
OF KENTUCKY

**CORPORATION ESTIMATED
INCOME TAX - VOUCHER
Form 720ES**

INSTALLMENT 1

C

Date _____

TEAR HERE

Kentucky Account No.	Tax Year Ending	Due Date
38787	04/30/99	07/15/98
Name and Address KENTUCKY PIPELINE AND STORAGE COMPANY, INC. 221 1ST AVENUE W, SUITE 405 SEATTLE, WA 98119		

Amount of this payment.
(From worksheet)

\$	6,000
----	-------

Make check payable to: Kentucky State Treasurer
 Mail to: Kentucky Revenue Cabinet
 Frankfort, KY 40619

No reminder will be sent prior to next installment due date.

TEAR HERE

41A720ES (10-97)
COMMONWEALTH
OF KENTUCKY

**CORPORATION ESTIMATED
INCOME TAX - VOUCHER
Form 720ES**

INSTALLMENT 2

C

Date _____

TEAR HERE

Kentucky Account No.	Tax Year Ending	Due Date
38787	04/30/99	10/15/98
Name and Address KENTUCKY PIPELINE AND STORAGE COMPANY, INC. 221 1ST AVENUE W, SUITE 405 SEATTLE, WA 98119		

Amount of this payment.
(From worksheet)

\$	3,000
----	-------

Make check payable to: Kentucky State Treasurer
 Mail to: Kentucky Revenue Cabinet
 Frankfort, KY 40619

No reminder will be sent prior to next installment due date.

COPY

TEAR HERE

41A720ES (10-97)
COMMONWEALTH
OF KENTUCKY

**CORPORATION ESTIMATED
INCOME TAX - VOUCHER
Form 720ES**

INSTALLMENT 3

C

Date _____

TEAR HERE

Kentucky Account No.	Tax Year Ending	Due Date
38787	04/30/99	01/15/99
Name and Address KENTUCKY PIPELINE AND STORAGE COMPANY, INC. 221 1ST AVENUE W, SUITE 405 SEATTLE, WA 98119		

Amount of this payment.
(From worksheet)

\$	3,000
----	-------

Make check payable to: Kentucky State Treasurer
 Mail to: Kentucky Revenue Cabinet
 Frankfort, KY 40619

No reminder will be sent prior to next installment due date.

U.S. Corporation Income Tax Return

OMB No. 1545-0123

For calendar year 1997 or tax year beginning 05/01, 1997, ending 04/30, 19 98

1997

▶ Instructions are separate. See page 1 for Paperwork Reduction Act Notice.

A Check if a: <input type="checkbox"/> Consolidated return (attach Form 851) <input type="checkbox"/> Personal holding co. (attach Sch. PH) <input type="checkbox"/> Personal service corp. (as defined in Temporary Regs. sec. 1.441-4T—see instructions)	Use IRS label. Otherwise, print or type.	Name Kentucky Pipeline & Storage Company	B Employer identification number 91-1488857
		Number, street, and room or suite no. (If a P.O. box, see page 5 of instructions.) 221 First Avenue West, Suite 405	C Date incorporated May 01, 1990
		City or town, state, and ZIP code Seattle, Washington 98119	D Total assets (see page 5 of instructions) \$ 5535262

E Check applicable boxes: (1) Initial return (2) Final return (3) Change of address

Income	1 a	Gross receipts or sales	<u>494165</u>	b	Less returns and allowances		c	Bal ▶	1c	<u>494165</u>	
	2	Cost of goods sold (Schedule A, line 8)							2		
	3	Gross profit. Subtract line 2 from line 1c							3	<u>494165</u>	
	4	Dividends (Schedule C, line 19)							4		
	5	Interest							5	<u>7425</u>	
	6	Gross rents							6		
	7	Gross royalties							7		
	8	Capital gain net income (attach Schedule D (Form 1120))							8		
	9	Net gain or (loss) from Form 4797, Part II, line 18 (attach Form 4797)							9		
	10	Other income (see page 6 of instructions — attach schedule)							10		
	11	Total income. Add lines 3 through 10							▶	11	<u>501590</u>
Deductions (See instructions for limitations on deductions.)	12	Compensation of officers (Schedule E, line 4)							12		
	13	Salaries and wages (less employment credits)							13		
	14	Repairs and maintenance							14		
	15	Bad debts							15		
	16	Rents							16	<u>2811</u>	
	17	Taxes and licenses							17	<u>25187</u>	
	18	Interest							18		
	19	Charitable contributions (see page 8 of instructions for 10% limitation)							19		
	20	Depreciation (attach Form 4562)			20	<u>659773</u>					
	21	Less depreciation claimed on Schedule A and elsewhere on return			21a					21b	<u>659773</u>
	22	Depletion								22	
	23	Advertising								23	
	24	Pension, profit-sharing, etc., plans								24	
	25	Employee benefit programs								25	
	26	Other deductions (attach schedule)								26	<u>290489</u>
	27	Total deductions. Add lines 12 through 26							▶	27	<u>978260</u>
	28	Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11								28	<u>(476670)</u>
	29	Less: a Net operating loss deduction (see page 9 of instructions)			29a					29c	
		b Special deductions (Schedule C, line 20)			29b						
30	Taxable income. Subtract line 29c from line 28								30	<u>(476670)</u>	
Tax and Payments	31	Total tax (Schedule J, line 10)							31		
	32	Payments: a 1996 overpayment credited to 1997	32a								
		b 1997 estimated tax payments	32b								
		c Less 1997 refund applied for on Form 4466	32c	()					
		d Bal ▶	32d								
		e Tax deposited with Form 7004	32e								
		f Credit for tax paid on undistributed capital gains (attach Form 2439)	32f								
		g Credit for Federal tax on fuels (attach Form 4136). See instructions	32g							32h	
	33	Estimated tax penalty (see page 10 of instructions). Check if Form 2220 is attached								▶ <input type="checkbox"/>	33
	34	Tax due. If line 32h is smaller than the total of lines 31 and 33, enter amount owed									34
35	Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid									35	
36	Enter amount of line 35 you want: Credited to 1998 estimated tax ▶									▶	
										▶ Refunded ▶	

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer	Date	Title	
	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's social security number
Paid Preparer's Use Only	Firm's name (or yours if self-employed) and address	EIN ▶	ZIP code ▶	

Schedule A Cost of Goods Sold (See page 10 of instructions.)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	

- 9a Check all methods used for valuing closing inventory:
- (i) Cost as described in Regulations section 1.471-3
 - (ii) Lower of cost or market as described in Regulations section 1.471-4
 - (iii) Other (Specify method used and attach explanation.) ▶ _____
- b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c) ▶
- c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶
- d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO 9d _____
- e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? Yes No
- f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation Yes No

Schedule C Dividends and Special Deductions (See page 11 of instructions.)

	(a) Dividends received	(b) %	(c) Special deductions (a) x (b)
1	Dividends from less-than-20%-owned domestic corporations that are subject to the 70% deduction (other than debt-financed stock)	70	
2	Dividends from 20%-or-more-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock)	80	
3	Dividends on debt-financed stock of domestic and foreign corporations (section 246A)	see instructions	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities	42	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities	48	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs that are subject to the 70% deduction	70	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs that are subject to the 80% deduction	80	
8	Dividends from wholly owned foreign subsidiaries subject to the 100% deduction (section 245(b))	100	
9	Total. Add lines 1 through 8. See page 12 of instructions for limitation		
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958	100	
11	Dividends from certain FSCs that are subject to the 100% deduction (section 245(c)(1))	100	
12	Dividends from affiliated group members subject to the 100% deduction (section 243(a)(3))	100	
13	Other dividends from foreign corporations not included on lines 3, 6, 7, 8, or 11		
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471)		
15	Foreign dividend gross-up (section 78)		
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3 (section 246(d))		
17	Other dividends		
18	Deduction for dividends paid on certain preferred stock of public utilities		
19	Total dividends. Add lines 1 through 17. Enter here and on line 4, page 1		
20	Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on line 29b, page 1		

Schedule E Compensation of Officers (See instructions for line 12, page 1.)

Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1, Form 1120) are \$500,000 or more.

	(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
				(d) Common	(e) Preferred	
1			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
			%	%	%	
2	Total compensation of officers					
3	Compensation of officers claimed on Schedule A and elsewhere on return					
4	Subtract line 3 from line 2. Enter the result here and on line 12, page 1					

Schedule J Tax Computation (See page 12 of instructions.)

1 Check if the corporation is a member of a controlled group (see sections 1561 and 1563) **Important:** Members of a controlled group, see instructions on page 12.

2a If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order):
 (1) \$ _____ (2) \$ _____ (3) \$ _____

b Enter the corporation's share of:
 (1) Additional 5% tax (not more than \$11,750) \$ _____
 (2) Additional 3% tax (not more than \$100,000) \$ _____

3 Income tax. Check this box if the corporation is a qualified personal service corporation as defined in section 448(d)(2) (see instructions on page 13) **3**

4a Foreign tax credit (attach Form 1118) **4a** _____
 b Possessions tax credit (attach Form 5735) **4b** _____
 c Check: Nonconventional source fuel credit QEV credit (attach Form 8834) **4c** _____
 d General business credit. Enter here and check which forms are attached: 3800
 3468 5884 6478 6765 8586 8830 8826
 8835 8844 8845 8846 8820 8847 8861 **4d** _____
 e Credit for prior year minimum tax (attach Form 8827) **4e** _____

5 Total credits. Add lines 4a through 4e **5** _____
 6 Subtract line 5 from line 3 **6** _____
 7 Personal holding company tax (attach Schedule PH (Form 1120)) **7** _____
 8 Recapture taxes. Check if from: Form 4255 Form 8611 **8** _____
 9 Alternative minimum tax (attach Form 4626) **9** _____
 10 Total tax. Add lines 6 through 9. Enter here and on line 31, page 1 **10** _____

Schedule K Other Information (See page 14 of instructions.)

	Yes	No		Yes	No
1 Check method of accounting: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶ _____			7 Was the corporation a U.S. shareholder of any controlled foreign corporation? (See sections 951 and 957.) If "Yes," attach Form 5471 for each such corporation. Enter number of Forms 5471 attached ▶ _____		X
2 See page 16 of the instructions and state the principal: a Business activity code no. ▶ <u>4920</u> b Business activity ▶ <u>Nat Gas Stor & Trans</u> c Product or service ▶ <u>Natural Gas</u>			8 At any time during the 1997 calendar year, did the corporation have an interest in or a signature or other authority over a financial account (such as a bank account, securities account, or other financial account) in a foreign country? If "Yes," the corporation may have to file Form TD F 90-22.1. If "Yes," enter name of foreign country ▶ _____		X
3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name and identifying number, (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.		X	9 During the tax year, did the corporation receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," see page 15 of the instructions for other forms the corporation may have to file.		X
4 Is the corporation a subsidiary in an affiliated group or a parent-subsubsidiary controlled group? If "Yes," enter employer identification number and name of the parent corporation ▶ <u>91-1218779</u> <u>Howard Energy Co., Inc.</u>	X		10 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of: (a) the total voting power of all classes of stock of the corporation entitled to vote, or (b) the total value of all classes of stock of the corporation? If "Yes," a Enter percentage owned ▶ _____ b Enter owner's country ▶ _____ c The corporation may have to file Form 5472. Enter number of Forms 5472 attached ▶ _____		X
5 At the end of the tax year, did any individual, partnership, corporation, estate or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned ▶ _____	X		11 Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If so, the corporation may have to file Form 8281.		
6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See secs. 301 and 316.) If "Yes," file Form 5452. If this is a consolidated return, answer here for the parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.		X	12 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ _____		
			13 If there were 35 or fewer shareholders at the end of the tax year, enter the number ▶ <u>-1-</u>		
			14 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here <input type="checkbox"/>		
			15 Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) ▶ \$ _____		

Schedule L Balance Sheets per Books	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash		25048		175951
2a Trade notes and accounts receivable				
b Less allowance for bad debts	()		()	
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities (see instructions)				
6 Other current assets (attach schedule)				
7 Loans to stockholders				
8 Mortgage and real estate loans				
9 Other investments (attach schedule)				
10a Buildings and other depreciable assets	8749296		8789004	
b Less accumulated depreciation	(2780020)	5969276	(3439693)	5349311
11a Depletable assets				
b Less accumulated depletion	()		()	
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)	10599		10599	
b Less accumulated amortization	(10599)	0	(10599)	0
14 Other assets (attach schedule)		10000		10000
15 Total assets		6004324		5535262
Liabilities and Stockholders' Equity				
16 Accounts payable		618569		
17 Mortgages, notes, bonds payable in less than 1 year				
18 Other current liabilities (attach schedule)				
19 Loans from stockholders		5815366		6274689
20 Mortgages, notes, bonds payable in 1 year or more				
21 Other liabilities (attach schedule)				
22 Capital stock: a Preferred stock				
b Common stock	100000	100000	100000	100000
23 Additional paid-in capital				
24 Retained earnings — Appropriated (attach schedule)				
25 Retained earnings — Unappropriated		(529611)		(839427)
26 Adjustments to shareholders' equity (attach schedule)				
27 Less cost of treasury stock		()		()
28 Total liabilities and stockholders' equity		6004324		5535262

Note: You are not required to complete Schedules M-1 and M-2 below if the total assets on line 15, column (d) of Schedule L are less than \$25,000.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (See page 15 of instructions.)			
1 Net income (loss) per books	(309815)	7 Income recorded on books this year not included on this return (itemize):	
2 Federal income tax	(166850)	Tax-exempt interest \$ _____	
3 Excess of capital losses over capital gains			
4 Income subject to tax not recorded on books this year (itemize): _____			
5 Expenses recorded on books this year not deducted on this return (itemize):		8 Deductions on this return not charged against book income this year (itemize):	
a Depreciation \$ 659704		a Depreciation \$ 659773	
b Contributions carryover \$ _____		b Contributions carryover \$ _____	
c Travel and entertainment \$ 64			
	659768		659773
6 Add lines 1 through 5	183103	9 Add lines 7 and 8	659773
		10 Income (line 28, page 1) — line 6 less line 9	(476670)

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)			
1 Balance at beginning of year	(529611)	5 Distributions: a Cash	
2 Net income (loss) per books	(309815)	b Stock	
3 Other increases (itemize): _____		c Property	
		6 Other decreases (itemize): Rounding	1
		7 Add lines 5 and 6	1
4 Add lines 1, 2, and 3	(839426)	8 Balance at end of year (line 4 less line 7)	(839427)

62A500 (10-98)

Commonwealth of Kentucky
REVENUE CABINET
 Department of Property Valuation
 Division of State Valuation
 200 Fair Oaks Lane, Suite 100
 Frankfort, KY 40620

1999

**TANGIBLE PERSONAL
 PROPERTY TAX RETURN**

Property Assessed January 1, 1999

FOR OFFICIAL USE ONLY

County Code Locator Number

T _____ / _____

File this return with the PVA in the county of taxable situs or the Department of Property Valuation.

MAY 1999						
S	M	T	W	T	F	S
	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Due Date:
 Monday
 May 17, 1999



Social Security No. or Federal ID No. 91-1488857		Name of Business Kentucky Pipeline & Storage Co. Inc.		Organization Type	
2nd SSN if joint return		Name of Taxpayer(s) Same		<input type="checkbox"/> Individual 1 <input type="checkbox"/> Joint (Co-Owners) 2	
SIC CODE 4 9 2 0		Number and Street or Rural Route 221 1st Ave West; Suite 405		<input type="checkbox"/> Partnership/LLP 3 <input type="checkbox"/> Domestic Corp./LLC 4	
Type of Business Gas Storage		City or Town State ZIP Code Seattle, Wa. 98119		<input type="checkbox"/> Foreign Corp. 5 <input type="checkbox"/> Fiduciary—Bank 6	
Check if applicable Yes		Property Location (Number and Street or Rural Route, City) Hopkins County Kentucky		<input type="checkbox"/> Fiduciary—Other 7	
Tangible personal property in other KY counties? <input type="checkbox"/>		Property is Located in Hopkins County		For Official Use Only	
Alternative method of valuation? <input type="checkbox"/>		Enterprise Zone <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, attach certificate.</i>		District Code _____	
				Type Return _____	

NOTE: Taxpayers who have property in more than one location must complete a separate form for each location.

FROM SCHEDULE A					FROM SCHEDULE B					
	Class	Original Cost	Reported Value	For Official Use Only		Class	Original Cost	Reported Value	For Official Use Only	
11	I	446	89		21	I				
12	II				22	II				
13	III				23	III				
14	IV	1,495,576	702,239		24	IV				
15	V				25	V				
16	VI				26	VI				
17	Total	1,496,022	702,328		27	Total				
See pages 3 through 5 for instructions							Taxpayer's Valuation		For Official Use Only	
31	Merchants Inventory									
32	Manufacturers Finished Goods									
33	Manufacturers Raw Materials/Goods in Process									
34	Motor Vehicles Held for Sale (dealers only) New Farm Machinery Held Under a Floor Plan New Boats and Marine Inventory (dealers only) Salvage Titled Vehicles (insurance companies only)									
35	Goods Stored in Public Warehouse (see instructions, page 4)									
36	Inventory—In Transit (see instructions, page 4)									
37	Unmanufactured Tobacco Products not at Manufacturers Plant or in Hands of Grower or His Agent									
38	Other Unmanufactured Agricultural Products not at Manufacturers Plant or in Hands of Grower or His Agent									
39	Unmanufactured Agricultural Products at Manufacturers Plant or in Hands of Grower or His Agent/Industrial Revenue Bond Property									
50	Livestock and Farm Machinery/Fluidized Bed Energy Facilities									
60	Other Tangible Property (from Schedule C) (page 2)									
70	Foreign Trade Zone									
81	Construction Work in Progress (manufacturing machinery)									

SCHEDULE A

Tangible Personal Property Subject to Full State and Local Rates

Age	CLASS I Under 6.5 Year Economic Life			CLASS II 6.5-8.9 Year Economic Life			CLASS III 9-10.9 Year Economic Life		
	Original Cost	Factor	Reported Value	Original Cost	Factor	Reported Value	Original Cost	Factor	Reported Value
1		.850			.906			.925	
2		.600			.743			.793	
3		.427			.613			.685	
4		.304			.506			.591	
5		.220			.426			.521	
6	446	.200	89		.356			.455	
7		.200			.295			.394	
8		.200			.242			.339	
9		.200			.201			.294	
10		.200			.200			.257	
11		.200			.200			.230	
12		.200			.200			.204	
13		.200			.200			.200	
13+		.200			.200			.200	
Total	446		89						

Age	CLASS IV 11-13.4 Year Economic Life			CLASS V 13.5-17.4 Year Economic Life			CLASS VI Over 17.5 Year Economic Life		
	Original Cost	Factor	Reported Value	Original Cost	Factor	Reported Value	Original Cost	Factor	Reported Value
1		.863			.963			.963	
2	19,700	.653	12,864		.898			.898	
3	590,217	.530	312,815		.844			.844	
4	77,913	.485	37,788		.793			.793	
5	33,360	.452	15,079		.760			.760	
6	774,386	.418	323,693		.691			.722	
7		.384			.624			.681	
8		.350			.559			.638	
9		.321			.504			.602	
10		.297			.458			.572	
11		.281			.427			.557	
12		.264			.394			.537	
13		.241			.354			.504	
14		.219			.316			.471	
15		.200			.284			.442	
16		.200			.258			.420	
17		.200			.233			.395	
18		.200			.216			.383	
19		.200			.210			.391	
20		.200			.205			.398	
21		.200			.200			.402	
22		.200			.200			.400	
23		.200			.200			.390	
24		.200			.200			.383	
25		.200			.200			.395	
26		.200			.200			.423	
27		.200			.200			.405	
27+		.200			.200			.388	

SCHEDULE B

Age	CLASS I Under 6.5 Year Economic Life			CLASS II 6.5-8.9 Year Economic Life			CLASS III 9-10.9 Year Economic Life		
	Original Cost	Factor	Reported Value	Original Cost	Factor	Reported Value	Original Cost	Factor	Reported Value
1		.850			.906			.925	
2		.600			.743			.793	
3		.427			.613			.685	
4		.304			.506			.591	
5		.220			.426			.521	
6		.200			.356			.455	
7		.200			.295			.394	
8		.200			.242			.339	
9		.200			.201			.294	
10		.200			.200			.257	
11		.200			.200			.230	
12		.200			.200			.204	
13		.200			.200			.200	
13+		.200			.200			.200	
Total									

Age	CLASS IV 11-13.4 Year Economic Life			CLASS V 13.5-17.4 Year Economic Life			CLASS VI Over 17.5 Year Economic Life		
	Original Cost	Factor	Reported Value	Original Cost	Factor	Reported Value	Original Cost	Factor	Reported Value
1		.863			.963			.963	
2		.653			.898			.898	
3		.530			.844			.844	
4		.485			.793			.793	
5		.452			.760			.760	
6		.418			.691			.722	
7		.384			.624			.681	
8		.350			.559			.638	
9		.321			.504			.602	
10		.297			.458			.572	
11		.281			.427			.557	
12		.264			.394			.537	
13		.241			.354			.504	
14		.219			.316			.471	
15		.200			.284			.442	
16		.200			.258			.420	
17		.200			.233			.395	
18		.200			.216			.383	
19		.200			.210			.391	
20		.200			.205			.398	
21		.200			.200			.402	
22		.200			.200			.400	
23		.200			.200			.390	
24		.200			.200			.383	
25		.200			.200			.395	
26		.200			.200			.423	
27		.200			.200			.405	
27+		.200			.200			.388	

		Value as of Jan. 1	For Office Use Only
Total of Sections 3 and 4 from Front Page		\$ 0	
5 TRUSTS: (List full value of corpus for: (1) Irrevocable Trusts held in Kentucky with Kentucky life tenant(s) and (2) all Revocable Trusts if the settlor is a Kentucky resident.)		Value as of Jan. 1	
Type	FEIN No.	Attach list of taxable intangible assets held by trust	
6 CASH AND DEPOSITS: (See Instructions, Section 6)		Value	
(1) Money in hand as of January 1 (including money in a safe deposit box)			
(2) Money on deposit with nonbanking financial institutions as of January 1			
(3) Life insurance proceeds subject to withdrawal as of January 1			
(4) Future lump sum payment: Date Due			
(5) Retail Repurchase Agreements			
7 OTHER RECEIVABLES: (For Sections 7 and 8, secured receivables are taxable at 100 percent of face value. Unsecured receivables at 85 percent of face value.)		Face Value (Jan. 1)	Taxable Value
(1) Accounts receivable, trade accounts, professional accounts and miscellaneous		\$	
(2) Loans to stockholders or employees			
(3) Installment accounts			
(4) Interest, rents and dividends due but not paid as of January 1			
GRAND TOTAL OF SECTIONS 3-7 (Intangibles Subject to 25¢ State Rate Only)		0	
8 INTANGIBLES: Subject to 1½¢ State Rate Only (Attach schedules if more than one item)		Face Value (Jan. 1)	Taxable Value
(1) Accounts receivable, notes, bonds, credits, etc., arising out of or created in the course of regular and continuing business transactions substantially performed outside this state (attach schedule)		\$	
(2) Intercompany accounts between parent and subsidiaries (parent owns 80 percent or more of subsidiaries (attach schedule)		\$	
(3) RIGHTS, ROYALTIES, PATENTS, COPYRIGHTS, ETC.			
(4) TOBACCO BASE ALLOTMENTS (attach schedule)			
TOTAL FOR SECTION 8 (Intangibles Subject to 1½¢ State Rate Only)		0	
9 RETIREMENT PLANS OR ANNUITIES (Right to Receive Income)/ INTANGIBLE PROPERTY OF BANKS: (Subject to 1/10¢ State Rate Only)		Value	
(1) Life: Age or date of birth of recipient		Annual Income \$	
Term: Date last payment due		Annual Income \$	
(2) Non-Kentucky irrevocable trust with Kentucky beneficiary		Annual Income \$	
(3) Retirement (IRAs, etc.), pension and profit-sharing plans, deferred compensation			
(4) Intangible property of banks (HB 416, 1996)			
TOTAL FOR SECTION 9 (Intangibles Subject to 1/10¢ State Rate Only)		0	

I declare, under the penalties of perjury, that this return (including any accompanying schedules and statements) has been examined by me and to the best of my knowledge and belief is a true, correct and complete return; and that all my taxable property has been listed at its fair cash value.

Carol M. Smolay 3/24/99
 Signature of Taxpayer Date

Name of Preparer Other Than Taxpayer

62A500 (10-97)

1998

**TANGIBLE PERSONAL
PROPERTY TAX RETURN**

FOR OFFICIAL USE ONLY	
County Code	Locator Number
T _____ / _____	

Commonwealth of Kentucky
REVENUE CABINET
Department of Property Valuation
Division of State Valuation
Frankfort, KY 40620

Property Assessed January 1, 1998

This return must be filed with the PVA
in the county of taxable situs or the
Department of Property Valuation
between January 1 and May 15.

(Taxpayers Other Than Manufacturers)

Is an alternative method of valuation being submitted with this return? Yes No

FILE

Social Security No. or Federal ID No. 91-1488857		Name of Business Kentucky Pipeline & Storage Co., Inc.		Organization	Type
2nd SSN if joint return		Name of Taxpayer(s) Kentucky Pipeline & Storage Co. Inc	Telephone Number (502) 826-3222	<input type="checkbox"/> Individual	1
SIC CODE 4920	Number and Street or Rural Route 221 First Avenue, Suite 405		City or Town Seattle, WA 98119	<input type="checkbox"/> Joint (Co-Owners)	2
Type of Business	Property Location (Number and Street or Rural Route, City) Hopkins County, Kentucky		State WA	<input type="checkbox"/> Partnership	3
Did you list tangible personal property in other KY counties? <i>(check one)</i>	Property is Located in Hopkins County	For Official Use Only		<input checked="" type="checkbox"/> Domestic Corp.	4
Yes	No	Enterprise Zone <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, attach certificate.</i>	District Code 15 15	<input type="checkbox"/> Foreign Corp.	5
	<input checked="" type="checkbox"/>		Type Return	<input type="checkbox"/> Fiduciary—Bank	6
				<input type="checkbox"/> Fiduciary—Other	7

NOTE: Taxpayers who have property in more than one location must complete a separate form for each location.

FROM SCHEDULE A				
	Class	Original Cost	Reported Value	For Office Use Only
11	I	446	100	
12	II			
13	III			
14	IV	1,495,576	822,208	
15	V			
16	VI			
17	Total	1,496,022	822,308	
INVENTORIES			Taxpayer's Valuation	For Office Use Only
31	Merchants Inventory			
	Motor Vehicles Held for Sale (dealers only)			
34	New Farm Machinery Held Under a Floor Plan			
35	Goods Stored in Public Warehouse (see instructions, page 4)			
36	Goods Stored in Public Warehouse—in Transit/Foreign Trade Zone			
37	Unmanufactured Tobacco Products not at Manufacturers Plant or in Hands of Grower or His Agent			
38	Other Unmanufactured Agricultural Products not at Manufacturers Plant or in Hands of Grower or His Agent			
39	Unmanufactured Agricultural Products at Manufacturers Plant or in Hands of Grower or His Agent/Industrial Revenue Bond Property			
50	Livestock and Farm Machinery			
60	Other Tangible Personalty (from Schedule D) (on reverse)			
CONSTRUCTION WORK IN PROGRESS			Taxpayer's Valuation	For Office Use Only
82	Other Tangible Property (fair cash value)			

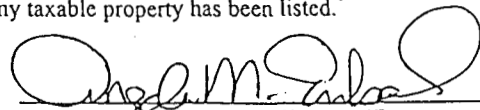
SCHEDULE D

Other Tangible Personalty Not Listed Elsewhere				
	Description		Taxpayer's Value	For Office Use Only
Materials and Supplies				
Other Property				
Coin Collections				
Stamp Collections				
Art Works				
Other Collectibles				
Research Libraries				
Precious Metals	Number of Ounces	Value Per Ounce December 31		
Gold				
Platinum				
Silver				
Other				
Total (enter this figure on Line Item 60)				

Comments	
Additional comments and/or information regarding alternative values may be provided by classification below:	
Classification Type	Comments/Information
Schedule A	
Inventories	

I declare, under the penalties of perjury, that this return (including any accompanying schedules and statements) has been examined by me and to the best of my knowledge and belief is a true, correct and complete return; and that all my taxable property has been listed.

Name of Preparer Other Than Taxpayer


Signature of Taxpayer
Kentucky Pipeline & Storage Co., Inc
010100

SCHEDULE A

Tangible Personal Property Subject to Full State and Local Rates

LINE #	AGE	CLASS I Under 6.5 Year Economic Life			CLASS II 6.5-8.9 Year Economic Life			CLASS III 9-10.9 Year Economic Life		
		A Original Cost	B Factor	C Reported Value	D Original Cost	E Factor	F Reported Value	G Original Cost	H Factor	I Reported Value
1										
2	1		.859			.914			.934	
3	2		.606			.747			.801	
4	3		.431			.614			.691	
5	4		.313			.516			.609	
6	5	446	.225	100		.429			.532	
7	6		.200			.354			.461	
8	7		.200			.291			.397	
9	8		.200			.240			.344	
10	9		.200			.200			.300	
11	10		.200			.200			.269	
12	11		.200			.200			.238	
13	12		.200			.200			.205	
14	13		.200			.200			.200	
15	13+		.200			.200			.200	
Total		446		100						

LINE #	AGE	CLASS IV 11-13.4 Year Economic Life			CLASS V 13.5-17.4 Year Economic Life			CLASS VI Over 17.5 Year Economic Life		
		A Original Cost	B Factor	C Reported Value	D Original Cost	E Factor	F Reported Value	G Original Cost	H Factor	I Reported Value
23										
24	1	19,700	.871	17,159		.972			.972	
25	2	590,217	.659	388,953		.907			.907	
26	3	77,913	.535	41,683		.852			.852	
27	4	33,360	.499	16,647		.817			.817	
28	5	774,386	.462	357,766		.777			.777	
29	6		.424			.700			.732	
30	7		.386			.628			.686	
31	8		.355			.567			.647	
32	9		.328			.515			.614	
33	10		.311			.480			.599	
34	11		.291			.443			.577	
35	12		.266			.398			.542	
36	13		.242			.355			.506	
37	14		.221			.319			.475	
38	15		.204			.290			.451	
39	16		.200			.261			.425	
40	17		.200			.242			.411	
41	18		.200			.236			.420	
42	19		.200			.230			.427	
43	20		.200			.223			.432	
44	21		.200			.212			.430	
45	22		.200			.200			.419	
46	23		.200			.200			.412	
47	24		.200			.200			.425	
48	25		.200			.200			.455	
49	26		.200			.200			.436	
50	27		.200			.200			.417	
51	27+		.200			.200			.408	

INTANGIBLE PROPERTY TAX RETURN

For Official Use Only	
County Code	Locator #
/	

Property Assessed January 1, 1998

NOTICE
This return must be filed with the property valuation administrator of the county of taxable situs or the Department of Property Valuation between January 1 and May 15.

Social Security No. or Federal ID No. 91-1488857	Name of Taxpayer(s) Kentucky Pipeline & Storage Co., Inc	Telephone Number Work (502) 826-3222	ORGANIZATION TYPE
2nd SSN if joint return	Number and Street or Box Number 221 First Avenue West, Suite 405	Home	<input type="checkbox"/> Individual 1
County of residence or business location Hopkins	City or Town Seattle, WA	State WA	<input type="checkbox"/> Joint (Co-owners) 2
Did you list intangibles in other KY counties? (check one)	ZIP Code 98119		<input type="checkbox"/> Partnership 3
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>			<input checked="" type="checkbox"/> Domestic Corp. 4
Is this a first-year listing? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			<input type="checkbox"/> Foreign Corp. 5
			<input type="checkbox"/> Fiduciary-Bank 6
			<input type="checkbox"/> Fiduciary-Other 7
			<input type="checkbox"/> Lid. Liab. Co. 8
			<input type="checkbox"/> Lid. Liab. Ptrhp. 9

SECURITIES: List the full name and type of each taxable security owned. *Attach additional sheets if necessary. Please print or type.*

1 STOCKS, MUTUAL FUNDS, OPTIONS AND WARRANTS
 The St. Ledger court decision invalidated intangible tax on stocks, and any investment consisting of stocks such as IRAs. This includes mutual funds, options and warrants.

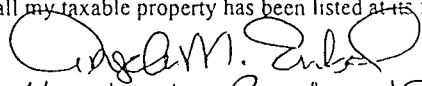
MONEY MARKET ACCOUNTS	Value	For Office Use Only
Money market accounts that are financial planning accounts, where an investor deposits cash with a financial institution (e.g., broker) and it invests in a diversified portfolio, an itemization of the securities is needed to determine the taxable status of each and exempt or prorate as necessary (e.g., cash management account with broker).		

3 BONDS	(A) Interest Rate	(B) Maturity Date	(C) Face Value	(D) Number Owned	(E) Value of Each	(F) Value (Col. D x Col. E)	CUSIP NO.

4 LOANS, NOTES AND MORTGAGES RECEIVABLE, AND LAND CONTRACTS						For Office Use Only
Enter name and address of grantee or debtor, and date payable. Under "Type," indicate whether loans, notes and mortgages are: (1) secured; (2) unsecured; (3) insured or guaranteed; or (4) insolvent or being foreclosed.						
Type	Name and Address of Grantee or Debtor	(A) Original Face Value	(B) Credits to Date	(C) Face Value (Col. A - Col. B)	(D) Taxable Value	

			Value as of Jan. 1	For Office Use Only
Total of Sections 1, 2, 3 and 4 from Front Page			\$	
5	TRUSTS: (List full value of corpus for: (1) Irrevocable Trusts held in Kentucky with Kentucky life tenant(s) and (2) all Revocable Trusts if the settlor is a Kentucky resident.)		Value as of Jan. 1	
	Type	FEIN No.	<i>Attach list of taxable intangible assets held by trust.</i>	
			0	
6	CASH AND DEPOSITS (See Instructions, Section 6)		Value	
	(1) Money in hand as of January 1 (including money in a safe deposit box)			
(2) Money on deposit with nonbanking financial institutions as of January 1				
(3) Life insurance proceeds subject to withdrawal as of January 1				
(4) Future lump sum payment: Date Due				
(5) Retail Repurchase Agreements			0	
7	OTHER RECEIVABLES		Face Value (Jan. 1)	Taxable Value
	For Sections 7 and 8, secured receivables are taxable at 100 percent of face value. Unsecured receivables at 85 percent of face value.			
(1) Accounts receivable, trade accounts, professional accounts and miscellaneous		\$		
(2) Loans to stockholders or employees				
(3) Installment accounts				
(4) Interest, rents and dividends due but not paid as of January 1				
GRAND TOTAL OF SECTIONS 1-7 (Intangibles Subject to 25¢ State Rate Only)			0	
8	INTANGIBLES—Subject to 1½¢ State Rate Only (Attach schedules if more than one item)		Face Value (Jan. 1)	Taxable Value
	(1) Accounts receivable, notes, bonds, credits, etc., arising out of or created in the course of regular and continuing business transactions substantially performed outside this state (attach schedule)		\$	
(2) Intercompany accounts between parent and subsidiaries (parent owns 80 percent or more of subsidiaries (attach schedule)		\$		
(3) RIGHTS, ROYALTIES, PATENTS, COPYRIGHTS, ETC.				
(4) TOBACCO BASE ALLOTMENTS (attach schedule)				
TOTAL FOR SECTION 8 (Intangibles Subject to 1½¢ State Rate Only)			0	
9	RETIREMENT PLANS OR ANNUITIES (Right to Receive Income)/ INTANGIBLE PROPERTY OF BANKS (Subject to 1/10¢ State Rate Only)		Value	
	(1) Life: Age or date of birth of recipient		Annual Income \$	
Term: Date last payment due		Annual Income \$		
(2) Non-Kentucky irrevocable trust with Kentucky beneficiary		Annual Income \$		
(3) Retirement (IRAs, etc.), pension and profit-sharing plans, deferred compensation				
(4) Intangible property of banks (HB 416, 1996)				
TOTAL FOR SECTION 9 (Intangibles Subject to 1/10¢ State Rate Only)			0	

I declare, under the penalties of perjury, that this return (including any accompanying schedules and statements) has been examined by me and to the best of my knowledge and belief is a true, correct and complete return; and that all my taxable property has been listed at its fair cash value.


 Kentucky Pipeline & Storage Co, Inc 5/8/98
 Signature of Taxpayer Date

Name of Preparer Other Than Taxpayer _____

62A500 (10-96)

1997

**TANGIBLE PERSONAL
PROPERTY TAX RETURN**

Commonwealth of Kentucky
REVENUE CABINET
Department of Property Taxation
Division of State Valuation
Frankfort, KY 40620

Property Assessed January 1, 1997

(Taxpayers Other Than Manufacturers)

FOR OFFICIAL USE ONLY	
County Code	Locator Number
T _____ / _____	_____

This return must be filed with the PVA in the county of taxable situs or the Department of Property Taxation between January 1 and May 15.

Social Security No. or Federal ID No. 91-1488857	Name of Business Kentucky Pipeline & Stg Co. Inc.	Organization Type
2nd SSN if joint return	Name of Taxpayer(s) Kentucky Pipeline & Stg Co. Inc.	<input type="checkbox"/> Individual 1
SIC CODE 4920	Telephone Number (502)826-3222	<input type="checkbox"/> Joint (Co-Owners) 2
Type of Business Gas Storage	Number and Street or Rural Route 221 1st Ave W, Ste 405	<input type="checkbox"/> Partnership 3
Did you list tangible personal property in other KY counties? (check one)	City or Town Seattle	<input checked="" type="checkbox"/> Domestic Corp. 4
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	State WA	<input type="checkbox"/> Foreign Corp. 5
	ZIP Code 98119	<input type="checkbox"/> Fiduciary—Bank 6
	Property Location (Number and Street or Rural Route, City) Hopkins County Kentucky	<input type="checkbox"/> Fiduciary—Other 7
	Property is Located in Hopkins County	
	Enterprise Zone <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, attach certificate.	
	For Official Use Only	
	District Code 15 15	
	Type Return 15 15	

NOTE: Taxpayers who have property in more than one location must complete a separate form for each location.

FROM SCHEDULE A

Class	Original Cost	Reported Value	For Office Use Only
11 I	446	141	
12 II			
13 III			
14 IV	1,475,876	970,789	
15 V			
16 VI			
17 Total	1,476,322	970,930	

INVENTORIES		Taxpayer's Valuation	For Office Use Only
31	Merchants Inventory		
	Motor Vehicles Held for Sale (dealers only)		
34	New Farm Machinery Held Under a Floor Plan		
35	Goods Stored in Public Warehouse (see instructions, page 4)		
36	Goods Stored in Public Warehouse—in Transit/Foreign Trade Zone		
37	Unmanufactured Tobacco Products not at Manufacturers Plant or in Hands of Grower or His Agent		
38	Other Unmanufactured Agricultural Products not at Manufacturers Plant or in Hands of Grower or His Agent		
39	Unmanufactured Agricultural Products at Manufacturers Plant or in Hands of Grower or His Agent/Industrial Revenue Bond Property		
50	Livestock and Farm Machinery		
60	Other Tangible Personalty (from Schedule D) (on reverse)		
CONSTRUCTION WORK IN PROGRESS		Taxpayer's Valuation	For Office Use Only
82	Other Tangible Property (fair cash value)		
90	Recycling Machinery and Equipment		

SCHEDULE A

Tangible Personal Property Subject to Full State and Local Rates

LINE #	AGE	CLASS I Under 6.5 Year Economic Life			CLASS II 6.5-8.9 Year Economic Life			CLASS III 9-10.9 Year Economic Life		
		A Original Cost	B Factor	C Reported Value	D Original Cost	E Factor	F Reported Value	G Original Cost	H Factor	I Reported Value
1										
2	1		.853			.909			.929	
3	2		.605			.745			.799	
4	3		.439			.625			.704	
5	4	446	.316	141		.520			.615	
6	5		.225			.430			.533	
7	6		.200			.353			.458	
8	7		.200			.291			.397	
9	8		.200			.242			.347	
10	9		.200			.207			.311	
11	10		.200			.200			.275	
12	11		.200			.200			.238	
13	12		.200			.200			.204	
14	13		.200			.200			.200	
15	13+		.200			.200			.200	
16	Total	446		141						

LINE #	AGE	CLASS IV 11-13.4 Year Economic Life			CLASS V 13.5-17.4 Year Economic Life			CLASS VI Over 17.5 Year Economic Life		
		A Original Cost	B Factor	C Reported Value	D Original Cost	E Factor	F Reported Value	G Original Cost	H Factor	I Reported Value
23										
24	1	590,217	.866	511,128		.966			.966	
25	2	77,913	.657	51,189		.905			.905	
26	3	33,360	.545	18,181		.867			.867	
27	4	774,386	.504	390,291		.824			.824	
28	5		.462			.777			.777	
29	6		.421			.697			.728	
30	7		.387			.629			.687	
31	8		.358			.571			.653	
32	9		.339			.533			.636	
33	10		.318			.492			.613	
34	11		.291			.442			.576	
35	12		.264			.394			.537	
36	13		.241			.354			.505	
37	14		.223			.322			.479	
38	15		.204			.290			.451	
39	16		.200			.269			.437	
40	17		.200			.262			.446	
41	18		.200			.256			.454	
42	19		.200			.247			.459	
43	20		.200			.235			.456	
44	21		.200			.219			.445	
45	22		.200			.206			.437	
46	23		.200			.206			.451	
47	24		.200			.206			.483	
48	25		.200			.206			.463	
49	26		.200			.206			.442	
50	27		.200			.206			.434	

62A376 (9-96)

Commonwealth of Kentucky
REVENUE CABINET
Department of Property Taxation
Division of State Valuation
Frankfort, KY 40620

INTANGIBLE PROPERTY TAX RETURN

Property Assessed January 1, 1997

For Official Use Only	
County Code	Locator #
	1

NOTICE
This return must be filed with the property valuation administrator of the county of taxable situs or the Department of Property Taxation between January 1 and May 15.

Social Security No. or Federal ID No. 91-1488957	Name of Taxpayer(s) Kentucky Pipeline + Storage Co. Inc.	Telephone Number Work 502-526-3222 Home	ORGANIZATION TYPE
2nd SSN if joint return	Number and Street or Box Number 221 1st Ave W, Ste 405	City or Town Seattle, WA	<input type="checkbox"/> Individual 1
County of residence or business location HODKINS	State WA	ZIP Code 98119	<input type="checkbox"/> Joint (Co-owners) 2
Did you list intangibles in other KY counties? (check one)	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		<input type="checkbox"/> Partnership 3
Is this a first-year listing? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			<input checked="" type="checkbox"/> Domestic Corp. 4
			<input type="checkbox"/> Foreign Corp. 5
			<input type="checkbox"/> Fiduciary-Bank 6
			<input type="checkbox"/> Fiduciary-Other 7
			<input type="checkbox"/> Ltd. Liab. Co. 8
			<input type="checkbox"/> Ltd. Liab. Ptrhp. 9

SECURITIES: List the full name and type of each security owned. Attach additional sheets if necessary. Please print or type.

1 STOCKS, MUTUAL FUNDS, OPTIONS AND WARRANTS	(A) Type	(B) Number Owned	(C) Value per Share on Jan. 1	(D) Value Per Type (Col. B x Col. C)	CUSIP NO.
Under "Type," enter "c" for common, "p" for preferred or "f" for mutual fund					

2 MONEY MARKET FUNDS	(A) Number Owned	(B) Value of Each	(C) Value (Col. A x Col. B)	CUSIP NO.

3 BONDS	(A) Interest Rate	(B) Maturity Date	(C) Face Value	(D) Number Owned	(E) Value of Each	(F) Value (Col. D x Col. E)	CUSIP NO.

4 LOANS, NOTES AND MORTGAGES RECEIVABLE, AND LAND CONTRACTS						For Office Use Only
Type	Name and Address of Grantee or Debtor	(A) Original Face Value	(B) Credits to Date	(C) Face Value (Col. A - Col. B)	(D) Taxable Value	

01/13/97 at 11:10AM

Kentucky Pipeline & Storage Co
BALANCE SHEET
DECEMBER 31, 1996

ASSETS

CURRENT ASSETS:

Cash - Operating Account	\$	593.87	
Cash - Income Account		21,758.93	

TOTAL CURRENT ASSETS	\$		22,352.80

PROPERTY AND EQUIPMENT:

Leasehold Cost	\$	581,237.13	} out Intangible Not taxable as Tang / Intang prop
Accum Deprec-Leasehold Cost	(	146,730.00	
Wells		1,418,328.82	
Accum Depreciation - Wells	(	434,437.00	
Pipeline & Gathering		2,472,890.06	- subsurface NOT Equip
Accum Depreciation-Pipe & Gath	(	868,820.75	
Compression & Dehydration		1,475,876.41	* Class IV
Accum Depreciation-Comp & Dehy	(	743,904.00	
Furniture and fixtures		445.68	* Class I
Accum Depreciation - Furn/Fix	(	337.25	
shion Gas		1,855,204.85	- out Intangible NOT taxable as
Accum Depreciation - Cush Gas	(	317,066.00	Tang / Intang property

TOTAL PROPERTY AND EQUIPMENT	\$		5,292,687.95

OTHER ASSETS:

KY Operator's Bond	\$	10,000.00	
Preoperating Expenses		10,599.49	
Accumulated Amortization	(	10,599.49	

TOTAL OTHER ASSETS	\$		10,000.00

TOTAL ASSETS			\$ 5,325,040.75
			=====

Schedule 5.01

Allocation of Deemed Purchase Price

See attached

Dick:

After speaking to our tax individual, he also agreed that the most logical place to allocate the purchase price difference was the compression and dehydration assets. The following is our allocation of the \$5,500,000 purchase price to the assets as stated on the April 30, 1989 balance sheet. Please include this allocation in Schedule 5.01. This should take care of all of the issues surrounding this Section.

Leasehold Costs	\$291,792.13
Wells	821,083.82
Pipeline & Gathering	1,241,084.31
Compression & Dehydration	1,054,725.59
Furniture & Fixtures	10.43
Cushion Gas	2,091,303.72
Total Asset Value	<u>\$5,500,000</u>

If you have any questions please feel free to call me at (701) 530.1555. If I am away from my telephone please ask to have me paged.

Thank you,

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

CASE NO. 99-_____

PSC ADOPTION NOTICE NO. 1

ADOPTION NOTICE

The undersigned, WBI Southern, Inc. of Bismarck, North Dakota, 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 administrative regulations for furnishing natural gas storage service in the Commonwealth of Kentucky, filed with the Public Service Commission of Kentucky by Kentucky Pipeline and Storage Company, Inc. of Henderson, Kentucky, and in effect on the date WBI Southern, Inc. closes on the purchase of all the issued and outstanding capital stock of Kentucky Pipeline and Storage Company, Inc., the date on which the public service business of the said Kentucky Pipeline and Storage Company, Inc. is taken over by it.

This notice is issued on the ___ day of May, 1999, 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.

WBI SOUTHERN, INC.

By Keith A. Tigge
Keith A. Tigge
Manager
Regulatory Affairs

Authorized by KPSC Order No. _____