

2007-354

APACHE GAS TRANSMISSION COMPANY, INC.

Corporate Office

5005 Live Oak, Greenville, Texas 75402
Telephone (903) 454-4000 - Fax (903) 454-2320

RECEIVED
AUG 06 2007
PUBLIC SERVICE
COMMISSION

August 1, 2007

Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

RE: Apache Gas Transmission Company, Inc. – Application for Rate Adjustment

Dear Sir:

Attached are the original and ten (10) copies of the completed application for rate adjustment for Apache Gas Transmission Company, Inc.

In addition, a copy has been mailed to the Office of the Attorney General, Public Service Litigation Branch.

Please feel free to contact me at 903-454-4000 or by e-mail at brenda.cfri@verizon.net if you need additional information.

Thank you for your consideration of this matter.

Very truly yours,



Brenda Everette
Manager

Enclosure

Cc: Public Service Litigation Branch – Office of the Attorney General

APPLICATION FOR RATE ADJUSTMENT
BEFORE THE PUBLIC SERVICE COMMISSION

For Small Utilities
Pursuant to 807 KAR 5:076
(Alternative Rate Filing)

RECEIVED

AUG 06 2007
PUBLIC SERVICE
COMMISSION

Apache Gas Transmission Company, Inc.

Name of Utility

5005 Live Oak Street

Greenville, TX 75402

Business Mailing Address

Telephone Number 903-454-4000

I. Basic Information

NAME, TITLE, ADDRESS and Telephone number of the person to whom correspondence or communications concerning this application should be directed:

Name: Brenda Everette – Manager

Address: 5005 Live Oak Street

Greenville, TX 75402

Telephone Number: 903-454-4000

- 1) Do you have 500 customers or fewer? Yes
- 2) Do you have \$300,000 in Gross Annual Revenue or less? Yes
- 3) Has the Utility filed an annual report with this Commission for the past year and the two previous years? No See Attachment 1
- 4) Are the utility's records kept separate from any other commonly-owned enterprise? Yes

NOTICE: To be eligible for consideration of a rate adjustment under this regulation, you must have answered yes to either question 1 or 2 and yes to both questions 3 and 4 above. If you answer no to questions 3 or 4, you must obtain written approval from the Commission prior to filing this Application. If these requirements are not met, you must file under the Commission's procedural rules, 807 KAR 5:001.

I. Increased Cost Information

- (1) The most recent Annual Report will be used as the basic test period data in order to determine the reasonableness of the proposed rates. The Annual Report used as the basis for the 12 months ending December 31, 2006.

Since the Kentucky Public Service Commission did not require Apache Gas Transmission Company, Inc. to file annual reports, we are using the Profit and Loss Statement and the Balance Sheet for the fiscal year ending 12/31/06 as the basis for this rate revision.

See Attachment 2

- a. If you have reason to believe some of the items of revenue and expense listed in the Annual Report will increase or decrease, please list each item, the expected increase or decrease and the adjusted amount.

See Attachment 3

- b. Please describe each item that you adjusted on page 2 and how you know it will change. (Please attach invoices, letters, contracts or receipts which will help in proving the change in cost).

See Attachment 4

- c. Please list your present and proposed rates for each class (i.e., residential, commercial, etc.) of customer and the percentage of increase proposed for each class:

<u>Customer Class</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
C/D	1.74	2.94	68.97%

II. Other Information

- a. Please complete the following questions:

- 1) Please describe any events or occurrences, which may have an effect on this rate review that should be brought to the Commission's attention (e.g., excessive line losses, major repairs, planned construction).

Apache Gas Transmission Company, Inc. is on a continuing plan to replace and/or repair the transmission line including but not limited to the section of line that has been referred to as the Ft. Knox line.

- 2) Total number of Customers as of the date of filing: 1
- 3) Total amount of increased revenue requested: 42,452.40
- 4) Please circle Yes or No:
- a) Does the utility have any outstanding indebtedness? Yes

If yes, attach a copy of any documents such as promissory notes, bond resolutions, mortgage agreements, etc.

See Attachment 5

- b) Were all revenues and expenses listed in the Annual Report for 1/231/06 incurred and collected from January 1 to December 31 of that year? Yes

If no, list total revenues and total expenses incurred prior to or subsequent to this period and attach invoices or other analysis which show how amounts were calculated.

No annual report filed. See Attachment 1 for explanation. Profit and Loss Statement for the fiscal year ending 12/31/06 is used as test period data. All revenues and expenses listed in the Profit and Loss Statement for 12/31/06 were incurred and collected from January 1 to December 31 of that year.

- 5) Attach a copy of the utility's depreciation schedule of utility plant in service. Reconcile any differences between total depreciation shown on the Annual Report for 2006 and the amount shown on this schedule.

Depreciation Schedule for the fiscal year ending 12/31/06 attached. The Depreciation Schedule has been reconciled with Apache's 12/31/06 Balance Sheet.

See Attachment 6

- 6) If utility is a sewer utility:

Not Applicable – Items 6 a) and b) do not apply to Apache Gas Transmission Company, Inc. as it is a natural gas transmission company.

- a) Attach a copy of the latest State and Federal Income Tax Returns.

Not Applicable

- b) How much of the utility plant was recovered through the sale of lots or other contributions .00 \$ or %? (If unknown, state the reason).

Not Applicable

- b. Please state the reason or reasons why a rate adjustment is requested. (Attach additional pages if necessary).

A rate adjustment is requested at this time because of the increased operating cost and to accommodate the need for anticipated increased line maintenance expenses in the ordinary course of business for the transmission line including but not limited to the section of line that has been referred to as the Fort Knox line.

III. Billing Analysis

The billing analysis is the chart reflecting the usage by the customers as well as the revenue generated by a specific level of rates. A billing analysis of both the current and proposed rates is mandatory for analysis of this rate filing. The following is a step-by-step description which may be used to complete the billing analysis. A completed sample of a billing analysis is also included. Although the sample reflects water usage, it is equally applicable for gas companies using declining block rate design. This billing analysis is not intended for companies using a flat rate design.

- a. Usage Table (Usage by Rate Increment)
- b. Revenue Table (Revenue by Rate Increment)

Apache Gas Transmission, Inc. uses a flat rate design. An alternative method is used for items a) and b) above.

See Attachment 7

IV. General Information/Customer Notice

1) Filing Requirements:

- a. If the applicant is a corporation, a certified copy of its articles of incorporation must be attached to this application. If the articles and any amendments thereto have already been filed with the Commission in a prior proceeding, it will be sufficient to state that fact in the application and refer to the style and case number of the prior proceeding.

Articles of incorporation were filed with the Commission in a prior rate case adjustment filing on October 10, 2000, Case No. 2000-483.

- b. An original and 10 copies of the completed application should be sent to:

Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Post Office Box 615
Frankfort, Kentucky 40602

Telephone: 502 / 564 – 3940

- c. One Copy of the completed application should also be sent at the same time to:

Public Service Litigation Branch
Office of the Attorney General
Post Office Box 2000
Frankfort, Kentucky 40602-2000

- 2) A copy of the customer notice must be filed with this application. Proper notice must comply with Section 4 of this regulation.


Written notice of the proposed rate change was mailed and faxed to Burkesville Gas Company, Inc. on July 31, 2007. This notice is posted in the Kentucky office at 119 Upper River St., Burkesville, Kentucky.

See Attachment 8

- 3) Copies of this form and the regulation may be obtained from the Commission's Office of Executive Director; or by calling 502 / 564 – 3940.

- 4) I have read and completed this application, and to the best of my knowledge all the information contained in this application is true and correct.

Signed

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, is written over a horizontal line.

Officer of the Company

Title

President

Date

7-31-07

Apache Gas Transmission Company, Inc.

Response to Item I. Basic Information - number 3):

The Commission has not required Apache Gas Transmission Company, Inc. to file annual reports.

If the Commission will provide Apache Gas with an internet account ID and password for the internet filing of annual reports, Apache will be happy to electronically file the annual report for the fiscal year ending 12/31/06.

Accrual Basis

Balance Sheet
As of December 31, 2006

Dec 31, 06

ASSETS

Current Assets	
Checking/Savings	228.00
13101 · Alliance Bank	686.19
13103 · MONTICELLO BANKING	<u>914.19</u>
Total Checking/Savings	
Accounts Receivable	36,739.87
1200 · A/R- From BGC	<u>36,739.87</u>
Total Accounts Receivable	
Other Current Assets	4,422.39
165 · Prepayments	<u>4,422.39</u>
Total Other Current Assets	
Total Current Assets	42,076.45
Fixed Assets	
100 · UTILITY PLANT	193,940.77
101 · TRANSMISSION LINE (20 MILES)	-77,658.00
110 · ACCUMULATED DEPRECIATION	<u>116,282.77</u>
Total 100 · UTILITY PLANT	
Total Fixed Assets	116,282.77
Other Assets	7,500.00
190 · ORGANIZATION COSTS	-7,500.00
195 · ACCUMULATED AMORTIZATION	<u>0.00</u>
Total Other Assets	
TOTAL ASSETS	<u>158,359.22</u>

LIABILITIES & EQUITY

Liabilities	
Current Liabilities	
Accounts Payable	4,815.10
232 · Accounts Payable	<u>4,815.10</u>
Total Accounts Payable	
Other Current Liabilities	
233 · NOTES PAYABLE	35,363.73
23306 · MONTICELLO BANKING	10,471.00
233 · NOTES PAYABLE - Other	<u>45,834.73</u>
Total 233 · NOTES PAYABLE	
234 · A/P	70,155.70
23403 · A/P CFRI	7,000.00
23404 · A/P TO SUMMIT	<u>77,155.70</u>
Total 234 · A/P	

Balance Sheet

As of December 31, 2006

Dec 31, 06

236 · TAXES ACCRUED	
23600 · TAXES ACCRUED	342.00
Total 236 · TAXES ACCRUED	<u>342.00</u>
Total Other Current Liabilities	<u>123,332.43</u>
Total Current Liabilities	<u>128,147.53</u>
Total Liabilities	128,147.53
Equity	
201 · COMMON CAPITAL STOCK	1,200.00
216 · Retained Earnings	26,295.86
Net Income	2,715.83
Total Equity	<u>30,211.69</u>
TOTAL LIABILITIES & EQUITY	<u>158,359.22</u>

Profit & Loss

January through December 2006

	<u>Jan - Dec 06</u>
Ordinary Income/Expense	
Income	
INTEREST	5.98
TRANSMISSION OF GAS	
480 · FEES	<u>61,555.98</u>
Total TRANSMISSION OF GAS	<u>61,555.98</u>
Total Income	61,561.96
Expense	
DEPRECIATION & TAXES	
403 · Depreciation Expense	8,676.00
408 · TAXES OTHER THAN INCOME	
40805 · Property	<u>3,117.45</u>
Total 408 · TAXES OTHER THAN INCOME	<u>3,117.45</u>
409 · OP & NON-OP INCOME TAXES PAYABL	
409.1 · Income Taxes - State & Federal	<u>5,614.00</u>
Total 409 · OP & NON-OP INCOME TAXES PAYABL	<u>5,614.00</u>
Total DEPRECIATION & TAXES	17,407.45
GAS OPERATION & MAINT EXP	
767 · MAINT. OF LINES	15,423.70
921 · OFFICE SUPPLIES & EXPENSES	
92101 · Bank Service Charges	232.13
92103 · Office Supplies	152.63
92104 · Postage and Delivery	<u>41.39</u>
Total 921 · OFFICE SUPPLIES & EXPENSES	<u>426.15</u>
923 · OUTSIDE SERVICES EMPLOYED	
92301 · Accounting	2,273.39
92302 · Legal Fees	182.87
92303 · Management Fee	<u>6,211.15</u>
Total 923 · OUTSIDE SERVICES EMPLOYED	<u>8,667.41</u>
924 · PROPERTY INSURANCE	
92401 · Liability Insurance	<u>3,041.53</u>
Total 924 · PROPERTY INSURANCE	<u>3,041.53</u>
930.2 · MISCELLANEOUS GENERAL EXPENSES	
930.26 · Licenses and Permits	35.00
930.29 · Professional Fees	<u>0.00</u>
Total 930.2 · MISCELLANEOUS GENERAL EXPENSES	<u>35.00</u>
934 · EASEMENT	
Total GAS OPERATION & MAINT EXP	<u>7,237.44</u>
	<u>34,831.23</u>
Total Expense	<u>52,238.68</u>

Profit & Loss

January through December 2006

	<u>Jan - Dec 06</u>
Net Ordinary Income	9,323.28
Other Income/Expense	
Other Expense	
OTHER DEDUCTIONS	
42701 · Finance Charge	200.67
42702 · Loan Interest	6,193.78
Total OTHER DEDUCTIONS	<u>6,394.45</u>
42703 · Penalties	213.00
Total Other Expense	<u>6,607.45</u>
Net Other Income	<u>-6,607.45</u>
Net Income	<u><u>2,715.83</u></u>

2006 Actual

VS

2007 Budget

	Actual	Budget	Increase
	Jan - Dec 06	Jan - Dec 07	(Decrease)
Ordinary Income/Expense			
Income			
INTEREST	5.98	5.98	0.00
TRANSMISSION OF GAS			
480 · FEES	61,555.98	104,008.38	42,452.40
Total TRANSMISSION OF GAS	61,555.98	104,008.38	42,452.40
Total Income	61,561.96	104,014.36	42,452.40
Expense			
DEPRECIATION & TAXES			
403 · Depreciation Expense	8,676.00	8,676.00	0.00
408 · TAXES OTHER THAN INCOME			
40801 · State	0.00	0.00	0.00
40805 · Property	3,117.45	4,471.55	1,354.10
Total 408 · TAXES OTHER THAN INCOME	3,117.45	4,471.55	1,354.10
409 · OP & NON-OP INCOME TAXES PAYABL			
409.1 · Income Taxes - State & Federal	5,614.00	1,788.22	-3,825.78
Total 409 · OP & NON-OP INCOME TAXES PAYABL	5,614.00	1,788.22	-3,825.78
Total DEPRECIATION & TAXES	17,407.45	14,935.77	(2,471.68)
GAS OPERATION & MAINT EXP			
767 · MAINT. OF LINES	15,423.70	32,410.44	16,986.74
921 · OFFICE SUPPLIES & EXPENSES			
92101 · Bank Service Charges	232.13	232.13	0.00
92103 · Office Supplies	152.63	152.63	0.00
92104 · Postage and Delivery	41.39	41.39	0.00
Total 921 · OFFICE SUPPLIES & EXPENSES	426.15	426.15	0.00
923 · OUTSIDE SERVICES EMPLOYED			
92301 · Accounting	2,273.39	2,105.00	(168.39)
92302 · Legal Fees	182.87	3,413.29	3,230.42
92303 · Management Fee	6,211.15	25,964.66	19,753.51
Total 923 · OUTSIDE SERVICES EMPLOYED	8,667.41	31,482.95	22,815.54
924 · PROPERTY INSURANCE			
92401 · Liability Insurance	3,041.53	7,075.36	4,033.83
Total 924 · PROPERTY INSURANCE	3,041.53	7,075.36	4,033.83

2006 Actual
 VS
 2007 Budget

	Actual	Budget		Increase
	Jan - Dec 06	Jan - Dec 07	(Decrease)	
930.2 · MISCELLANEOUS GENERAL EXPENSES				
930.26 · Licenses and Permits	35.00	35.00		0.00
Total 930.2 · MISCELLANEOUS GENERAL EXPENSES	35.00	35.00		0.00
934 · EASEMENT	7,237.44	7,237.44		0.00
Total GAS OPERATION & MAINT EXP	34,831.23	78,667.34		43,836.11
904 · Uncollectible Accounts	0.00	0.00		0.00
Total Expense	52,238.68	93,603.11		41,364.43
Net Ordinary Income	9,323.28	10,411.25		1,087.97
Other Income/Expense				
Other Income	0.00	0.00		0.00
OTHER INCOME	0.00	0.00		0.00
Total Other Income	0.00	0.00		0.00
Other Expense				
OTHER DEDUCTIONS				
42701 · Finance Charge	200.67	200.67		0.00
42702 · Loan Interest	6,193.78	2,374.14		-3,819.64
Total OTHER DEDUCTIONS	6,394.45	2,574.81		-3,819.64
42703 · Penalties	213.00	213.00		0.00
Total Other Expense	6,607.45	2,787.81		-3,819.64
Net Other Income	-6,607.45	-2,787.81		3,819.64
Net Income	2,715.83	7,623.44		4,907.61

**APACHE GAS TRANSMISSION COMPANY, INC.
SCHEDULE OF CHANGES EXPLANATION**

ACCOUNT NUMBER	DESCRIPTION OF CHANGE	FURTHER DOCUMENTATION
480 - Transmission Fees	Increase calculated using requested new rates and last year's sales figures. See Attachment 7 - Usage and Revenue from Present/Proposed Rates for details.	
40805 - Property Taxes	Increase is based on actual billings and payments made to date for the fiscal year ending 12/31/07. See attached exhibit for details.	Exhibit A
409.1- Income Taxes-State and Federal	Decrease is due to two years of income tax payments being included in the financials for the year ending 12/31/06. Income tax for 2005 was paid and expensed in 2006 along with 2006 estimated tax payments. See attached for 2007 expected tax.	Exhibit B
767 - Maint of Lines	Increase is based on a 10 year average plus an additional 70% increase due to anticipated maintenance projects which include the following: Project #1 - Over the course of several years, Apache Gas has been in the process of replacing the existing 3" plastic line with 6" plastic line. Project #2 - In two of the past three years we have been notified of line maintenance request by the Kentucky Transportation Cabinet due to improvements to highways and bridges. We anticipate that this will continue and to the extent it is not, the funds will be used to complete project #1 more quickly.	Exhibit C
92301 - Accounting	Decrease is the result of the reclassification of payments made for the services rendered by Brenda Everette. Brenda's charges have been reclassified to Management Fees.	
92302 - Legal Fees	Increase is based on actual billings and payments made to date for the fiscal year ending 12/31/07. See attached exhibit for details.	Exhibit D
92303 - Management Fees	Increase is calculated on the actual charges to date and the projected time from the current date to the end of the fiscal year ending 12/31/07 for Brenda Everette and Joshua Shirey. See attached exhibit for details. Management Fees also include a stipulated monthly amount with the Shirey Family Trust. See attached exhibit for details.	Exhibit E

APACHE GAS TRANSMISSION COMPANY, INC.
 SCHEDULE OF CHANGES EXPLANATION

ACCOUNT NUMBER	DESCRIPTION OF CHANGE	FURTHER DOCUMENTATION
92401 - Liability Insurance	Increase is based on the actual insurance premium plus an anticipated 10% increase. See attached exhibit for details.	Exhibit F
42702 - Loan Interest	Decrease is due to the payoff in 2006 of a previous loan. Apache has one outstanding loan at this time. Loan interest is based on the attached amortization schedule. See attached exhibit for details	Exhibit G

ATTACHMENT 4
EXHIBIT A

Account 40805 - Property Taxes - Explanation of Expenses

Actual Expenses for 2007

Taxing Entity	Description of Tax	Amount of Tax
U.S. DOT	2007 Pipeline Safety User Fee Assessment(1st increment)	3,062.64
U.S. DOT	2007 Pipeline Safety User Fee Assessment(2nd increment)	107.10
Cumberland County	2005 Property Tax Audit	43.01
Cumberland County	2006 Property Tax Assessment	626.45
Commonwealth of Kentucky	2006 Property Tax Assessment	632.35
Total 2007 - Account 40805 - Property Taxes		4,471.55

**ATTACHMENT 4
EXHIBIT B**

Account 409.1 Income Taxes - State and Federal - Explanation of Expenses

State and Federal income taxes have been estimated based on the income tax rate for the fiscal year ended 12/31/2006.

Taxing Entity	Estimated Income	Estimated Tax Rate	Estimated Tax Due
Internal Revenue Service	9,411.66	15.00%	1,411.75
State of Kentucky	9,411.66	4.00%	376.47
Total Estimated Tax			<u>1,788.22</u>

Estimated Income is the profit and/or (loss) prior to the addition of the State and Federal Income Tax Expense.

**ATTACHMENT 4
EXHIBIT C**

Account 767 - Maintenance of Lines - Explanation of Expenses

This increase is based on a ten (10) year average of the past ten (10) years maintenance expenses plus an additional increase of 70% because of the anticipated maintenance of State Highway 90 and to the Fort Knox line.

Listed below are the amounts of the actual expenses and a detail of how they appear on Apache's financial statements for each fiscal year ended. The 70% increase is calculated from this average and added to the total expected maintenance expense.

Year	Financial Statement Maintenance Expense	Account Detail Capitalized Expenses	Total Maintenance Expenses
1997	10,114.00	0.00	10,114.00
1998	20,879.30	0.00	20,879.30
1999	1,305.00	0.00	1,305.00
2000	11,430.00	0.00	11,430.00
2001	2,927.91	1,010.00	3,937.91
2002	0.00	54,756.19	54,756.19
2003	3,401.67	(1,561.06)	1,840.61
2004	0.00	23,126.37	23,126.37
2005	20,113.94	27,722.61	47,836.55
2006	15,423.70	0.00	15,423.70
Ten Year Total	85,595.52	105,054.11	190,649.63
Average	8,559.55	10,505.41	19,064.96
70% Increase	5,991.68	7,353.79	13,345.47
TOTAL 2007 ANTICIPATED MAINTENANCE EXPENSE			32,410.44

ATTACHMENT 4
EXHIBIT D

Account 92302 - Legal Fees - Explanation of Expenses

<u>Billing Period</u>	<u>Expenses</u>
<u>Actual Expenses</u>	
3/01/04 - 4/02/07	129.14
4/04/07 - 5/01/07	532.63
5/11/07 - 5/30/07	459.39
5/08/07 - 6/08/07	405.00
6/07/07 - 6/29/07	180.49

Estimated Expenses for the period 7/01/07 - 12/31/07

(Based on average from above actual expenses)

7/01/07 - 12/31/07 (Average 284.44 per month)	1,706.64
Account 92302 - Legal Fees - 2007 Expenses	3,413.29

ATTACHMENT 4
EXHIBIT E

APACHE GAS TRANSMISSION COMPANY, INC.
MANAGEMENT FEES EXPLANATION

Brenda Everette	<p>Brenda's charges are for basic monthly management services. Her job description includes but is not limited to monthly processing of all information pertaining to the financial records including state and federal tax returns, maintenance of files and records, filing State and Federal reports necessary for the operation of the gas transmission company, making deposits, issuing monthly checks, reconciling monthly bank statements, etc. Brenda works on a sub-contract basis, therefore Apache is not subject to the employer related expenses incurred with a payroll paid employee.</p> <p>The expected expenses for the fiscal year ending 12/31/07 are calculated from the actual charges to date and projected charges to 12/31/07. See attached invoices.</p>
Joshua Shirey	<p>Joshua's charges are for research and preparing reports for special projects specific to Apache Gas. Joshua is paid as an employee through Summit National Holding Corporation. Apache reimburses Summit for Joshua's time specific to Apache Gas.</p> <p>The expected expenses for the fiscal year ending 12/31/07 are calculated from the actual charges to date and projected charges through 12/31/07. See attached invoices.</p>
Shirey Family Trust	<p>This is a management fee paid monthly to the Shirey Family Trust that provides the company's management, coordination Apache's business affairs and collection information necessary to decisions regarding daily operations including supervision and review of all work for services rendered by Brenda Everette and Joshua Shirey.</p>

ATTACHMENT 4
EXHIBIT E
ITEM 1

BRENDA EVERETTE - EXPLANATION OF EXPENSES

Billing Date	Biling Period	Amount of Billing
Actual Billings - January 1, 2007 - June 30, 2007		
1/11/2007	10/01/06 - 10/31/06 (Not included in 2006)	63.75
3/23/2007	1/01/07 - 1/31/07	67.50
4/12/2007	2/01/07 - 2/28/07	161.25
5/7/2007	3/01/07 - 3/31/07	93.15
6/4/2007	4/01/07 - 4/30/07	101.25
6/25/2007	5/01/07 - 5/31/07	116.25
7/16/2007	6/01/07 - 7/31/07	262.50
Estimated Billings - July 1, 2007 - December 31, 2007		
(Based on 17.50 hours at 15.00 per hour)		
	7/01/07 - 7/31/07	262.50
	8/01/07 - 8/31/07	262.50
	9/01/07 - 9/30/07	262.50
	10/01/07 - 10/31/07	262.50
	11/01/07 - 11/30/07	262.50
	12/01/07 - 12/31/07	262.50
2007 Estimated Expenses for Brenda Everette		2,440.65

ATTACHMENT 4
EXHIBIT E
ITEM 2

JOSHUA SHIREY - EXPLANATION OF EXPENSES

Pay Period	Hours Per Period	Rate Per Hour	Total Gross Pay	Reimbursements - Employer		Total Per Pay Period
				Portion of Payroll Taxes	MC	
Actual Payroll 1/01/07 - 7/26/07						
1/01/07 - 1/07/07	13.75	7.00	96.25	5.97	1.40	103.61
3/01/07 - 3/07/07	12.69	7.00	88.83	5.51	1.29	95.63
5/16/07 - 5/31/07	27.32	7.00	191.24	11.86	2.78	205.88
6/01/07 - 6/07/07	22.05	7.00	154.35	9.57	2.24	166.16
6/08/07 - 6/14/07	17.33	7.00	121.31	7.52	1.76	130.59
6/15/07 - 6/21/07	14.55	7.00	101.85	6.31	1.48	109.64
6/22/07 - 6/28/07	18.66	7.00	130.62	8.10	1.89	140.61
7/02/07 - 7/08/07	24.03	7.00	168.21	10.42	2.44	181.07
7/20/07 - 7/26/07	11.45	7.00	80.15	4.97	1.16	86.28
Estimated Monthly Payroll 7/27/07 - 12/31/07						
(Based on average monthly hours from above actual)						
7/27/07 - 7/31/07	3.60	7.00	25.17	1.56	0.36	27.10
8/01/07 - 8/31/07	17.98	7.00	125.86	7.80	1.82	135.49
9/01/07 - 9/30/07	17.98	7.00	125.86	7.80	1.82	135.49
10/01/07 - 10/31/07	17.98	7.00	125.86	7.80	1.82	135.49
11/01/07 - 11/30/07	17.98	7.00	125.86	7.80	1.82	135.49
12/01/07 - 12/31/07	17.98	7.00	125.86	7.80	1.82	135.49
2007 Estimated Expenses for Joshua Shirey						1,924.01

ATTACHMENT 4
EXHIBIT E
ITEM 3

SHIREY FAMILY TRUST - EXPLANATION OF EXPENSES

Month	Total Management Fees Per Month
<u>Actual Fees 1/01/07 - 7/31/07</u>	
1/01/07 - 1/31/07	1,800.00
2/01/07 - 2/28/07	1,800.00
3/01/07 - 3/31/07	1,800.00
4/01/07 - 4/30/07	1,800.00
5/01/07 - 5/31/07	1,800.00
6/01/07 - 6/30/07	1,800.00
7/01/07 - 7/31/07	1,800.00
<u>Estimated Fees 8/01/07 - 12/31/07</u>	
8/0/07 - 8/31/07	1,800.00
9/01/07 - 9/30/07	1,800.00
10/01/07 - 10/31/07	1,800.00
11/01/07 - 11/30/07	1,800.00
12/01/07 - 12/31/07	1,800.00
2007 Estimated Expenses for Shirey Family Trust	
	21,600.00

**ATTACHMENT 4
EXHIBIT F**

Account 92401 - Liability Insurance - Explanation of Expenses

Liability Insurance expenses based on the actual premium through the policy expiration date of 10/15/07. Policy from 10/16/07 through 12/31/07 includes an anticipated 10% premium increase.

Premium Period	Premium Per month	Total Period Premium
Actual Premium 10/16/06 - 10/15/07 is \$6,931.01		
1/01/07 - 12/31/07	577.58	5,487.01
Anticipated Premium 10/16/07 - 12/31/07 includes 10% premium increase		
(Yearly premium \$6,931.01 plus 10% increase is \$7,624.11)		
10/16/07 - 12/31/07	635.34	1,588.35
Account 92401 - Liability Insurance 2007 Expenses		7,075.36

ATTACHMENT 4
EXHIBIT G

Account 42702 - Loan Interest - Explanation of Expenses

Apache Gas Transmission Company, Inc. has one outstanding loan. This loan originated with Monticello Banking Company on 5/10/02 and matured on 5/10/07 with a balloon payment due in the amount of \$32,911.38. This loan was renewed on 5/10/07 with Monticello Banking Company.

Date	Description	Amount
1/01/07 - 5/10/07	Actual Interest per Monticello Banking - Loan #1974201 - 5/10/02	853.80
5/11/07 - 12/31/07	Estimated Interest per Amortization Schedule - Loan #1974201 - 5/10/07	1,520.34
Account 42702 - Loan Interest 2007 Total Expense		2,374.14

Apache Gas - Monticello Banking Company - Loan #1974201

Compound Period : Monthly

Nominal Annual Rate : 8.250 %

CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Loan	05/10/2007	32,911.38	1		
2 Payment	06/10/2007	661.23	59	Monthly	04/10/2012
3 Payment	05/10/2012	1,403.68	1		

AMORTIZATION SCHEDULE - Normal Amortization

Date	Payment	Interest	Principal	Balance
Loan 05/10/2007				32,911.38
1 06/10/2007	661.23	226.27	434.96	32,476.42
2 07/10/2007	661.23	223.28	437.95	32,038.47
3 08/10/2007	661.23	220.26	440.97	31,597.50
4 09/10/2007	661.23	217.23	444.00	31,153.50
5 10/10/2007	661.23	214.18	447.05	30,706.45
6 11/10/2007	661.23	211.11	450.12	30,256.33
7 12/10/2007	661.23	208.01	453.22	29,803.11
2007 Totals	4,628.61	1,520.34	3,108.27	
8 01/10/2008	661.23	204.90	456.33	29,346.78
9 02/10/2008	661.23	201.76	459.47	28,887.31
10 03/10/2008	661.23	198.60	462.63	28,424.68
11 04/10/2008	661.23	195.42	465.81	27,958.87
12 05/10/2008	661.23	192.22	469.01	27,489.86
13 06/10/2008	661.23	188.99	472.24	27,017.62
14 07/10/2008	661.23	185.75	475.48	26,542.14
15 08/10/2008	661.23	182.48	478.75	26,063.39
16 09/10/2008	661.23	179.19	482.04	25,581.35
17 10/10/2008	661.23	175.87	485.36	25,095.99
18 11/10/2008	661.23	172.53	488.70	24,607.29
19 12/10/2008	661.23	169.18	492.05	24,115.24
2008 Totals	7,934.76	2,246.89	5,687.87	
20 01/10/2009	661.23	165.79	495.44	23,619.80
21 02/10/2009	661.23	162.39	498.84	23,120.96
22 03/10/2009	661.23	158.96	502.27	22,618.69
23 04/10/2009	661.23	155.50	505.73	22,112.96
24 05/10/2009	661.23	152.03	509.20	21,603.76
25 06/10/2009	661.23	148.53	512.70	21,091.06
26 07/10/2009	661.23	145.00	516.23	20,574.83
27 08/10/2009	661.23	141.45	519.78	20,055.05
28 09/10/2009	661.23	137.88	523.35	19,531.70
29 10/10/2009	661.23	134.28	526.95	19,004.75
30 11/10/2009	661.23	130.66	530.57	18,474.18

Apache Gas - Monticello Banking Company - Loan #1974201

Date	Payment	Interest	Principal	Balance
31 12/10/2009	661.23	127.01	534.22	17,939.96
2009 Totals	7,934.76	1,759.48	6,175.28	
32 01/10/2010	661.23	123.34	537.89	17,402.07
33 02/10/2010	661.23	119.64	541.59	16,860.48
34 03/10/2010	661.23	115.92	545.31	16,315.17
35 04/10/2010	661.23	112.17	549.06	15,766.11
36 05/10/2010	661.23	108.39	552.84	15,213.27
37 06/10/2010	661.23	104.59	556.64	14,656.63
38 07/10/2010	661.23	100.76	560.47	14,096.16
39 08/10/2010	661.23	96.91	564.32	13,531.84
40 09/10/2010	661.23	93.03	568.20	12,963.64
41 10/10/2010	661.23	89.13	572.10	12,391.54
42 11/10/2010	661.23	85.19	576.04	11,815.50
43 12/10/2010	661.23	81.23	580.00	11,235.50
2010 Totals	7,934.76	1,230.30	6,704.46	
44 01/10/2011	661.23	77.24	583.99	10,651.51
45 02/10/2011	661.23	73.23	588.00	10,063.51
46 03/10/2011	661.23	69.19	592.04	9,471.47
47 04/10/2011	661.23	65.12	596.11	8,875.36
48 05/10/2011	661.23	61.02	600.21	8,275.15
49 06/10/2011	661.23	56.89	604.34	7,670.81
50 07/10/2011	661.23	52.74	608.49	7,062.32
51 08/10/2011	661.23	48.55	612.68	6,449.64
52 09/10/2011	661.23	44.34	616.89	5,832.75
53 10/10/2011	661.23	40.10	621.13	5,211.62
54 11/10/2011	661.23	35.83	625.40	4,586.22
55 12/10/2011	661.23	31.53	629.70	3,956.52
2011 Totals	7,934.76	655.78	7,278.98	
56 01/10/2012	661.23	27.20	634.03	3,322.49
57 02/10/2012	661.23	22.84	638.39	2,684.10
58 03/10/2012	661.23	18.45	642.78	2,041.32
59 04/10/2012	661.23	14.03	647.20	1,394.12
60 05/10/2012	1,403.68	9.56	1,394.12	0.00
2012 Totals	4,048.60	92.08	3,956.52	
Grand Totals	40,416.25	7,504.87	32,911.38	

Apache Gas - Monticello Banking Company - Loan #1974201

Last interest amount decreased by 0.02 due to rounding.

ATTACHMENT 5

Apache Gas Transmission Company, Inc. - Outstanding Debt

Attached is the copy of the loan agreement for the outstanding debt for Apache Gas Transmission Company, Inc. with the Bank of Clinton County (currently Monticello Banking Company). The original loan date was May 10, 2002. The original loan matured on May 10, 2007 with a balloon payment due at that time. The loan was renewed on May 10, 2007 with Monticello Banking Company (formerly Clinton County Bank). A copy of the new loan agreement is also attached.

MULTIPURPOSE NOTE AND SECURITY AGREEMENT

ATTACHMENT 5

Officer No.	RFD
Customer No.	
Loan No.	1974201
Renewal of	1974201
Loan Date	May 10, 2007
Maturity Date	May 10, 2012
Loan Amount	\$32,911.38

Borrower: "I", "Me" and "My" Means Each Borrower Below Jointly and Several
 Lender: "You" and "Your" Means The Lender, its Successors and Assigns

APACHE GAS TRANSMISSION COMPANY INC
 5005 LIVE OAK ST
 GREENVILLE, TX 75402-6364

Monticello Banking Company
 310 N. Cross Street
 Albany, KY 42602-1420
 (606)-387-6611

Loan is made pursuant to: KRS 360.010

NOTE: For value received, I promise to pay to you, or any other holder, at the address above, the principal sum of:

Thirty Two Thousand Nine Hundred Eleven and 38/100 together with interest at the rate of interest as provided below.

Dollars (\$ \$32,911.38)

Single Advance: I will receive all of this principal sum at one time. No additional advances will be made under this Note.

Multiple Advance: The principal sum shown above is the maximum amount of principal I can borrow under this Note. Future principal advances are contemplated.

Conditions: The conditions for future advances are _____

Open-End Credit: You and I agree that I may borrow up to the maximum amount of principal more than one time. This option is subject to all other conditions and expires no later than _____

Closed-End Credit: You and I agree that I may borrow up to the maximum amount of principal only one time (and subject to all other conditions).

INTEREST: Interest will accrue on a Actual/360 Day basis. I agree to pay interest on the principal balance owing from time to time as stated below. Each advance made to me under the terms of this Note will earn interest only from the date that I receive the advance. As provided for in this Note, the interest rate will apply to the outstanding principal balance that I owe. The amount of interest charged by you will not exceed the maximum rate of interest allowed by law.

Fixed Rate: I agree to pay interest at the simple rate of 8.250 % per year, from 05/10/2007 until paid in full.

Variable Rate: I agree to pay interest from _____ at the initial simple rate of _____ % per year. This rate may change as stated below.

PAYMENTS: I agree to pay this Note as follows:

Principal and interest are repayable in 59 equal installment payments, in the amount of \$661.23 each, commencing on June 10, 2007 and continuing monthly thereafter, and one (1) final payment consisting of the full amount of the principal and all accrued interest remaining due and payable on May 10, 2012.

POST MATURITY INTEREST: Interest will accrue after maturity on the unpaid principal balance of this Note on the same basis as interest accrues prior to maturity, unless a specific post-maturity interest rate is agreed to in the next sentence.

If checked, interest will accrue at the rate of _____ % per year on the unpaid principal balance of this note not paid at maturity, including maturity by acceleration. Borrower and Lender agree that any charges for failure to repay principal at maturity are not a penalty or interest, but are intended to compensate the Lender for expenses arising from such delinquency or default.

LATE CHARGE: IF MY PAYMENT IS MORE THAN 10 DAYS LATE, I WILL PAY A LATE CHARGE EQUAL TO 5.000 % OF THE PAYMENT AMOUNT OR \$5.00 WHICHEVER IS GREATER UP TO \$50.00.

ADDITIONAL CHARGES: _____

In addition to accrued interest, I agree to pay the following charges: _____

and these charges are are not included in the Loan Amount.

ADDITIONAL TERMS: _____

SECURITY: I give you a security interest in the following:

If checked, this Note is secured by a separate:

ALL DEBTS - THE ABOVE PROPERTY WILL ALSO SERVE AS SECURITY FOR ALL OF MY PRESENT AND FUTURE DEBTS TO YOU.

THE PURPOSE OF THE LOAN IS: RENEWAL

Notice of Furnishing Negative Credit Information

We may report information about your loan account to credit bureaus. Late payments, missed payments, or other defaults on your account may be reflected in your credit report.

Third Party Agreement

I own the Collateral described in the Security Interest section of this Note and Security Agreement and I agree to give you a security interest in that Collateral. I am not personally liable for payment of this debt. If the Borrower defaults, my interest in the Collateral may be used to satisfy the Borrower's debt. By signing, I agree to the terms of this Note and Security Agreement and acknowledge receipt of a complete copy of this Loan.

(Seal) Date

(Seal) Date

Date

(Seal) Date

(Seal) Date

Date

CO-SIGNERS: As a co-signer I agree that I must pay this Note if it is not otherwise paid by Borrower when due. I understand that you may sue any co-signer separately or jointly, and you do not have to notify me if this Note is not paid in a timely manner. The obligations of the co-signers executing this Loan shall not be affected by any discharge in bankruptcy granted to one or more Borrowers or co-signers of this Loan.

Notice to Co-Signer

You (the Co-Signer) are being asked to guaranty this debt. Think carefully before you do. If the Borrower does not pay the debt, you will have to. Be sure you can afford to pay if you have to, and that you want to accept this responsibility.

You may have to pay up to the full amount of the debt if the Borrower does not pay. You may also have to pay late fees or collection costs, which increase this amount.

The Bank can collect this debt from you without first trying to collect from the Borrower. The Bank can use the same collection methods against you that can be used against the Borrower, such as suing you, garnishing your wages, etc. If this debt is ever in default, that fact may become part of your credit record.

This Notice is not the contract that makes you liable for the debt.

X _____
Co-Signer Signature or Initials


X _____
Co-Signer Signature or Initials

FTC NOTICE
IF APPLICABLE, ANY HOLDER OF THIS CONSUMER CREDIT CONTRACT IS SUBJECT TO ALL CLAIMS AND DEFENSES WHICH THE DEBTOR COULD ASSERT AGAINST THE SELLER OF GOODS OR SERVICES OBTAINED PURSUANT HERETO OR WITH THE PROCEEDS HEREOF. RECOVERY HEREUNDER BY THE DEBTOR SHALL NOT EXCEED AMOUNTS PAID BY THE DEBTOR HEREUNDER.

Signatures

By signing under seal, I agree to the terms of this Loan and also acknowledge receipt of a copy of this Loan Agreement.

APACHE GAS TRANSMISSION COMPANY INC

BY:  _____
BORROWER: DAVID THOMAS SHIREY, JR, President

6-4-07
Date

Date

Date

Date

Date

Date

INSURANCE ACKNOWLEDGMENT

BORROWER: APACHE GAS TRANSMISSION COMPANY INC 5005 LIVE OAK ST GREENVILLE, TX 75402-6364	LENDER: Monticello Banking Company 310 N. Cross Street Albany, KY 42602-1420
--------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------

In consideration of note # 1974201 of APACHE GAS TRANSMISSION COMPANY INC in the amount of _____ ("Borrower(s)") dated May 10, 2007 in the amount of _____ % per annum (the Thirty Two Thousand Nine Hundred Eleven and 38/100 dollars (\$ 32,911.38), bearing interest from said date until paid at the INITIAL rate of 8.250 "Note").

CREDIT INSURANCE		
TYPE	PREMIUM	TERM
CREDIT LIFE		
CREDIT DISABILITY		
JOINT CREDIT LIFE		

DO DO NOT WANT CREDIT LIFE.

Borrower Signature _____

DO DO NOT WANT CREDIT DISABILITY INSURANCE.

Borrower Signature _____

WE DO DO NOT WANT JOINT CREDIT LIFE INSURANCE.

Borrower Signature _____

Borrower Signature _____

WE DO DO NOT WANT JOINT CREDIT DISABILITY INSURANCE.

Borrower Signature _____

Borrower Signature _____

Borrower Signature _____

I DO DO NOT N/A

Borrower Signature _____

WE DO DO NOT N/A

Borrower Signature _____

Borrower Signature _____

Borrower Signature _____

Primary Borrower Date of Birth November 24, 1957

Secondary Borrower Date of Birth _____

SIGNATURES ON REVERSE SIDE

LENDER: Monticello Banking Company

310 N. Cross Street
Albany, KY 42602-1420

CONTINUING GUARANTY

GUARANTOR:

DAVID THOMAS SHIREY, JR

4305 COUNTY ROAD 1037
GREENVILLE, TX 75401-6766

BORROWER:

APACHE GAS TRANSMISSION COMPANY INC

5005 LIVE OAK ST
GREENVILLE, TX 75402-6364

DATED:

1. **CONSIDERATION.** This Guaranty is being executed to induce Lender indicated above to enter into one or more loans or other financial accommodations with or on behalf of Borrower.

2. **GUARANTY.** Guarantor hereby unconditionally guarantees the prompt and full payment and performance and promises to pay all of Borrower's present and future, joint and/or several, direct and indirect, absolute and contingent, express and implied, indebtedness, liabilities, obligations and covenants (cumulatively "Indebtedness") to Lender as follows:

LIMITED TO AN AMOUNT: Guarantor's liabilities and obligations under this Guaranty ("Obligations") shall include all present and future written agreements between Borrower and Lender (whether executed for the same or different purposes) including, but not limited to, the promissory notes and agreements described below evidencing the indebtedness, provided, however, anything contained in this Guaranty to the contrary notwithstanding, the maximum aggregate liability of Guarantor hereunder shall not exceed _____ Dollars (\$ _____), together with all interest and all of Lender's expenses and costs incurred in connection with the indebtedness including any amendments, extensions, modifications, renewals, replacements or substitutions thereto. This limitation on the liability of Guarantor shall not apply to any costs (including, but not limited to, reasonable attorney's fees) incurred by Lender pursuant to paragraph 21.

LIMITED TO THE FOLLOWING DESCRIBED NOTES/AGREEMENTS: Guarantor's liabilities and obligations under this Guaranty ("Obligations") shall be limited to the following described promissory notes and agreements between Borrower and Lender evidencing the indebtedness, together with all interest and all of Lender's expenses and costs (including, but not limited to, attorney's fees and other costs incurred by Lender to collect the Indebtedness and/or to protect, maintain, or operate any collateral given as security for the Indebtedness, or preserve the priority of Lender's lien thereon or security interest therein) incurred in connection with the indebtedness including any amendments, extensions, modifications, renewals, replacements or substitutions thereto:

Interest Rate	Principal Amount/ Credit Limit	Funding Date	Maturity Date	Customer Number	Loan Number
8.250	32,911.38	05/10/2007	05/10/2012		1974201

NOTICE TO GUARANTOR

You are being asked to guarantee this debt. Think carefully before you do so. If the Borrower doesn't pay the debt, you will have to. Be sure you can afford to pay if you have to, and that you want to accept this responsibility.

You may have to pay up to the full amount of the debt if the Borrower does not pay. You may also have to pay late fees or collections costs, which increase this amount.

The Lender can collect this debt from you without first trying to collect from the Borrower. The Lender can use the same collection methods against you that can be used against the Borrower, such as suing you, garnishing your wages, etc. If this debt is ever in default, that fact may become a part of your credit record.

This notice is not the contract that makes you liable for this debt.

GUARANTOR ACKNOWLEDGES GUARANTOR HAS READ, UNDERSTANDS, AND AGREES TO THE TERMS AND CONDITIONS OF THIS GUARANTY INCLUDING THE TERMS AND CONDITIONS ON THE REVERSE SIDE WHICH ARE INCORPORATED HEREIN BY REFERENCE. GUARANTOR HAS EXECUTED THIS GUARANTY WITH THE INTENT TO BE LEGALLY BOUND NOTWITHSTANDING ANY FAILURE BY ANY OTHER PERSON TO SIGN THIS GUARANTY. GUARANTOR ACKNOWLEDGES RECEIPT OF AN EXACT COPY OF THIS GUARANTY.

David Thomas Shirey, Jr

DAVID THOMAS SHIREY, JR

6-04-07
Date

Date

Date

Date

Date

Date

TO: Monticello Banking Company
310 N. Cross Street
Albany, KY 42602-1420
(606) 387-6611

**RESOLUTION AUTHORIZING
INDEBTEDNESS AND SECURITY**

Name and Address of Organization:

APACHE GAS TRANSMISSION COMPANY INC

Resolutions of (hereinafter, the "Resolving Panel"): Type of Organization:

Board of Directors

Corporation

5005 LIVE OAK ST

Federal Tax I.D. Number

GREENVILLE, TX 75402-6364

Board of Trustees

74-2878754

Members and Managers

Date of Meeting:

Partners

Other:

I/We hereby certify that the following resolutions were unanimously adopted, approved, and confirmed by the Organization at a meeting of the Governing Body held on the date set forth above, which was duly noticed and attended by a quorum of such persons, or conducted pursuant to a waiver of notice and unanimous consent to action in lieu thereof:

RESOLVED, that the Organization obtain from the Lender, from time to time, such loans, credits and advances as, in the judgment of the person(s) hereinafter authorized, the Organization may require:

RESOLVED, that any _____ (if no number is specified, then any one) of the following persons:

DAVID THOMAS SHIREY, JR

President

(Title)

(Title)

(Title)

(Title)

and, in their stead, the respective successors thereof (whether one or more, the "Authorized Representatives"), are now and hereafter authorized for and in the name of the Organization, from time to time, (1) to execute and deliver notes, loan agreements, leases, and other instruments evidencing indebtedness to the Lender (including without limitations, renewals, extensions, and amendments relating to such instruments or indebtedness) and to convey, assign, transfer, pledge, mortgage, grant a security interest in, or otherwise hypothecate and deliver by such instruments as the Lender deems necessary, any property of the Organization, including real and personal property and chose in action, required by the Lender to secure the payment thereof; (2) to execute and deliver to Lender the guaranties and continuing guaranties for the security of the indebtedness of any third party payable to Lender; (3) to discount with, assign or sell to the Lender, conditional sales contracts, notes, acceptances, drafts, receivables, leases and other indebtedness payable to the Organization, upon such terms as the Lender may agree upon, and to indorse in the name of the Organization all documents or instruments relating to such indebtedness so discounted, assigned or sold, and to guarantee payment thereof to the Lender; (4) to guarantee the indebtedness of any third-party to the Lender, and to convey, assign, transfer, pledge, mortgage, grant a security interest in, or otherwise hypothecate and deliver by such instruments as the Lender deems necessary, any property of the Organization, including real and personal property and chose in action, required by the Lender to secure the payment thereof; and (5) to perform all acts and execute and deliver all documents and instruments deemed necessary to carry out the purposes of this resolution.

RESOLVED, that any one of the Authorized Representatives be and is now and hereafter authorized for and in the name of the Organization from time to time, to request draws and advances in connection with any indebtedness of the Organization to the Lender pursuant to this resolution:

RESOLVED, that the authority herein given to the Authorized Representatives will continue in full force and effect and shall remain irrevocable as far as the Lender is concerned until the Lender has a reasonable time to act upon written notice from the Governing Body of the Organization that revokes the authority herein granted, which shall have prospective effect only;

RESOLVED, that these resolutions are expressly not exclusive of others who may act for and in the name of the Organization and upon whom the Lender may reasonably rely;

RESOLVED, that any and all acts authorized pursuant to these resolutions and performed prior to the passage of these resolutions are hereby ratified and approved; and

RESOLVED, that any officer of the Organization or any member of the Governing Body is authorized to certify these resolutions, which shall supersede all resolutions of like tenor previously furnished to the Lender.

I/We further certify that I am a person authorized to make the certifications herein and that the foregoing is a complete and correct copy of the resolutions duly adopted by the Organization and affirmatively appearing in the permanent records of the Organization.

I/We further certify that there is no provision within the articles of incorporation, the by-laws, the articles of organization, the operating agreement, the partnership agreement, the statement of partnership, or other governing documents of the Organization, whichever of the foregoing instruments is or are applicable, that either restricts the passing of the foregoing resolutions or prevents me from executing this certification, and that these acts were and are duly approved and authorized in conformity with the governing documents and applicable law.

I/We further certify that the foregoing resolutions (i) have not been modified, amended or rescinded, (ii) are in full force and effect, and (iii) are binding upon the Organization.

I/We further certify that the Organization is duly organized, validly existing and in good standing under the laws governing its creation and existence, and is duly registered and qualified in all states in which it does business.

SIGNATURES ON REVERSE

DISBURSEMENT

Borrower:
APACHE GAS TRANSMISSION COMPANY INC

5005 LIVE OAK ST
GREENVILLE, TX 75402-6364

LOAN TYPE.

Actual Day 360, Fixed
Type of Credit: Renewal of Loan #1974201
Loan Structure: Balloon
Funding Date: May 10, 2007

CUSTOMER TYPE: Corporation

Lender:
Monticello Banking Company

310 N. Cross Street
Albany, KY 42602-1420

Maturity Date: May 10, 2012
Loan Number: 1974201
Customer Number:
Initial Rate: 8.250 APR: 8.381

Principal and interest are repayable in 59 equal installment payments, in the amount of \$661.23 each, commencing on June 10, 2007 and continuing monthly thereafter, and one (1) final payment consisting of the full amount of the principal and all accrued interest remaining due and payable on May 10, 2012.

PURPOSE OF LOAN.

RENEWAL

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$32,911.38

as follows:

Cash Paid Directly to Borrower

\$32,911.38

TOTAL DISBURSED

\$32,911.38

APACHE GAS TRANSMISSION COMPANY INC

David Thomas Shirey, Jr. 6-4-07

DAVID THOMAS SHIREY, JR, President

Date

Date

Date

Date

Date

FCRA Post-Closing Notice

Account Number: 1974201

Date: 05/10/2007

In December of 2003, the Fair and Accurate Credit Transaction Act (FACT Act) was passed to further strengthen the country's national credit reporting system and to assist both financial institutions and consumers in the fight against identity theft. Section 217 of the Act requires that we notify you that:

We may report information about your account to credit bureaus. Late payments, missed payments, or other defaults on your account may be reflected in your credit report.



Date

DAVID THOMAS SHIREY, JR.

LENDER

Monticello Banking Company

310 N. Cross Street
Albany, KY 42602-1420**CREDIT APPLICATION INSURANCE DISCLOSURE****Name of Applicant(s)**

DAVID THOMAS SHIREY, JR

You have applied for a loan with Lender. In connection with your application, Lender may solicit, offer or sell you an insurance product or annuity. This notice is given to advise you of information related to any insurance product or annuity that is offered, solicited or sold in connection with your loan application and available on a voluntary basis through the Lender. **PLEASE READ CAREFULLY BEFORE SIGNING THIS NOTICE.**

THE PURCHASE OF ANY INSURANCE PRODUCT OR ANNUITY THROUGH THE LENDER IN CONNECTION WITH AN EXTENSION OF CREDIT IS NOT REQUIRED. IT IS STRICTLY VOLUNTARY AND IS NOT A FACTOR IN OBTAINING CREDIT. FOR EXAMPLE:

THE LENDER MAY NOT CONDITION A LOAN OR OTHER EXTENSION OF CREDIT ON EITHER:

SIGN YOUR PURCHASE OF AN INSURANCE PRODUCT OR ANNUITY FROM THE LENDER OR ANY OF ITS AFFILIATES, OR

2. YOUR AGREEMENT NOT TO OBTAIN, OR PROHIBITION BY US AGAINST YOU OBTAINING AN INSURANCE PRODUCT OR ANNUITY FROM AN ENTITY NOT AFFILIATED WITH THE LENDER.

BY SIGNING THIS DOCUMENT, YOU ACKNOWLEDGE THAT YOU HAVE RECEIVED AN ORAL DISCLOSURE OF THE DISCLOSURES CONTAINED IN THIS NOTICE AND THAT YOU HAVE BEEN FURNISHED WITH A COPY OF THIS NOTICE AND UNDERSTAND ITS TERMS.

David Thomas Shirey, Jr.
DAVID THOMAS SHIREY, JR

Date

6-4-07

Date

Date

Date

Date

Date

For Telephone Applications Only:

As an authorized representative of Lender, I confirm that I have made the above Credit Application Insurance Disclosures orally to the Applicant(s) and that the receipt of the oral disclosures were acknowledged orally by the Applicant(s). I also confirm that I have mailed to the Applicant(s) the above Credit Application Insurance Disclosures within three (3) days beginning the first business day after the application is taken, excluding Sunday and federal public holidays.

Authorized Representative

Date:

APACHE GAS TRANSMISSION COMPANY INC

Bank of Clinton County
310 N Cross Street
Albany, Kentucky 42602

119 UPPER RIVER ST
BURKESVILLE KY 42717-9999

Loan Number 1974201
Date MAY 10, 2002
Maturity Date 05/10/07
Loan Amount \$ 60,219.00
Renewal Of _____

LENDER'S NAME AND ADDRESS

"You" means the lender, its successors and assigns.

BORROWER'S NAME AND ADDRESS

"I" includes each borrower above, joint and severally.

For value received, I promise to pay to you, or your order, at your address listed above the PRINCIPAL sum of Sixty thousand two hundred nineteen & no/100 Dollars \$ 60,219.00. No additional advances are contemplated under this note.

Single Advance: I will receive all of this principal sum on 05/10/02.
 Multiple Advance: The principal sum shown above is the maximum amount of principal I can borrow under this note. On _____ and future principal advances are contemplated.

Conditions: The conditions for future advances are _____

Open End Credit: You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires on _____.

Closed End Credit: You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).
INTEREST: I agree to pay interest on the outstanding principal balance from MAY 10, 2002 at the rate of 5.7500 % per year until MAY 10, 2007.

Variable Rate: This rate may then change as stated below.
 Index Rate: The future rate will be _____ the following index rate: _____

No Index: The future rate will not be subject to any internal or external index. It will be entirely in your control.
 Frequency and Timing: The rate on this note may change as often as AS INDEX RATE CHANGES.
A change in the interest rate will take effect _____ % or less than _____ % each _____.

Effect of Variable Rate: A change in the interest rate will have the following effect on the payments:
 The amount of each scheduled payment will change. The amount of the final payment will change.

ACCRUAL METHOD: Interest will be calculated on a 365/365 basis.
POST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below:
 on the same fixed or variable rate basis in effect before maturity (as indicated above).
 at a rate equal to _____.

LATE CHARGE: If a payment is made more than 10 days after it is due, I agree to pay a late charge of \$5.00 or 5% of the amount due, whichever is greater.
 ADDITIONAL CHARGES: In addition to interest, I agree to pay the following charges which are are not included in the principal amount above: _____

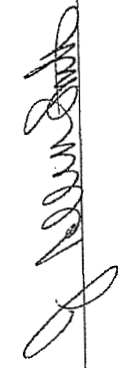
PAYMENTS: I agree to pay this note as follows:
 Interest: I agree to pay accrued interest _____
 Principal: I agree to pay the principal _____

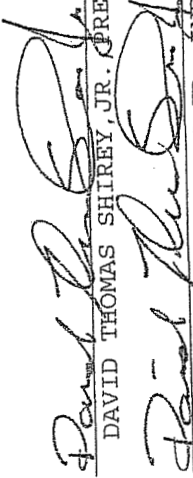

Installments: I agree to pay this note in 60 payments. The first payment will be in the amount of \$ 661.23 and will be due JUNE 10, 2002. A payment of \$ 661.23 will be due _____ thereafter. The final payment of the entire unpaid balance of principal and interest will be due Monthly MAY 10, 2007.

ADDITIONAL TERMS:
R/E MTG & ALL RIGHT, TITLE & INTERST IN AND TO THE GAS PIPELINES OWNED & OPERATED BY DEBTOR & KNOWN AS APACHE GAS TRANSMISSION, FT.KNOX GAS TRANS.KET LINE, THE DALLAS DEAN LINE & BEAUMONT GAS TRANS.& ALL REVENUES & TRANSMISSION FEES GENERATED THEREFROM

SECURITY: This note is separately secured by (describe separate document by type and date): _____
(This section is for your internal use. Failure to list a separate security document does not mean the agreement will not secure this note.)

PURPOSE: The purpose of this loan is BUSINESS EXPENSE.
SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON PAGE 2). I have received a copy on today's date.

Signature for Lender

J ALLEN SMITH
SENIOR V-PRESIDENT


DAVID THOMAS SHIREY, JR., PRESIDENT

DAVID THOMAS SHIREY, JR., INDIVIDUAL

DEBTOR NAME AND ADDRESS

APACHE GAS TRANSMISSION COMPANY INC
 119 UPPER RIVER ST
 BURKESVILLE KY 42717-9999

Type: individual partnership corporation _____
 State of organization/registration (if applicable) KENTUCKY
 If checked, refer to addendum for additional debtors and signatures.

SECURED PARTY NAME AND ADDRESS

Bank of Clinton County
 310 N Cross Street
 Albany, Kentucky 42602

COMMERCIAL SECURITY AGREEMENT

MAY 10, 2002

The date of this Commercial Security Agreement (Agreement) is _____ under the terms of this Agreement and the payment and SECURED DEBTS. This Agreement will secure all sums advanced by Secured Party under the terms of this Agreement and the payment and performance of the following described Secured Debts that (check one) Debtor APACHE GAS TRANSMISSION COMPANY INC (Borrower) owes to Secured Party:

Specific Debts. The following debts and all extensions, renewals, refinancings, modifications, and replacements (describe):

Promissory Note # 1974201 Dated MAY 10, 2002
 In the amount of \$60,219.00

All Debts. All present and future debts, even if this Agreement is not referenced, the debts are also secured by other collateral, or the future debt is unrelated to or of a different type than the current debt. Nothing in this Agreement is a commitment to make future loans or advances. **SECURITY INTEREST.** To secure the payment and performance of the Secured Debts, Debtor gives Secured Party a security interest in all of the Property described in this Agreement that Debtor owns or has sufficient rights in which to transfer an interest, now or in the future, wherever the Property is or will be located, and all proceeds and products of the Property. "Property" includes all parts, accessories, repairs, replacements, improvements, and accessions to the Property; any original evidence of title or ownership; and all obligations that support the payment or performance of the Property. "Proceeds" includes anything acquired upon the sale, lease, license, exchange, or other disposition of the Property; any rights and claims arising from the Property; and any collections and distributions on account of the Property. This Agreement remains in effect until terminated in writing, even if the Secured Debts are paid and Secured Party is no longer obligated to advance funds to Debtor or Borrower.

PROPERTY DESCRIPTION. The Property is described as follows:

- Accounts and Other Rights to Payment:** All rights to payment, whether or not earned by performance, including, but not limited to, payment for property or services sold, leased, rented, licensed, or assigned. This includes any rights and interests (including all liens) which Debtor may have by law or agreement against any account debtor or obligor of Debtor.
- Inventory:** All inventory held for ultimate sale or lease, or which has been or will be supplied under contracts of service, or which are raw materials, work in process, or materials used or consumed in Debtor's business.
- Equipment:** All equipment including, but not limited to, machinery, vehicles, furniture, fixtures, manufacturing equipment, farm machinery and equipment, shop equipment, office and record keeping equipment, parts, and tools. The Property includes any equipment described in a list or schedule Debtor gives to Secured Party, but such a list is not necessary to create a valid security interest in all of Debtor's equipment.
- Instruments and Chattel Paper:** All instruments, including negotiable instruments and promissory notes and any other writings or records that evidence the right to payment of a monetary obligation, and tangible and electronic chattel paper.
- General Intangibles:** All general intangibles including, but not limited to, tax refunds, patents and applications for patents, copyrights, trademarks, trade secrets, goodwill, trade names, customer lists, permits and franchises, payment intangibles, computer programs and all supporting information provided in connection with a transaction relating to computer programs, and the right to use Debtor's name.
- Documents:** All documents of title including, but not limited to, bills of lading, dock warrants and receipts, and all products of the crops; and all feed, seed, fertilizer, medicines, and other supplies used or produced in Debtor's farming operations.
- Farm Products and Supplies:** All farm products including, but not limited to, all poultry and livestock and their young, along with their produce, products, and replacements; all crops, annual or perennial, and all products of the crops; and all feed, seed, fertilizer, medicines, and other supplies used or produced in Debtor's farming operations.
- Government Payments and Programs:** All payments, accounts, general intangibles, and benefits including, but not limited to, payments in kind, deficiency payments, letters of entitlement, warehouse receipts, storage payments, emergency assistance and diversion payments, production flexibility contracts, and conservation reserve payments under any preexisting, current, or future federal or state government program.
- Investment Property:** All investment property including, but not limited to, certificated securities, uncertificated securities, securities entitlements, securities accounts, commodity contracts, commodity accounts, and financial assets.
- Deposit Accounts:** All deposit accounts including, but not limited to, demand, time, savings, passbook, and similar accounts.
- Specific Property Description:** The Property includes, but is not limited by, the following (if required, provide real estate description):

ALL RIGHT, TITLE & INTEREST IN AND TO THE GAS PIPE-LINES OWNED & OPERATED BY DEBTOR & KNOWN AS APACHE GAS TRANSMISSION, FT. KNOX, KET LINE, DALLAS DEAN, ETC

USE OF PROPERTY. The Property will be used for personal business agricultural _____ purposes.

SIGNATURES. Debtor agrees to the terms on pages 1 and 2 of this Agreement and acknowledges receipt of a copy of this Agreement.


DEBTOR

APACHE GAS TRANSMISSION COMPANY INC

By: 
 DAVID THOMAS SHIREY, JR

SECURED PARTY

Bank of Clinton County

By: 
 J ALLEN SMITH
 SENIOR V-PRESIDENT

By: _____

DAVID THOMAS SHIREY, JR 119 UPPER RIVER STREET BURKESVILLE, KY 42717	Bank of Clinton County 310 N Cross Street Albany, Kentucky 42602	APACHE GAS TRANSMISSION COMPANY 119 UPPER RIVER ST BURKESVILLE KY 42717-9999
GUARANTOR'S NAME AND ADDRESS "I" includes each guarantor above, jointly and severally.		BORROWER'S NAME AND ADDRESS "Borrower" means each person above.

GUARANTY

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce you, at your option, to make loans or engage in any other transactions with borrower from time to time, I absolutely and unconditionally guarantee the full payment of the following debts (as defined herein) when due (whether at maturity or upon acceleration):

I absolutely and unconditionally guarantee to you the payment and performance of the following described debt (including all renewals, extensions, refinancings and modifications) of the borrower: LOAN #1974201

I absolutely and unconditionally guarantee to you the payment and performance of each and every debt, of every type and description, that the borrower may now or at any time in the future owe you including, but not limited to, the following described debt(s): LOAN #1974201

I absolutely and unconditionally guarantee to you the payment and performance of each and every debt, of every type and description, that the borrower may now or at any time in the future owe you, up to the principal amount of \$ 60,219.00 plus accrued interest, attorneys' fees and collection costs referable thereto (when permitted by law), and all other amounts agreed to be paid under all agreements evidencing the debt and securing the payment of the debt. You may, without notice, apply this guaranty to such debts of the borrower as you may select from time to time.

DEFINITIONS - As used in this agreement, the terms "I," "we," and "my" mean all persons signing this guaranty agreement, individually and jointly, and their heirs, executors, administrators and assigns.
 The term "debt" means all debts, liabilities, and obligations of the borrower (including, but not limited to, all amounts agreed to be paid under the terms of any notes or agreements securing the payment of any debt, liability or obligation, overdrafts, letters of credit, guaranties, advances for taxes, insurance, repairs and storage, and all extensions, renewals, refinancings and modifications of these debts) whether now existing or created or incurred in the future, due or to become due, or absolute or contingent, except for any obligations incurred by borrower after the date of this guaranty for which the borrower meets your standard of creditworthiness based on the borrower's own assets and income without the addition of a guaranty, or to which, although you require the addition of a guaranty, the borrower chooses someone other than me to guaranty the obligation.

APPLICABLE LAW - This agreement is governed by the law of the state in which you are located. Any term of this agreement that does not comply with applicable law will not be effective if that law does not expressly or impliedly permit variations by agreement. If any part of this agreement cannot be enforced according to its terms, this fact will not affect the balance of this agreement.

REVOCATION - I agree that this is an absolute and continuing guaranty. If this guaranty is limited to the payment of a specific debt of the borrower described above, this agreement cannot be revoked and will remain in effect until the debt is paid in full. If this guaranty covers both the borrower's present and future debts, I agree that this guaranty will remain binding on me, whether or not there are any debts outstanding, until you have actually received written notice of my revocation or written notice of my death or incompetence.

Notice of revocation or notice of my death or incompetence will not affect my obligations under this guaranty with respect to any debts incurred by or for which you have made a commitment to borrower before you actually receive such notice, and all renewals, extensions, refinancings, and modifications of such debts. I agree that if any other person signing this agreement provides a notice of revocation to you, I will still be obligated under this agreement until I provide a notice of revocation to you. If any other person signing this agreement dies or is declared incompetent, such fact will not affect my obligations under this agreement.

OBLIGATIONS INDEPENDENT - I agree that I am obligated to pay according to the terms of this guaranty even if any other person has agreed to pay the borrower's debt. My obligation to pay according to the terms of this guaranty shall not be affected by the illegality, invalidity or unenforceability of any notes or agreements evidencing the debt, the violation of any applicable usury laws, forgery, or any other circumstances which make the indebtedness unenforceable against the borrower.

I will remain obligated to pay on this guaranty even if any other person who is obligated to pay the borrower's debt, including the borrower, has such obligation discharged in bankruptcy, foreclosure, or otherwise discharged by law. In such situations, my obligation shall include post-bankruptcy petition interest and attorneys' fees and any other amounts which borrower is discharged from paying or which do not otherwise accrue to borrower's indebtedness due to borrower's discharge. I will also be obligated to pay you, to the fullest extent permitted by law, any deficiency remaining after foreclosure of any mortgage or security interest securing borrower's debt, whether or not the liability of borrower or any other obligor for such deficiency is discharged by statute or judicial decision. If any payments by borrower to you are thereafter set aside, recovered, rescinded, in whole or in part, are settled by you at your discretion, or are in any way recouped or recovered from you for any reason (including, without limitation, the bankruptcy, insolvency, or reorganization of borrower or any other obligor), then I am obligated to reimburse or indemnify you for the full amount you so pay together with costs, interest, attorneys' fees and all other expenses which you incur in connection therewith. I also agree that if my liability is limited to a stated principal amount (plus other agreed charges), you may allow the borrower to incur debt in excess of the specified amount and apply to the payment of such excess any amounts you receive for payment of the debt from the borrower or any other person, any amounts resulting from any collateral, or amounts received from any other source, without affecting my obligations under this agreement.

No modification of this agreement is effective unless in writing and signed by you and me, except that you may, without notice to me and without the addition of a signed writing or my approval: (1) release any borrower or other person who may be liable for borrower's debt, (2) release or substitute any collateral, (3) fail to perfect any security interest or otherwise impair any collateral, (4) waive or impair any right you may have against any borrower or other person who may be liable for borrower's debt, (5) settle or compromise any claim against the borrower or any person who may be liable for the borrower's debt, (6) procure any additional security or persons who agree to be liable for borrower's debt, (7) delay or fail to pursue enforcement of the debt, (8) apply amounts you receive from the borrower or other persons to payment of the debt in any order you select, (9) make any election with respect to the debt provided by law or any agreement with any person liable for the debt, (10) exercise or fail to exercise any rights you have with respect to the debt, (11) extend new credit to the borrower, or (12) renew, extend, refinance or modify the borrower's debt on any terms agreed to by you and the borrower (including, but not limited to, changes in the interest rate or in the method, time, place or amount of payment) without affecting my obligation to pay under this guaranty.

WAIVER - I waive presentment, demand, protest, notice of dishonor, and notice of acceptance of this guaranty. I also waive, to the extent permitted by law, all notices, all defenses and claims that the borrower could assert, any right to require you to pursue any remedy or seek payment from any other person before seeking payment under this agreement, and all other defenses to the debt, except payment in full. You may without notice to me and without my consent, enter into agreements with the borrower from time to time for purposes of creating or continuing the borrower's debt as allowed by this guaranty. I agree that I will be liable, to the fullest extent permitted by applicable law, for any deficiency remaining after foreclosure (or repossession) and sale of any collateral without regard to whether borrower's obligation to pay such deficiency is discharged by law. If any payments on the debt are set aside, recovered or required to be returned to be returned in the event of the insolvency, bankruptcy or reorganization of the borrower, my obligations under this agreement will continue as if such payments had never been made.

I also waive and relinquish all present and future claims, rights, and remedies against borrower or any other obligated party arising out of the creation or my performance of this guaranty. My waiver includes, but is not limited to, the right of contribution, reimbursement, indemnification, subrogation, exoneration, and any right to participate in any claim or remedy you may have against the borrower, collateral, or other party obligated for borrower's debts, whether or not such claim, remedy, or right arises in equity, or under contract, statute or common law.

REMEDIES - If I fail to keep any promise contained in this agreement or any agreement securing this agreement, you may, make this agreement and the borrower's debt immediately due and payable, you may set-off this obligation against any right I have to receive money from you (however, you may not set-off against any accounts in which my rights are only as a fiduciary or my IRA or other tax-deferred retirement account), you may use any remedy you have under state or federal law, and you may use any remedy given to you by any agreement securing this agreement. If I die, am declared incompetent, or become insolvent (either because my liabilities exceed my assets or because I am unable to pay my debts as they become due), you may make the debt immediately due and payable.

COLLECTION COSTS - Except when prohibited by law, I agree to pay the reasonable costs and expenses you incur to enforce and collect this agreement, including attorneys' fees and court costs.

SECURITY - This guaranty is unsecured secured by R/E MTG, SECURITY AGREEMENT & SIGNATURE

NOTICE TO COSIGNER

You are being asked to guarantee the debts described above. If you are making a "Present and Future Debt Guaranty" as identified above, you are being asked to guarantee *present* as well as *future* debts of the borrower entered into with this lender. Think carefully before you do. If the borrower doesn't pay these debts, you will have to. Be sure you can afford to pay if you have to, and that you want to accept this responsibility.

You may have to pay up to the full amount of these debts if the borrower does not pay. You may also have to pay late fees or collection costs, which increase this amount.

The lender can collect these debts from you without first trying to collect from the borrower. The lender can use the same collection methods against you that can be used against the borrower, such as suing you, garnishing your wages, etc. If these debts are ever in default, that fact may become part of your credit record.

In witness whereof, I have signed my name and affixed my seal on this _____ day of _____, and, by doing so, agree to the terms of this guaranty and acknowledge having read the Notice to Cosigner.


 (SEAL)

DAVID THOMAS SHIREY, JR. (SEAL)

(SEAL)

(SEAL)

GENERAL PROVISIONS. Each Debtor's obligations under this Agreement are independent of the obligations of any other Debtor. Secured Party may sue each Debtor individually or together with any other Debtor. Secured Party may release any part of the Property and Debtor will remain obligated under this Agreement. The duties and benefits of this Agreement will bind the successors and assigns of Debtor and Secured Party. No modification of this Agreement is effective unless made in writing and signed by Debtor and Secured Party. Whenever used, the plural includes the singular and the singular includes the plural. Time is of the essence.

APPLICABLE LAW. This Agreement is governed by the laws of the state in which Secured Party is located. In the event of a dispute, the exclusive forum, venue, and place of jurisdiction will be the state in which Secured Party is located, unless otherwise required by law. If any provision of this Agreement is unenforceable by law, the unenforceable provision will be severed and the remaining provisions will still be enforceable.

NAME AND LOCATION. Debtor's name indicated on page 1 is Debtor's exact legal name. If Debtor is an individual, Debtor's address is Debtor's principal residence. If Debtor is not an individual, Debtor's address is the location of Debtor's chief executive offices or sole place of business. If Debtor is an entity organized and registered under state law, Debtor has provided Debtor's state of registration on page 1. Debtor will provide verification of registration and location upon Secured Party's request. Debtor will provide Secured Party with at least 30 days notice prior to any change in Debtor's name, address, or state of organization or registration.

WARRANTIES AND REPRESENTATIONS. Debtor has the right, authority, and power to enter into this Agreement. The execution and delivery of this Agreement will not violate any agreement governing Debtor or Debtor's property, or to which Debtor is a party. Debtor makes the following warranties and representations which continue as long as this Agreement is in effect:

- (1) Debtor is duly organized and validly existing in all jurisdictions in which Debtor does business;
- (2) the execution and performance of the terms of this Agreement have been duly authorized, have received all necessary governmental approval, and will not violate any provision of law or order;
- (3) other than previously disclosed to Secured Party, Debtor has not changed Debtor's name or principal place of business within the last 10 years and has not used any other trade or fictitious name; and
- (4) Debtor does not and will not use any other name without Secured Party's prior written consent.

Debtor owns all of the Property, and Secured Party's claim to the Property is ahead of the claims of any other creditor, except as otherwise agreed and disclosed to Secured Party prior to any advance on the Secured Debts. The Property has not been used for any purpose that would violate any laws or subject the Property to forfeiture or seizure. **DUTIES TOWARD PROPERTY.** Debtor will protect the Property and Secured Party's interest against any competing claim. Except as otherwise agreed, Debtor will keep the Property in Debtor's possession at the address indicated on page 1 of this Agreement. Debtor will keep the Property in good repair and use the Property only for purposes specified on page 1. Debtor will not use the Property in violation of any law and will pay all taxes and assessments levied or assessed against the Property. Secured Party has the right of reasonable access to inspect the Property, including the right to require Debtor to assemble and make the Property available to Secured Party. Debtor will immediately notify Secured Party of any loss or damage to the Property. Debtor will prepare and keep books, records, and accounts about the Property and Debtor's business, to which Debtor will allow Secured Party reasonable access.

Debtor will not sell, offer to sell, license, lease, or otherwise transfer or encumber the Property without Secured Party's prior written consent. Any disposition of the Property will violate Secured Party's rights, unless the Property is inventory sold in the ordinary course of business at fair market value. If the Property includes chattel paper or instruments, either as original collateral or as proceeds of the Property, Debtor will record Secured Party's interest on the face of the chattel paper or instruments. If the Property includes accounts, Debtor will not settle any account for less than the full value, dispose of the accounts by assignment, or make any material change in the terms of any account without Secured Party's prior written consent. Debtor will collect all accounts in the ordinary course of business, unless otherwise required by Secured Party. Debtor will keep the proceeds of the accounts, and any goods returned to Debtor, in trust for Secured Party and will not commingle the proceeds or returned goods with any of Debtor's other property. Secured Party has the right to require Debtor to pay Secured Party the full price on any returned items. Secured Party may require account debtors to make payments under the accounts directly to Secured Party. Debtor will deliver the accounts to Secured Party at Secured Party's request. Debtor will give Secured Party all statements, reports, certificates, lists of account debtors (showing names, addresses, and amounts owing), invoices applicable to each account, and any other data pertaining to the accounts as Secured Party requests.

If the Property includes farm products, Debtor will provide Secured Party with a list of the buyers, commission merchants, and selling agents to or through whom Debtor may sell the farm products. Debtor authorizes Secured Party to notify any additional parties regarding Secured Party's interest in the Debtor's farm products, unless prohibited by law. Debtor agrees to plant, cultivate, and harvest crops in due season. Debtor will not use any loan proceeds for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as explained by federal law. If Debtor pledges the Property to Secured Party (delivers the Property into the possession or control of Secured Party or a designated third party), Debtor will, upon receipt, deliver any proceeds and products of the Property to Secured Party. Debtor will provide Secured Party with any notices, documents, financial statements, reports, and other information relating to the Property Debtor receives as the owner of the Property. **PERFECTION OF SECURITY INTEREST.** Debtor authorizes Secured Party to file a financing statement covering the Property. Debtor will comply with, facilitate, and otherwise assist Secured Party in connection with obtaining possession or control over the Property for purposes of perfecting Secured Party's interest under the Uniform Commercial Code.

INSURANCE. Debtor agrees to keep the Property insured against the risks reasonably associated with the Property until the Property is released from this Agreement. Debtor will maintain this insurance in the amounts Secured Party requires. Debtor may choose the insurance company, subject to Secured Party's approval, which will not be unreasonably withheld. Debtor will have the insurance provider name Secured Party and loss payee on the insurance policy. Debtor will give Secured Party the insurance provider immediate notice of any loss. Secured Party may apply the insurance proceeds toward the Secured Debts. Secured Party may require additional security as a condition of permitting any insurance proceeds to be used to repair or replace the Property. If Secured Party acquires the Property in damaged condition, Debtor's rights to any insurance policies and proceeds will pass to Secured Party to the extent of the Secured Debts. Debtor will immediately notify Secured Party of the cancellation or termination of insurance. If Debtor fails to keep the Property insured, or fails to provide Secured Party with proof of insurance, Secured Party may obtain insurance to protect Secured Party's interest in the Property. The insurance may include coverages not originally required of Debtor, and may be written at a higher rate than one Debtor would choose, and may be written at a higher rate than Debtor could obtain if Debtor purchased the insurance.

AUTHORITY TO PERFORM. Debtor authorizes Secured Party to do anything Secured Party deems reasonably necessary to protect the Property and Secured Party's interest in the Property. If Debtor fails to perform any of Debtor's duties under this Agreement, Secured Party is authorized, without notice to Debtor, to perform the duties or cause them to be performed. These authorizations include, but are not limited to, permission to pay for the repair, maintenance, and preservation of the Property and take any action to realize the value of the Property. Secured Party's authority to perform for Debtor does not create an obligation to perform, and Secured Party's failure to perform will not preclude Secured Party from exercising any other rights under the law or this Agreement.

If Secured Party performs for Debtor, Secured Party will use reasonable care. Reasonable care will not include any steps necessary to preserve rights against prior parties or any duty to take action in connection with the management of the Property. Secured Party will preserve and protect the Property to the extent required by law. Secured Party's duty of care with respect to the Property will be satisfied if Secured Party exercises reasonable care in the safekeeping of the Property or in the selection of a third party in possession of an account debtor or other person obligated on the Property. Secured Party may exercise Debtor's rights with respect to the account debtor's or other person's obligations to make payment or otherwise render performance to Debtor, and enforce any security interest that secures such obligations.

PURCHASE MONEY SECURITY INTEREST. If the Property includes items purchased with the Secured Debts, the Property purchased with the Secured Debts will remain subject to Secured Party's security interest until the Secured Debts are paid in full. Payments on any non-purchase money loan also secured by this Agreement will not be applied to the purchase money loan. Payments on the purchase money loan will be applied first to the non-purchase money portion of the loan, and then to the purchase money portion in the order in which the purchase money Property was acquired. If the purchase money Property was acquired at the same time, payments will be applied in the order Secured Party selects. No security interest will be terminated by application of this formula.

DEFAULT. Debtor will be in default if:

- (1) Debtor (or Borrower, if not the same) fails to make a payment in full when due;
- (2) Debtor fails to perform any condition or keep any covenant on this or any debt or agreement Debtor has with Secured Party;
- (3) a default occurs under the terms of any instrument or agreement evidencing or pertaining to the Secured Debts;
- (4) anything else happens that either causes Secured Party to reasonably believe that Secured Party will have difficulty in collecting the Secured Debts or significantly impairs the value of the Property.

REMEDIES. After Debtor defaults, and after Secured Party gives any legally required notice and opportunity to cure the default, Secured Party may at Secured Party's option do any one or more of the following:

- (1) make all or any part of the Secured Debts immediately due and accrue interest at the highest post-maturity interest rate;
- (2) require Debtor to gather the Property and make it available to Secured Party in a reasonable fashion;
- (3) enter upon Debtor's premises and take possession of all or any part of Debtor's property for purposes of preserving the Property or its value and use and operate Debtor's property to protect Secured Party's interest, all without payment or compensation to Debtor;
- (4) use any remedy allowed by state or federal law, or provided in any agreement evidencing or pertaining to the Secured Debts.

If Secured Party repossesses the Property or enforces the obligations of an account debtor, Secured Party may keep or dispose of the Property as provided by law. Secured Party will apply the proceeds of any collection or disposition first to Secured Party's expenses of enforcement, which includes reasonable attorneys' fees and legal expenses to the extent not prohibited by law, and then to the Secured Debts. Debtor (or Borrower, if not the same) will be liable for the deficiency, if any.

By choosing any one or more of these remedies, Secured Party does not give up the right to use any other remedy. Secured Party does not waive default by not using a remedy.

WAIVER. Debtor waives all claims for damages caused by Secured Party's acts or omissions where Secured Party acts in good faith. **NOTICE AND ADDITIONAL DOCUMENTS.** Where notice will be required, Debtor agrees that 10 days prior written notice will be reasonable notice to Debtor under the Uniform Commercial Code. Notice to one party is notice to all parties. Debtor agrees to sign, deliver, and file any additional documents and certifications Secured Party considers necessary to perfect, continue, or preserve Debtor's obligations under the Agreement and to confirm Secured Party's lien status on the Property.

ATTACHMENT 6

ITEM 5)

Reconcile difference between total depreciation shown on the 12/31/06 Balance Sheet and the amount shown on this depreciation schedule.

12/31/06 Balance Sheet

110 - Accumulated Depreciation	77,658.00
195 - Accumulated Amortization	7,500.00
Total Depreciation per 12/31/06 Balance Sheet	85,158.00

12/31/06 Depreciation Schedule

Accumulated Depreciation	76,482.00
Current Year Depreciation	8,676.00
Total Depreciation per 12/31/06 Depreciation Schedule	85,158.00

Difference

0.00

2006 DEPRECIATION AND AMORTIZATION REPORT
OTHER DEPRECIATION

OTHER

Asset No	Description	Date Acquired	Method	Life	Line No	Unadjusted Cost Or Basis	Bus % Excl	Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
1	TRANSMISSION LINES	041597	SL	25.00	17	75,000.			75,000.	27,128.		3,000.
2	ORGANIZATIONAL EXPENSE	050197		5M	43	7,500.			7,500.	7,500.		0.
3	EMS	082001	SL	25.00	17	1,010.			1,010.	180.		40.
4	HIGH PRESSURE STATION	113002	SL	15.00	17	49,596.			49,596.	39,915.		3,306.
5	PIPELINE	072204	SL	25.00	17	26,726.			26,726.	1,604.		1,069.
6	EMS	090205	SL	25.00	17	1,438.			1,438.	22.		58.
7	EMS	100605	SL	25.00	17	2,334.			2,334.	12.		93.
8	EMS	110305	SL	25.00	17	3,300.			3,300.	17.		132.
9	EMS	113005	SL	25.00	17	305.			305.	2.		12.
10	EMS	123005	SL	25.00	17	288.			288.	2.		12.
11	EMS	123105	SL	25.00	17	20,058.			20,058.	100.		802.
17	EMS-TRANSMISSION LINES	031906	SL	25.00	19G	1,640.			1,640.			58.
18	EMS-TRANSMISSION LINES	052606	SL	25.00	19G	342.			342.			9.
19	EMS-TRANSMISSION LINES	072406	SL	25.00	19G	2,493.			2,493.			38.
20	EMS-TRANSMISSION LINES	102706	SL	25.00	19G	9,412.			9,412.			47.
	* TOTAL OTHER DEPRECIATION & AMORT					201,442.			201,442.	76,482.		8,676.
	CURRENT YEAR ACTIVITY											
	BEGINNING BALANCE					187,555.		0.	187,555.	76,482.		

2006 DEPRECIATION AND AMORTIZATION REPORT
OTHER DEPRECIATION

OTHER

Asset No	Description	Date Acquired	Method	Life	Line No	Unadjusted Cost Or Basis	Bus % Excl	Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
	ACQUISITIONS					13,887.		0.	13,887.	0.		
	DISPOSITIONS					0.		0.	0.	0.		
	ENDING BALANCE					201,442.		0.	201,442.	76,482.		

III. BILLING ANALYSIS

Usage and Revenue from Present/Proposed Rates
Test Period from 1/01/06 to 12/31/06

Month	Customers	MCF Sold	Revenues at	
			Present Rate of 1.74 per MCF	Proposed Rate of 2.94 per MCF
January	1	5662	9,851.88	16,646.28
February	1	6543	11,384.82	19,236.42
March	1	4496	7,823.04	13,218.24
April	1	1916	3,333.84	5,633.04
May	1	1453	2,528.22	4,271.82
June	1	922	1,604.28	2,710.68
July	1	748	1,301.52	2,199.12
August	1	839	1,459.86	2,466.66
September	1	817	1,421.58	2,401.98
October	1	2120	3,688.80	6,232.80
November	1	4202	7,311.48	12,353.88
December	1	5659	9,846.66	16,637.46
TOTAL	1	35377	61,555.98	104,008.38

APACHE GAS TRANSMISSION COMPANY, INC.

Principal Office

119 Upper River Street, Burkesville, Kentucky 42717

Corporate Office

5005 Live Oak, Greenville, Texas 75402

Telephone (903) 454-4000 - Fax (903) 454-2320

PROPOSED RATE CHANGE NOTICE

Please take notice that Apache Gas Transmission Company, Inc., a Public Service Company that transports natural gas to Burkesville Gas Company, Inc. in Burkesville, Cumberland County, Kentucky does hereby provide notice of its intention to file an application with the Public Service Commission for the Commonwealth of Kentucky for a general adjustment of its existing transportation tariff rate. Apache Gas Transmission Company, Inc. has requested an increase in its transportation tariff to the amount of \$2.94 per mcf of natural gas delivered. This equates to a 68.97% increase over its current transportation tariff rate of \$1.74 per mcf of natural gas delivered.

The rates contained in this notice are the rates proposed by Apache Gas Transmission Company, Inc. However, the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice. Any corporation, association, body politic or person may request leave to intervene by motion within thirty (30) days after notice of the proposed rate changes is given. A motion to intervene shall be in writing, shall be submitted to the Executive Director, Public Service Commission, 211 Sower Boulevard, P. O. Box 615, Frankfort, Kentucky, 40602, and shall set forth the grounds for the motion, including the status and interest of the party movant. Copies of the application may be obtained at no charge from Apache Gas Transmission Company, Inc. at 119 Upper River Street, Burkesville, KY 42717. Upon request from an intervenor, the applicant shall furnish to the intervenor a copy of the application and supporting documents.

Log for
Everette
9034739939
7/31/2007 11:18

Last Transaction

Date	Time	Type	Identification	Duration	Pages	Result
31 Jul	11:15	Fax Sent	*70-12708645135	1:07	1	OK

Attachment 8

UPS UPS 2nd Day Air
Shipping Declaration

See instructions on back. Visit UPS.com or call 1-800-PICK-UPS (800-742-5877) for additional information and UPS Tariff/Terms and Conditions.

TRACKING NUMBER **1Z F7E 563 37 1000 2510**

SHIPMENT FROM
F 7 E 5 6 3

Apache Gas
903-464-4000
Pay from
BURKESVILLE GAS COMPANY Apache


5005 LIVE OAK ST
GREENVILLE TX 75402

1	INSURANCE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	POSTAGE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	INSURANCE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	INSURANCE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	INSURANCE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	INSURANCE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	INSURANCE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	INSURANCE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9	INSURANCE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10	INSURANCE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11. Insurances are subject to the terms and conditions of the UPS Tariff/Terms and Conditions of Service, which are available at www.ups.com and from UPS offices.

120161120000 1.07 \$



 Close Window

Tracking Detail


Tracking Number: 1Z F7E 563 37 1000 251 0
 Type: Package
 Status: **In Transit**
 Shipped/Billed On: 07/31/2007
 Service: 2ND DAY AIR

Package Progress

Location	Date	Local Time	Description
LOUISVILLE, KY, US	08/01/2007	10:29 A.M.	ARRIVAL SCAN
DALLAS/FT. WORTH A/P, TX, US	08/01/2007	7:43 A.M.	DEPARTURE SCAN
	08/01/2007	5:21 A.M.	ARRIVAL SCAN
MESQUITE, TX, US	08/01/2007	4:15 A.M.	DEPARTURE SCAN
	08/01/2007	12:26 A.M.	ARRIVAL SCAN
SULPHUR SPRINGS, TX, US	07/31/2007	10:29 P.M.	DEPARTURE SCAN
	07/31/2007	10:20 P.M.	ORIGIN SCAN
	07/31/2007	5:28 P.M.	PICKUP SCAN

Tracking results provided by UPS: 08/01/2007 3:19 P.M. ET

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