

<u>Year</u>	<u>Month</u>	<u>Monthly Payment</u>	<u>Interest</u>	<u>Principal</u>
1996	January	\$ 3,244.86	\$ 2,528.90	\$ 715.96
	February	3,244.86	2,528.90	715.96
	March	3,244.86	2,528.90	715.96
	April	3,244.86	2,528.90	715.96
	May	1,566.49	1,220.85	345.64
	June	1,566.49	1,220.85	345.64
	July	783.23	610.43	172.80
	August	783.24	610.43	172.81
	September	783.24	610.43	172.81
	October	783.24	610.43	172.81
	November	1,566.49	1,220.85	345.64
	December	<u>1,566.49</u>	<u>1,220.85</u>	<u>345.64</u>
Totals		\$22,378.35	\$17,440.72	\$4,937.63
1997	January	3,244.86	2,482.37	762.49
	February	3,244.86	2,482.37	762.49
	March	3,244.86	2,482.37	762.49
	April	3,244.86	2,482.37	762.49
	May	1,566.49	1,198.38	368.11
	June	1,566.49	1,198.38	368.11
	July	783.23	599.19	184.04
	August	783.24	599.19	184.05
	September	783.24	599.19	184.05
	October	783.24	599.19	184.05
	November	1,566.49	1,198.38	368.11
	December	<u>1,566.49</u>	<u>1,198.38</u>	<u>368.11</u>
Totals		\$22,378.35	\$17,119.76	\$5,258.59
1998	January	3,244.86	2,432.80	812.06
	February	3,244.86	2,432.80	812.06
	March	3,244.86	2,432.80	812.06
	April	3,244.86	2,432.80	812.06
	May	1,566.49	1,174.46	392.03
	June	1,566.49	1,174.46	392.03
	July	783.23	587.23	196.00
	August	783.24	587.23	196.01
	September	783.24	587.23	196.01
	October	783.24	587.23	196.01
	November	1,566.49	1,174.46	392.03
	December	<u>1,566.49</u>	<u>1,174.46</u>	<u>392.03</u>
Totals		\$22,378.35	\$16,777.96	\$5,600.39

<u>Year</u>	<u>Month</u>	<u>Monthly Payment</u>	<u>Interest</u>	<u>Principal</u>
1999	January	\$ 3,244.86	\$ 2,380.02	\$ 864.84
	February	3,244.86	2,380.02	864.84
	March	3,244.86	2,380.02	864.84
	April	3,244.86	2,380.02	864.84
	May	1,566.49	1,148.98	417.51
	June	1,566.49	1,148.98	417.51
	July	783.23	574.49	208.74
	August	783.24	574.49	208.75
	September	783.24	574.49	208.75
	October	783.24	574.49	208.75
	November	1,566.49	1,148.98	417.51
	December	<u>1,566.49</u>	<u>1,148.98</u>	<u>417.51</u>
Totals		\$22,378.35	\$16,413.96	\$5,964.39
2000	January	3,244.86	2,323.81	921.05
	February	3,244.86	2,323.81	921.05
	March	3,244.86	2,323.81	921.05
	April	3,244.86	2,323.81	921.05
	May	1,566.49	1,121.84	444.65
	June	1,566.49	1,121.84	444.65
	July	783.23	560.92	222.31
	August	783.24	560.92	222.32
	September	783.24	560.92	222.32
	October	783.24	560.92	222.32
	November	1,566.49	1,121.84	444.65
	December	<u>1,566.49</u>	<u>1,121.84</u>	<u>444.65</u>
Totals		\$22,378.35	\$16,026.28	\$6,352.07
2001	January	3,244.86	\$ 2,263.94	\$ 980.92
	February	3,244.86	2,263.94	980.92
	March	3,244.86	2,263.94	980.92
	April	3,244.86	2,263.94	980.92
	May	1,566.49	1,092.93	473.56
	June	1,566.49	1,092.93	473.56
	July	783.23	546.47	236.76
	August	783.24	546.47	236.77
	September	783.24	546.47	236.77
	October	783.24	546.47	236.77
	November	1,566.49	1,092.93	473.56
	December	<u>1,566.49</u>	<u>1,092.93</u>	<u>473.56</u>
Totals		\$22,378.35	\$15,613.36	\$6,764.99

<u>Year</u>	<u>Month</u>	<u>Monthly Payment</u>	<u>Interest</u>	<u>Principal</u>
2002	January	\$ 3,244.86	\$ 2,200.18	\$1,044.68
	February	3,244.86	2,200.18	1,044.68
	March	3,244.86	2,200.18	1,044.68
	April	3,244.86	2,200.18	1,044.68
	May	1,566.49	1,062.16	504.33
	June	1,566.49	1,062.16	504.33
	July	783.23	531.07	252.16
	August	783.24	531.07	252.17
	September	783.24	531.07	252.17
	October	783.24	531.07	252.17
	November	1,566.49	1,062.16	504.33
	December	<u>1,566.49</u>	<u>1,062.16</u>	<u>504.33</u>
Totals		\$22,378.35	\$15,173.64	\$7,204.71
2003	January	3,244.86	2,132.27	1,112.59
	February	3,244.86	2,132.27	1,112.59
	March	3,244.86	2,132.27	1,112.59
	April	3,244.86	2,132.27	1,112.59
	May	1,566.49	1,029.37	537.12
	June	1,566.49	1,029.37	537.12
	July	783.23	514.69	268.54
	August	783.24	514.69	268.55
	September	783.24	514.69	268.55
	October	783.24	514.69	268.55
	November	1,566.49	1,029.37	537.12
	December	<u>1,566.49</u>	<u>1,029.37</u>	<u>537.12</u>
Totals		\$22,378.35	\$14,705.32	\$7,673.03
2004	January	3,244.86	2,059.96	1,184.90
	February	3,244.86	2,059.96	1,184.90
	March	3,244.86	2,059.96	1,184.90
	April	3,244.86	2,059.96	1,184.90
	May	1,566.49	994.46	572.03
	June	1,566.49	994.46	572.03
	July	783.23	497.23	286.00
	August	783.24	497.23	286.01
	September	783.24	497.23	286.01
	October	783.24	497.23	286.01
	November	1,566.49	994.46	572.03
	December	<u>1,566.49</u>	<u>994.46</u>	<u>572.03</u>
Totals		\$22,378.35	\$14,206.60	\$8,171.75

<u>Year</u>	<u>Month</u>	<u>Monthly Payment</u>	<u>Interest</u>	<u>Principal</u>
2005	January	\$ 3,244.86	\$ 1,982.94	\$1,261.92
	February	3,244.86	1,982.94	1,261.92
	March	3,244.86	1,982.94	1,261.92
	April	3,244.86	1,982.94	1,261.92
	May	1,566.49	957.28	609.21
	June	1,566.49	957.28	609.21
	July	783.23	478.64	304.59
	August	783.24	478.64	304.60
	September	783.24	478.64	304.60
	October	783.24	478.64	304.60
	November	1,566.49	957.28	609.21
	December	1,566.49	957.28	609.21
Totals		\$22,378.35	\$13,675.44	\$8,702.91
2006	January	3,244.86	1,900.91	1,343.95
	February	3,244.86	1,900.91	1,343.95
	March	3,244.86	1,900.91	1,343.95
	April	3,244.86	1,900.91	1,343.95
	May	1,566.49	917.68	648.81
	June	1,566.49	917.68	648.81
	July	783.23	458.84	324.39
	August	783.24	458.84	324.40
	September	783.24	458.84	324.40
	October	783.24	458.84	324.40
	November	1,566.49	917.68	648.81
	December	1,566.49	917.68	648.81
Totals		\$22,378.35	\$13,109.72	\$9,268.63
2007	January	3,244.86	1,813.56	1,431.30
	February	3,244.86	1,813.56	1,431.30
	March	3,244.86	1,813.56	1,431.30
	April	3,244.86	1,813.56	1,431.30
	May	1,566.49	875.51	690.98
	June	1,566.49	875.51	690.98
	July	783.23	437.75	345.48
	August	783.24	437.75	345.49
	September	783.24	437.75	345.49
	October	783.24	437.75	345.49
	November	1,566.49	875.51	690.98
	December	1,566.49	875.51	690.98
Totals		\$22,378.35	\$12,507.28	\$9,871.07

<u>Year</u>	<u>Month</u>	<u>Monthly Payment</u>	<u>Interest</u>	<u>Principal</u>
2008	January	\$ 3,244.86	\$ 1,720.52	\$ 1,524.34
	February	3,244.86	1,720.52	1,524.34
	March	3,244.86	1,720.52	1,524.34
	April	3,244.86	1,720.52	1,524.34
	May	1,566.49	830.60	735.89
	June	1,566.49	830.60	735.89
	July	783.23	415.30	367.93
	August	783.24	415.30	367.94
	September	783.24	415.30	367.94
	October	783.24	415.30	367.94
	November	1,566.49	830.60	735.89
	December	1,566.49	830.60	735.89
Totals		\$22,378.35	\$11,865.68	\$10,512.67
2009	January	3,244.86	1,621.44	1,623.42
	February	3,244.86	1,621.44	1,623.42
	March	3,244.86	1,621.44	1,623.42
	April	3,244.86	1,621.44	1,623.42
	May	1,566.49	782.76	783.73
	June	1,566.49	782.76	783.73
	July	783.23	391.38	391.85
	August	783.24	391.38	391.86
	September	783.24	391.38	391.86
	October	783.24	391.38	391.86
	November	1,566.49	782.76	783.73
	December	1,566.49	782.76	783.73
Totals		\$22,378.35	\$11,182.32	\$11,196.03
2010	January	3,244.86	1,515.92	1,728.94
	February	3,244.86	1,515.92	1,728.94
	March	3,244.86	1,515.92	1,728.94
	April	3,244.86	1,515.92	1,728.94
	May	1,566.49	731.82	834.67
	June	1,566.49	731.82	834.67
	July	783.23	365.91	417.32
	August	783.24	365.91	417.33
	September	783.24	365.91	417.33
	October	783.24	365.91	417.33
	November	1,566.49	731.82	834.67
	December	1,566.49	731.82	834.67
Totals		\$22,378.35	\$10,454.60	\$11,923.75

<u>Year</u>	<u>Month</u>	<u>Monthly Payment</u>	<u>Interest</u>	<u>Principal</u>
2011	January	\$ 3,244.86	\$1,403.53	\$ 1,841.33
	February	3,244.86	1,403.53	1,841.33
	March	3,244.86	1,403.53	1,841.33
	April	3,244.86	1,403.53	1,841.33
	May	1,566.49	677.57	888.92
	June	1,566.49	677.57	888.92
	July	783.23	338.78	444.45
	August	783.24	338.78	444.46
	September	783.24	338.78	444.46
	October	783.24	338.78	444.46
	November	1,566.49	677.57	888.92
	December	<u>1,566.49</u>	<u>677.57</u>	<u>888.92</u>
Totals		\$22,378.35	\$9,679.52	\$12,698.83
2012	January	3,244.86	1,283.85	1,961.01
	February	3,244.86	1,283.85	1,961.01
	March	3,244.86	1,283.85	1,961.01
	April	3,244.86	1,283.85	1,961.01
	May	1,566.49	619.79	946.70
	June	1,566.49	619.79	946.70
	July	783.23	309.89	473.34
	August	783.24	309.89	473.35
	September	783.24	309.89	473.35
	October	783.24	309.89	473.35
	November	1,566.49	619.79	946.70
	December	<u>1,566.49</u>	<u>619.79</u>	<u>946.70</u>
Totals		\$22,378.35	\$8,854.12	\$13,524.23
2013	January	3,244.86	1,156.38	2,088.48
	February	3,244.86	1,156.38	2,088.48
	March	3,244.86	1,156.38	2,088.48
	April	3,244.86	1,156.38	2,088.48
	May	1,566.49	558.25	1,008.24
	June	1,566.49	558.25	1,008.24
	July	783.23	279.13	504.10
	August	783.24	279.13	504.11
	September	783.24	279.13	504.11
	October	783.24	279.13	504.11
	November	1,566.49	558.25	1,008.24
	December	<u>1,566.49</u>	<u>558.25</u>	<u>1,008.24</u>
Totals		\$22,378.35	\$7,975.04	\$14,403.31

<u>Year</u>	<u>Month</u>	<u>Monthly Payment</u>	<u>Interest</u>	<u>Principal</u>
2014	January	\$ 3,244.86	\$1,020.63	\$ 2,224.23
	February	3,244.86	1,020.63	2,224.23
	March	3,244.86	1,020.63	2,224.23
	April	3,244.86	1,020.63	2,224.23
	May	1,566.49	492.72	1,073.77
	June	1,566.49	492.72	1,073.77
	July	783.23	246.36	536.87
	August	783.24	246.36	536.88
	September	783.24	246.36	536.88
	October	783.24	246.36	536.88
	November	1,566.49	492.72	1,073.77
	December	<u>1,566.49</u>	<u>492.72</u>	<u>1,073.77</u>
Totals		\$22,378.35	\$7,038.84	\$15,339.51
2015	January	3,244.86	876.06	2,368.80
	February	3,244.86	876.06	2,368.80
	March	3,244.86	876.06	2,368.80
	April	3,244.86	876.06	2,368.80
	May	1,566.49	422.92	1,143.57
	June	1,566.49	422.92	1,143.57
	July	783.23	211.46	571.77
	August	783.24	211.46	571.78
	September	783.24	211.46	571.78
	October	783.24	211.46	571.78
	November	1,566.49	422.92	1,143.57
	December	<u>1,566.49</u>	<u>422.92</u>	<u>1,143.57</u>
Totals		\$22,378.35	\$6,041.76	\$16,336.59
2016	January	3,244.86	722.09	2,522.77
	February	3,244.86	722.09	2,522.77
	March	3,244.86	722.09	2,522.77
	April	3,244.86	722.09	2,522.77
	May	1,566.49	348.59	1,217.90
	June	1,566.49	348.59	1,217.90
	July	783.23	174.30	608.93
	August	783.24	174.30	608.94
	September	783.24	174.30	608.94
	October	783.24	174.30	608.94
	November	1,566.49	348.59	1,217.90
	December	<u>1,566.49</u>	<u>348.59</u>	<u>1,217.90</u>
Totals		\$22,378.35	\$4,979.92	\$17,398.43

<u>Year</u>	<u>Month</u>	<u>Monthly Payment</u>	<u>Interest</u>	<u>Principal</u>
2017	January	\$ 3,244.86	\$ 558.10	\$ 2,686.76
	February	3,244.86	558.10	2,686.76
	March	3,244.86	558.10	2,686.76
	April	3,244.86	558.10	2,686.76
	May	1,566.49	269.43	1,297.06
	June	1,566.49	269.43	1,297.06
	July	783.23	134.72	648.51
	August	783.24	134.72	648.52
	September	783.24	134.72	648.52
	October	783.24	134.72	648.52
	November	1,566.49	269.43	1,297.06
	December	<u>1,566.49</u>	<u>269.43</u>	<u>1,297.06</u>
Totals		\$22,378.35	\$3,849.00	\$18,529.35
2018	January	3,244.86	383.47	2,861.39
	February	3,244.86	383.47	2,861.39
	March	3,244.86	383.47	2,861.39
	April	3,244.86	383.47	2,861.39
	May	1,566.49	185.12	1,381.37
	June	1,566.49	185.12	1,381.37
	July	783.23	92.56	690.67
	August	783.24	92.56	690.68
	September	783.24	92.56	690.68
	October	783.24	92.56	690.68
	November	1,566.49	185.12	1,381.37
	December	<u>1,566.49</u>	<u>185.12</u>	<u>1,381.37</u>
Totals		\$22,378.35	\$2,644.60	\$19,733.75
2019	January	3,244.86	197.48	3,047.38
	February	3,244.86	197.48	3,047.38
	March	3,244.86	197.48	3,047.38
	April	3,244.86	197.48	3,047.38
	May	1,566.49	95.33	1,471.16
	June	1,566.49	95.33	1,471.16
	July	783.23	47.67	735.56
	August	783.24	47.67	735.57
	September	783.24	47.67	735.57
	October	783.24	47.67	735.57
	November	1,566.49	95.33	1,471.16
	December	<u>1,502.25</u>	<u>95.33</u>	<u>1,406.92</u>
Totals		\$22,314.11	\$1,361.92	\$20,952.19

First Trust Centre, 200 South Fifth Street, Louisville, Kentucky 40202
Telephone (502) 585-2153 Telefax (502) 589-5529

WM. CARL FUST
DAVID W. GRAY
NEWMAN T. CLUTHRIE*
IRVIN D. FOLEY
JOSEPH R. CATHRIGHT, JR.
CHARLES H. ZIMMERMAN, JR.
LISA KOCH BRYANT**
SHARON C. HARDY
CHARLES S. MUSSON
W. RANDALL JONES
K. GAIL RUSSELL

October 10, 1991

OF COUNSEL
JAMES E. FAHEY

*ALSO ADMITTED IN MICHIGAN
**ALSO ADMITTED IN INDIANA

RE: County of Floyd, Kentucky Gas System Refunding
Revenue Bond, Series B, dated October 1, 1991

We have acted as Bond Counsel in connection with the issuance by the County of Floyd, Kentucky (the "Issuer") of its Gas System Refunding Revenue Bond, Series B, dated October 1, 1991 (the "Series B Bond"), in the form of a single manuscript Bond in the principal amount of \$288,774.96, pursuant to Sections 58.010 through 58.140 of the Kentucky Revised Statutes, as amended (the "Act") and an Ordinance (the "Ordinance") of the Issuer passed on September 20, 1992. Concurrent with the issuance of the Series B Bond, the Issuer is issuing Series A Bonds in the principal amount of \$620,000, the proceeds of which will be used (i) to redeem on December 1, 1991, the Issuer's outstanding Water and Gas Refunding Revenue Bonds of 1979 at a redemption price of 103% of the principal amount due thereon, and to pay in full certain bank loans, all of which are payable out of the revenues of the gas distribution system (the "System") owned by the Issuer and leased to and operated by East Kentucky Utilities, Inc., for and on behalf of the Issuer, (ii) to fund a debt service reserve in the amount of one year's annual debt service on the Series A Bonds, and (iii) to pay the cost of issuance of the Series A Bonds.

The Series B Bond has been delivered to Commonwealth of Kentucky Department of Local Government in substitution for a note evidencing the principal amount due the Commonwealth of Kentucky Department of Local Government by the County of Floyd, Kentucky and East Kentucky Utilities, Inc. The Series B Bond is payable annually as to principal and interest on January 1 of each year through January 1, 2020, on a parity as to security and source of payment with the Series A Bonds. The Issuer has reserved the right to issue additional bonds on a basis of parity as to security and source of payment with the Series A Bonds and the Series B Bond.

The Issuer has entered into a lease of the System (the "Lease") with East Kentucky Utilities, Inc., a Kentucky nonstock, nonprofit corporation, as an agency and instrumentality of the Issuer, for the purpose of operating the System. The Issuer and East Kentucky Utilities, Inc., have entered into a Mortgage and Security Agreement (the "Mortgage") with First Commonwealth Bank, Prestonsburg, Kentucky, as the Mortgage Trustee, granting a

October 10, 1991

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mortgage lien and security interest in the System to secure payment of the Series A Bonds, the Series B Bond and any parity bonds hereafter issued. The Ordinance provides for a pledge of the gross income and revenues of the System required to be deposited to the credit of the Debt Service Fund established pursuant to the Ordinance with the Paying Agent for the Series A Bonds sufficient to pay the principal of and interest on the Series A Bonds, the Series B Bond and any parity bonds.

We have examined the law and the transcript of the proceedings pursuant to which the Series A Bonds and the Series B Bond have been authorized and issued, and such other matters as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Ordinance and in the transcript of proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof and under existing law, as follows:

1. The Issuer is duly created and validly existing as a county and political subdivision of the Commonwealth of Kentucky, with the power to pass the Ordinance, perform the agreements on its part contained therein and issue the Series A Bonds and the Series B Bond.

2. The Ordinance has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer in accordance with the terms thereof.

3. The Mortgage creates a valid and enforceable first lien and security interest on the System.

4. The Lease is a validly enforceable obligation of the parties thereto for the term of the Series A Bonds and the Series B Bond.

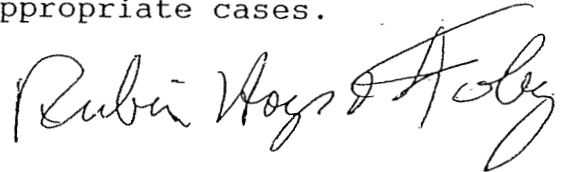
5. The Ordinance creates a valid lien on the funds pledged by the Ordinance for the security and source of payment of the Series A Bonds and the Series B Bond, and such other bonds as are issued on a parity therewith pursuant to the terms and conditions of the Ordinance and subject to no prior lien.

6. The Series A Bonds and the Series B Bond have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer payable solely from the sources provided therefor in the Ordinance.

October 10, 1991
Page 3

It is to be understood that the rights of the owners of the Series B Bond and the enforceability of the Series B Bond and the Ordinance may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

WCF/me

A handwritten signature in cursive script, appearing to read "Rubin Woyz & Foley". The signature is written in dark ink and is positioned to the right of the typed initials "WCF/me".

DB 350
18639

SECOND AMENDMENT TO LEASE AGREEMENT

THIS SECOND AMENDMENT TO LEASE AGREEMENT, made and entered into as of October 1, 1991, by and between the County of Floyd, Kentucky (hereinafter referred to as "Lessor"), and East Kentucky Utilities, Inc., a Kentucky nonprofit corporation, with its registered office at 3 South Arnold Avenue, Prestonsburg, Kentucky (hereinafter referred to as "Lessee").

WHEREAS, the Lessor and the Lessee entered into a Lease Agreement dated as of June 26, 1979, with reference to the Lessee leasing certain water and gas facilities described therein, which instrument is recorded in Deed Book 242, Page 621, in the office of the County Clerk of Floyd County, Kentucky, which Lease Agreement has been amended by an Amendment to Lease Agreement dated as of September 9, 1981, which instrument is recorded in Deed Book 350, Page 144, in the aforesaid Clerk's office; and

WHEREAS, the Lessor owns a gas distribution system (the "System") serving a portion of Floyd County, which System is leased to the Lessee for the purpose of operating the System for and on behalf of the Lessor; and

WHEREAS, the Lessor presently has outstanding \$140,000 of Bonds designated as County of Floyd Water and Gas Refunding Revenue Bonds of 1979 (the "Bonds of 1979"), payable out of the revenues of the System scheduled to mature serially on June 1 in each of the respective years 1992 through 2005, and the Lessee and the Lessor are obligated on seven Promissory Term Notes due First Commonwealth Bank of Prestonsburg, Kentucky, payable out of the revenues of the System in the present outstanding amount of \$357,778.10 (the "First Commonwealth Loan"), and the Lessee is obligated on an installment loan due First Guaranty National Bank, Martin, Kentucky, in the original amount of \$12,204.50 payable in sixty (60) monthly installments with a final maturity of November 8, 1995 (the "First Guaranty Loan"), and the Lessee and the Lessor are obligated on a Promissory Note due the Commonwealth of Kentucky, Department of Local Government ("DLG") in the original principal amount of \$292,221.90, payable in annual installments of \$22,378.35 on January 1 of each year through January 1, 2020; and

WHEREAS, the Fiscal Court of the Lessor, by Ordinance adopted on September 20, 1991 (the "Ordinance"), has authorized the issuance and sale of \$620,000 (plus or minus up to \$60,000) of County of Floyd, Kentucky Gas System Refunding Revenue Bonds, Series 1991, dated October 1, 1991 (the "Series A Bonds"), for the purpose of financing the cost (not otherwise provided) of (i) the refunding and redemption prior to maturity of the outstanding Bonds of 1979, and (ii) paying in full the First Commonwealth Loan, and (iii) paying in full the First Guaranty Loan, and the issuance of \$292,000 (plus or minus up to \$40,000) of County of Floyd, Kentucky Gas System Refunding Revenue Bonds, Series B (the "Series B Bonds") dated the date of delivery, for the purpose of substituting said Series B Bond for that certain Promissory Note payable to DLG in

the outstanding principal amount thereof. The Series A Bonds and the Series B Bonds may hereinafter be referred to collectively as the Bonds; and

WHEREAS, under the provisions of Sections 58.010 through 58.140 of the Kentucky Revised Statutes (the "Act"), the Lessor is authorized to issue the Bonds to provide such funds for the purposes aforesaid; and

WHEREAS, in order to accomplish such financing, the Lease Agreement must be amended to accommodate the requirements of the Ordinance to provide for a term not less than the term of the Bonds.

NOW, THEREFORE, in consideration of the action taken by the Fiscal Court of the Lessor, and the obligations of the Lessor set forth therein, and to secure the payment of said Series A and Series B Bonds in accordance with their terms to the purchasers thereof, and in consideration of these premises, the Lessor and Lessee agree as follows:

1. TERM OF LEASE. The term of the Lease Agreement dated June 26, 1979, as amended by Amendment to Lease Agreement dated September 9, 1981, and as amended by this Second Amendment to Lease Agreement (which Lease Agreement, as amended, shall hereinafter be referred to as the "Lease") shall expire on January 1, 2020, or at such earlier time as the Bonds have been paid or provision for payment may have been made in accordance with the terms of the Ordinance, at the option of the Lessor.

2. ORDINANCE INCORPORATED BY REFERENCE. All of the terms and conditions of the Ordinance are incorporated herein by reference, a copy of which is attached hereto and made a part hereof as if fully copied herein.

3. OBLIGATIONS OF LESSEE. The Lessee shall operate the System as defined in the Ordinance for and on behalf of the Lessor as a revenue-producing public project within the meaning of Section 58.010 through 58.140 of the Kentucky Revised Statutes, and in full compliance with the provisions of the Ordinance. Lessee shall satisfy all of the requirements required to be performed by Lessee as set forth in the Ordinance, and in particular the provisions of Section 12 - Operation of System; Lease Agreement, Section 13 - Creation of Special Funds, Section 14 - Disposition of Proceeds of Bonds; Use of Funds in Accounts Created in Prior Bonds Ordinance; Arbitrage Limitations, Section 15 - Flow of Funds, Section 16 - Officials to be Bonded, Section 17 - Adoption of Budget of Current Expenses, Section 18 - Rates and Charges for Services of the System, Section 19 - Additional Long Term Debt; Parity Bonds; and Surplus Facilities, Section 22 - Insurance, Section 23 - Records, Audits and Reports; Monthly Reports; Engineering Inspection.

Lessee agrees not to take any action or omit to take any action required to be taken in violation of the terms of the

Ordinance or which would cause the Bonds to become "private activity bonds" within the meaning of Section 141 of the Internal Revenue Code of 1986, or become "arbitrage bonds" within the meaning of Section 148 of said Code.

4. TERMS OF PRIOR LEASE. All of the provisions of the Lease Agreement dated June 26, 1979, as amended by Amendment to Lease Agreement dated September 9, 1981, except to the extent amended or superseded by the provisions of this Second Amendment to Lease Agreement, shall be applicable throughout the term of the Lease. If there should ever be any conflict between the terms of the Lease Agreement dated June 26, 1979, as amended by Amendment to Lease Agreement dated September 9, 1981, and this Second Amendment to Lease Agreement, this Second Amendment to Lease Agreement shall control.

5. LEASE PAYMENTS. Commencing as of October 1, 1991, and until the Bonds have been fully paid and/or provision for payment shall have been made in accordance with the terms of the Ordinance, Lessee agrees to pay rent in monthly installments equal to the gross revenues of the System, and payable in the amounts and in the manner set forth in Section 15 of the Ordinance, and the Lessee does herewith pledge the gross revenues of the System to secure the obligations of the Lessor as set forth in the Ordinance for the benefit of the owners of outstanding Bonds. In order to perfect said pledge, Lessee agrees to deposit, as and when received, all revenues of the System in the Revenue Fund created pursuant to the terms of the Ordinance for the uses and purposes as set forth in Section 15 of said Ordinance.

6. MORTGAGE AND SECURITY INTEREST. Lessee agrees to enter into a Mortgage and Security Agreement with the Lessor as mortgagors for the purpose of granting a mortgage lien and security interest in the System now in existence and hereafter acquired to secure payment of the outstanding Bonds and the performance of all of the obligations of the Lessor and Lessee under the terms of the Ordinance and the Lease.

7. SEVERABILITY. In the event any provision of this Lease shall be invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

8. AMENDMENTS, CHANGES AND MODIFICATIONS. Subsequent to the issuance of the Bonds and prior to their payment in full or provision for the payment thereof having been made in accordance with the provisions of the Ordinance, and except as otherwise herein expressly provided, the Lease may not be effectively amended, changed, modified, altered or terminated.

9. APPLICABLE LAW. The Lease shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

10. CAPTIONS. The captions and headings in this Second Amendment to Lease Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or paragraphs of this Second Amendment to Lease Agreement.

IN WITNESS WHEREOF, the County of Floyd, Kentucky, as Lessor, has caused this Amendment to Lease Agreement to be executed by its County Judge/Executive thereunto duly authorized, and East Kentucky Utilities, Inc., as Lessee, has caused same to be executed by its President thereunto duly authorized by Resolution of its Board of Directors, as of the day and year first above written.

COUNTY OF FLOYD, KENTUCKY

By John M. Stumbo
County Judge/Executive

(SEAL)

Attest:

Carla R. Boyd
County Clerk

EAST KENTUCKY UTILITIES, INC.

By Barbara D. Allen
President

Attest:

Barbara D. Allen
Secretary

STATE OF KENTUCKY)
) ss:
COUNTY OF FLOYD)

The foregoing instrument was acknowledged before me this September 20, 1991, by John M. Stumbo and Carla R. Boyd, as County Judge/Executive and County Clerk, respectively, of the County of Floyd, Kentucky.

My Commission expires: 08/24/95.

Howard A. Lingard
Notary Public, Floyd County, KY
State-at-Large

STATE OF KENTUCKY)
) ss:
COUNTY OF FLOYD)

The foregoing instrument was acknowledged before me this September 20, 1991, by David D. Allen and Barbara D. Allen, as President and Secretary of East Kentucky Utilities, Inc., a Kentucky nonprofit corporation, on behalf of said corporation.

My Commission expires: 08/24/95.

[Signature]
Notary Public, Floyd County, KY
State-at-Large

THIS INSTRUMENT PREPARED BY:

[Signature]
Wm. Carl Fust
RUBIN HAYS & FOLEY
First Trust Centre
200 South Fifth Street
Louisville, Kentucky 40202
(502) 585-2153

STATE OF KENTUCKY
S.S.
COUNTY OF FLOYD

WITH \$ no TAX PAID ON SAME

I, CARLA "ROBINSON" BOYD, Clerk of the County Court in and for the County and State aforesaid certify that the foregoing Second Amendment to Lease was on the 1 day of October 1991 at 3:48 o'clock pm lodged for record whereupon the same with the foregoing and this certificate have been duly recorded in my office.

Witness my hand, this 1 day of October 1991.

CARLA "ROBINSON" BOYD, CLERK
BY: [Signature] D.C.

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SECURITY AGREEMENT AND MORTGAGE

THIS SECURITY AGREEMENT AND MORTGAGE made and entered into this 12 day of September, 95 by and between B and H Gas Company, Inc., hereinafter referred to as the Debtor; and the Commonwealth of Kentucky, acting by and for the use and benefit of the Department of Local Government, 1024 Capital Center Drive, Frankfort, Kentucky 40601, hereinafter referred to as the Secured Party:

WITNESSETH:

WHEREAS, the Debtor has applied, been approved for and received a loan from the Secured Party's Gas System Restoration Project Account, hereinafter referred to as GSRP Account, in the amount of four hundred seven thousand, five hundred eighty-eight dollars and ninety cents (\$407,588.90) with interest to run thereon at the rate of 4 percent, compounded annually for thirty years from January 1, 1996, and

WHEREAS, as a prerequisite to the receipt of the loan funds, the Debtor agreed to and executed **CONDITIONS OF LOAN TO B AND H GAS COMPANY, INC.**, a true copy of which is attached hereto and marked as **SECURITY AGREEMENT EXHIBIT A**, hereinafter referred to as Conditions, and

WHEREAS, paragraph ten of said Conditions provides that the Secured Party shall have as security for the loan a lien on all the assets and future earnings of B and H Gas Company, Inc., and

WHEREAS, the Debtor has executed this date a promissory note as evidence of the debt secured by this Security Agreement and Mortgage and now wishes to execute this Security Agreement and Mortgage granting, releasing, assigning, transferring, pledging, and conveying to the Secured Party the lien as required by said Conditions,

NOW, THEREFORE, in consideration of the foregoing premises and the covenants herein contained and other valuable consideration, the receipt of which is hereby acknowledged, and in order to effectuate the aforesaid mortgage lien security interest to the Secured Party, the parties hereto hereby mutually agree, covenant and bind themselves as follows:

1. In order to secure the performance of a promissory note of even date herewith, the Debtor hereby grants, releases, assigns, transfers, pledges, conveys and mortgages to the Secured Party a mortgage lien and security interest in all property, both real and personal, tangible and intangible, as listed on the schedule of property attached hereto and marked as **SECURITY AGREEMENT EXHIBIT B, SCHEDULE OF MORTGAGED PROPERTY AND COLLATERAL**, said listing comprising all of the assets of B and H Gas Company, Inc.

2. The Debtor hereby ratifies and reaffirms the terms and conditions set out in the attached Conditions, said Conditions constituting covenants of this Security Agreement and the note secured thereby, and breach of these Conditions, and or failure to timely make any installment payment as set out herein, or breach of any other covenant as contained herein or contained in the note secured hereby, shall constitute default and a material breach of the terms hereof for which the Secured Party may proceed to enforce its rights hereunder and under the terms of the promissory note secured hereby by initiating foreclosure proceedings as provided by law, at the option of the Secured Party.

3. It is covenanted and agreed that under the terms of this agreement and the note secured hereby, time of performance shall be of the essence.

4. The Debtor shall insure all of the property secured by this Security Agreement with companies acceptable to the Secured Party against such casualties as Debtor may be

liable therefor and in such amounts as the Secured Party shall require in writing subsequent to this agreement. The insurance shall be for the benefit of the Debtor and the Secured Party as their interest may appear. The Secured Party is hereby authorized to collect from the insurance company any amount that may become due under any of such insurance, and the Secured Party may apply the same to the obligations hereby secured, applying the same first to interest with the balance applied to principal.

5. The Debtor shall pay promptly when due all taxes and assessments levied on any of the property used as security in this agreement or on its use and operation.

6. The Debtor will not suffer or permit any waste, impairment, deterioration, removal or demolition of the mortgaged property or any part thereof, other than what is necessary in the ordinary course of business, and will keep its properties in good repair, working order and condition and from time to time will make all needed and proper repairs, and improvements thereto so that the business carried on by the Debtor may be properly and advantageously conducted at all times in accordance with the rules and regulations of the Public Service Commission.

7. The Secured Party shall have the right to examine and inspect the property used as security herein at any reasonable time.

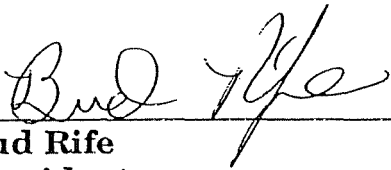
8. This agreement and the note secured hereby shall be construed according to the applicable laws of the state of Kentucky and all obligations of the parties created hereunder are to be performed in the state of Kentucky.

9. Failure of the Secured Party to exercise any right or remedy, including but not limited by reason of enumeration, the acceptance of partial or delinquent payments, shall not constitute a waiver of any obligation of the Debtor nor the right or rights of the Secured Party or a waiver of any other similar default subsequently occurring.

TO HAVE AND TO HOLD all the property and assets of B and H Gas Company, Inc., both real and personal, tangible and intangible including but not limited by reason of enumeration, future and or contingent interest of the Debtor, as hereinbefore set out in the attached exhibit, unto the Secured Party, its heirs and assigns, forever with the Debtor's warranty that the property herein listed constitutes all of the property of B and H Gas Company, Inc. and that, other than a note held by First Guaranty National Bank, which note has been made known by the Debtor to the Secured Party, there exist no other financing statements or mortgages, or liens covering said property or any part thereof or interest therein.

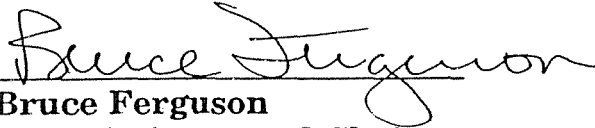
IN TESTIMONY WHEREOF, witness the signature of the President of B and H Gas Company, Inc., on behalf of said corporation.

B AND H GAS COMPANY, INC.

BY: 

Bud Rife
President

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF LOCAL GOVERNMENT
GAS SYSTEM RESTORATION PROJECT ACCOUNT REVIEW BOARD

BY: 

Bruce Ferguson
Commissioner and Chairman

STATE OF KENTUCKY
COUNTY OF FLOYD

Before me, Suda Rife, a notary public in and for the state and county aforesaid this day personally appeared BUD RIFE, being and known to me as President of B AND H GAS COMPANY, INC., a Kentucky corporation, and acknowledged that he, as the duly authorized representative and agent of the aforesaid corporation having been authorized by resolution of the corporation's Board of Directors, executed the foregoing SECURITY AGREEMENT AND MORTGAGE on behalf of the aforesaid corporation, and said agreement was executed and is the free and voluntary act and deed of B AND H GAS COMPANY, INC., for the uses and purposes set forth therein; this 12 day of September, 95.

Suda Rife
Notary Public, State of Kentucky

My Commission expires: February 10, 1998.

STATE OF KENTUCKY
COUNTY OF FRANKLIN

Before me, R. Scott Kimmica, a notary public in and for the state and county aforesaid this day personally appeared Bruce Ferguson, being and known to me as the Commissioner of the Kentucky Department of Local Government and Chairman of the Kentucky Gas System Restoration Project Account Review Board, and acknowledged that he, as the duly authorized representative and agent for the aforesaid department and board, is authorized to execute the foregoing SECURITY AGREEMENT AND MORTGAGE with B and H Gas Company, Inc. for the uses and purposes set forth therein; this 21st day of September 1995.

R. Scott Kimmica
Notary Public, State of Kentucky

My Commission expires: Dec. 6, 1995.

This instrument prepared by: Stephen L. Taylor
Attorney
177 North Limestone Street
Lexington, Kentucky 40507

CONDITIONS OF LOAN TO B AND H GAS COMPANY, INC.

The undersigned B and H Gas Company, Inc. (hereafter referred to as gas system) being a natural gas distribution system operated wholly within the Commonwealth of Kentucky, and having applied for a loan from the Gas System Restoration Project Account (hereafter referred to as GSRP Account) in the amount of \$407,588.90, hereby agrees to the following terms as a condition of said loan:

1. The gas system shall be brought into and operated in compliance with all rules, regulations and safety standards of the Kentucky Public Service Commission (hereafter referred to as PSC).
 - 1a. Reconstruction of the system shall be carried out in conformance with plans, specification and documents previously approved by PSC until said reconstruction is completed.
 - 1b. Gas system loan application and engineering plans and specifications shall be submitted to the Kentucky Department for Environmental Protection, 14 Reilly Road, Frankfort, Kentucky 40601 for review and approval prior to construction; attention: Alex Barber.
 - 1c. Contracts for construction, rehabilitation or maintenance shall be governed by KRS Chapter 45A, Kentucky Model Procurement Code. More specifically, sealed construction bids shall be submitted direct to the project engineer for public opening by the project engineer. The project engineer shall submit a detailed list of all bids received to the Department of Local Government immediately

thereafter and prior to the acceptance of a bid by the gas system owner.

- 1d. Maintenance procedures shall be performed in conformance with the requirements of the PSC throughout the term of the loan.
- 1e. Gas system personnel shall assist and cooperate with PSC staff in conducting inspections of the gas system during the term of the loan.
2. Payment of the proceeds of this loan to the gas system, and obligations of the gas system under the terms of the loan documents, shall be contingent upon approval of PSC of incurrence of this debt by the gas system.
3. Proceeds of the loan shall be used for construction and rehabilitation of the gas system, and for payment of the gas system's debt to First Guaranty National Bank, which debt pre-existed the loan, and for no other purpose.
4. Payment of proceeds of the loan for existing indebtedness shall be made directly from the GSRP account to the gas system's creditor listed in Paragraph 3, above.
5. Payment of proceeds of the loan for construction and rehabilitation shall be in the form of progress payments to the contractor from the GSRP account.
 - 5a. Gas system owner/operator shall submit to the Kentucky Department of Local Government the contractor's statement detailing the work performed and the amount due, as approved by the engineer.
 - 5b. Fifteen percent (15%) of the amount of each construction pay estimate shall be withheld until all work is completed in accord with approved plans and specifications to the satisfaction of PSC and the project engineer.
 - 5c. Gas system owner shall submit invoices for engineering inspection services or other construction related costs to the Department of Local Government for payment.

6. The annual amount due the GSRP Account from the gas system on this loan may be made payable in monthly installments which shall reflect the following percentages of the total annual amount due: January - April 14.5% per month; May - June 7% per month; July - October 3.5% per month; and November - December 7% per month. Payment of principal and interest shall begin January 1, 1996.
7. Personnel of the gas system shall receive training in accordance with PSC requirements and recommendations at the expense of the gas system.
8. Gas system shall place 3% of the annual gross revenue derived from operation of the gas system into an escrow account for emergency repairs until \$50,000 is accrued.
 - 8a. Gas system must petition for and gain written approval from the GSRP Account Review Board before funds may be withdrawn from its escrow account for any purpose.
9. Gas system shall assist and cooperate with Department of Local Government staff in conducting semi-annual management audits of the gas system.
 - 9a. The auditor shall determine compliance of the gas system with the conditions of this document.
 - 9b. Audit reports shall include a narrative and shall be submitted to the gas system, PSC, GSRP Account Review Board, and such others as may be deemed appropriate by the Department of Local Government.
 - 9c. The audit shall list and locate all extensions and service connections to the system constructed since the previous report.
 - 9d. Gas system shall take all necessary action to correct noncompliance with the conditions of this document, if any, before the next management audit is scheduled to be performed.

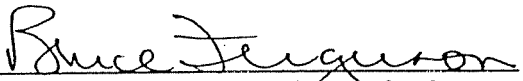
10. As security for the loan, the Commonwealth of Kentucky shall have a lien on all assets and future earnings of the gas system.
 - 10a. In the event of substantial noncompliance by the gas system with any of the terms and conditions of this loan, the Commonwealth of Kentucky, Department of Local Government shall have the right to initiate foreclosure proceedings as provided by law upon thirty days' written notice to the gas system.
11. Gas system owner/operator shall sign and adhere to the provisions set forth in the following forms (attached hereto):
 - 11a. Form ED-524, "Certification of Compliance with the Clean Air Act and the Federal Water Pollution Control Act."
 - 11b. Form ED-501A, "Certification of Non Relocation."
 - 11c. Form ED-168, "Relocation and Land Acquisition Certificate."
 - 11d. Form ED-503, "Assurances of Compliance with the Department of Commerce and Economic Development Administration Regulations under Title VI of the Civil Rights Act of 1964 and the Public Law 92-65."
 - 11e. Form ED-612, "Current and Projected Job Opportunities."
12. Gas system shall not discriminate in employment, operation or contractual activities on the ground of race, color, national origin, sex, age or religion.
13. The gas system owner/operator shall meet all requirements of the Davis-Bacon Act for federal wage rates, as amended.
 - 13a. The gas system shall assure that prevailing wages as determined by the U.S. Department of Labor are paid to workers hired specifically to perform activities funded by this loan.
 - 13b. The gas system shall assure that these wages are paid on-site, and weekly.

- 13c. The gas system shall assure that the wage scale shall be posted in the place of work.
14. Public liability insurance shall be maintained for the term of the loan by the gas system to conform with the limits of its current policy, or at the determination of the board; and the Commonwealth of Kentucky shall be named on said policy as an additional insured.
15. The gas system shall pay its annual debt service on this loan before any payments to Bud Rife, or to any companies in which he has an interest, are made.
16. The owner/operator shall adhere to any provision for any other terms and conditions as agreed to and attached by the board.

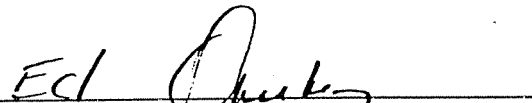
This document is executed on the 12 day of September, 1995 as the true and voluntary act of Bud Rife, as authorized by its board of directors.

BY: Bud Rife
Officer

The GSRP Account Review Board has approved a loan for B and H Gas Company, Inc. in the amount of \$407,588.90 at 4% interest compounded annually for 30 years beginning January 1, 1996.



Bruce Ferguson, Commissioner



Ed Overbey, Vice-Chairman



Ann Latta, Secretary

SCHEDULE OF MORTGAGED PROPERTY AND COLLATERAL

The property mortgaged herein comprises all the assets of B and H Gas Company, Inc., including but not limited to all wells, mains, lines, valves regulators, meters, service connections, regulator stations, related equipment and appurtenances, owned by B and H Gas Company, Inc. in the service of natural gas to approximately 318 customers located in the towns of Ivel, Tram, Betsy Layne and vicinity, including all easements and rights-of-way for its mains and services.

B and H Gas Company
Summary of Payment Schedule

	<i>INTEREST</i>	<i>PRINCIPAL</i>	<i>TOTAL</i>
1996	16,303.56	7,267.36	23,570.92
1997	16,012.88	7,558.04	23,570.92
1998	15,710.56	7,860.36	23,570.92
1999	15,396.16	8,174.76	23,570.92
2000	15,069.16	8,501.76	23,570.92
2001	14,729.08	8,841.84	23,570.92
2002	14,375.40	9,195.52	23,570.92
2003	14,007.60	9,563.32	23,570.92
2004	13,625.04	9,945.88	23,570.92
2005	13,227.20	10,343.72	23,570.92
2006	12,813.46	10,757.46	23,570.92
2007	12,383.16	11,187.76	23,570.92
2008	11,935.68	11,635.24	23,570.92
2009	11,470.24	12,100.68	23,570.92
2010	10,986.24	12,584.68	23,570.92
2011	10,482.84	13,088.08	23,570.92
2012	9,959.32	13,611.60	23,570.92
2013	9,414.84	14,156.08	23,570.92
2014	8,848.60	14,722.32	23,570.92
2015	8,259.68	15,311.24	23,570.92
2016	7,647.24	15,923.68	23,570.92
2017	7,010.32	16,560.60	23,570.92
2018	6,347.88	17,223.04	23,570.92
2019	5,658.96	17,911.96	23,570.92
2020	4,942.48	18,628.44	23,570.92
2021	4,197.32	19,373.60	23,570.92
2022	3,422.36	20,148.56	23,570.92
2023	2,616.44	20,954.48	23,570.92
2024	1,778.32	21,792.60	23,570.92
2025	906.68	22,664.24	23,570.92
TOTALS	299,538.70	407,588.90	707,127.60

1996	INTEREST	PRINCIPAL	TOTAL
January	2,364.02	1,053.77	3,417.79
February	2,364.02	1,053.77	3,417.79
March	2,364.02	1,053.77	3,417.79
April	2,364.02	1,053.77	3,417.79
May	1,141.25	508.71	1,649.96
June	1,141.25	508.71	1,649.96
July	570.62	254.36	824.98
August	570.62	254.36	824.98
September	570.62	254.36	824.98
October	570.62	254.36	824.98
November	1,141.25	508.71	1,649.96
December	1,141.25	508.71	1,649.96
TOTALS	16,303.56	7,267.36	23,570.92

1997	INTEREST	PRINCIPAL	TOTAL
January	2,321.87	1,095.92	3,417.79
February	2,321.87	1,095.92	3,417.79
March	2,321.87	1,095.92	3,417.79
April	2,321.87	1,095.92	3,417.79
May	1,120.90	529.06	1,649.96
June	1,120.90	529.06	1,649.96
July	560.45	264.53	824.98
August	560.45	264.53	824.98
September	560.45	264.53	824.98
October	560.45	264.53	824.98
November	1,120.90	529.06	1,649.96
December	1,120.90	529.06	1,649.96
TOTALS	16,012.88	7,558.04	23,570.92

1998	INTEREST	PRINCIPAL	TOTAL
January	2,278.03	1,139.75	3,417.79
February	2,278.03	1,139.75	3,417.79
March	2,278.03	1,139.75	3,417.79
April	2,278.03	1,139.75	3,417.79
May	1,099.74	550.23	1,649.96
June	1,099.74	550.23	1,649.96
July	549.87	275.11	824.98
August	549.87	275.11	824.98
September	549.87	275.11	824.98
October	549.87	275.11	824.98
November	1,099.74	550.23	1,649.96
December	1,099.74	550.23	1,649.96
TOTALS	15,710.56	7,860.36	23,570.92

1999	INTEREST	PRINCIPAL	TOTAL
January	2,232.45	1,185.34	3,417.79
February	2,232.45	1,185.34	3,417.79
March	2,232.45	1,185.34	3,417.79
April	2,232.45	1,185.34	3,417.79
May	1,077.73	572.23	1,649.96
June	1,077.73	572.23	1,649.96
July	538.86	286.12	824.98
August	538.86	286.12	824.98
September	538.86	286.12	824.98
October	538.86	286.12	824.98
November	1,077.73	572.23	1,649.96
December	1,077.73	572.23	1,649.96
TOTALS	15,396.16	8,174.76	23,570.92

2000	INTEREST	PRINCIPAL	TOTAL
January	2,185.03	1,232.76	3,417.79
February	2,185.03	1,232.76	3,417.79
March	2,185.03	1,232.76	3,417.79
April	2,185.03	1,232.76	3,417.79
May	1,054.84	595.12	1,649.96
June	1,054.84	595.12	1,649.96
July	527.42	297.56	824.98
August	527.42	297.56	824.98
September	527.42	297.56	824.98
October	527.42	297.56	824.98
November	1,054.84	595.12	1,649.96
December	1,054.84	595.12	1,649.96
TOTALS	15,069.16	8,501.76	23,570.92

2001	INTEREST	PRINCIPAL	TOTAL
January	2,135.72	1,282.07	3,417.79
February	2,135.72	1,282.07	3,417.79
March	2,135.72	1,282.07	3,417.79
April	2,135.72	1,282.07	3,417.79
May	1,031.03	618.93	1,649.96
June	1,031.03	618.93	1,649.96
July	515.52	309.46	824.98
August	515.52	309.46	824.98
September	515.52	309.46	824.98
October	515.52	309.46	824.98
November	1,031.03	618.93	1,649.96
December	1,031.03	618.93	1,649.96
TOTALS	14,729.08	8,841.84	23,570.92

B and H Gas Company

2002	INTEREST	PRINCIPAL	TOTAL
January	2,084.43	1,333.35	3,417.78
February	2,084.43	1,333.35	3,417.78
March	2,084.43	1,333.35	3,417.78
April	2,084.43	1,333.35	3,417.78
May	1,006.28	643.69	1,649.97
June	1,006.28	643.69	1,649.97
July	503.14	321.84	824.98
August	503.14	321.84	824.98
September	503.14	321.84	824.98
October	503.14	321.84	824.98
November	1,006.28	643.69	1,649.97
December	1,006.28	643.69	1,649.97
TOTALS	14,375.40	9,195.52	23,570.92

2005	INTEREST	PRINCIPAL	TOTAL
January	1,917.95	1,499.84	3,417.79
February	1,917.95	1,499.84	3,417.79
March	1,917.95	1,499.84	3,417.79
April	1,917.95	1,499.84	3,417.79
May	925.90	724.06	1,649.96
June	925.90	724.06	1,649.96
July	462.95	362.03	824.98
August	462.95	362.03	824.98
September	462.95	362.03	824.98
October	462.95	362.03	824.98
November	925.90	724.06	1,649.96
December	925.90	724.06	1,649.96
TOTALS	13,227.20	10,343.72	23,570.92

2003	INTEREST	PRINCIPAL	TOTAL
January	2,031.10	1,386.68	3,417.78
February	2,031.10	1,386.68	3,417.78
March	2,031.10	1,386.68	3,417.78
April	2,031.10	1,386.68	3,417.78
May	980.53	669.43	1,649.96
June	980.53	669.43	1,649.96
July	490.27	334.72	824.99
August	490.27	334.72	824.99
September	490.27	334.72	824.99
October	490.27	334.72	824.99
November	980.53	669.43	1,649.96
December	980.53	669.43	1,649.96
TOTALS	14,007.60	9,563.32	23,570.92

2006	INTEREST	PRINCIPAL	TOTAL
January	1,857.95	1,559.84	3,417.79
February	1,857.95	1,559.84	3,417.79
March	1,857.96	1,559.83	3,417.79
April	1,857.96	1,559.83	3,417.79
May	896.94	753.02	1,649.96
June	896.94	753.02	1,649.96
July	448.47	376.51	824.98
August	448.47	376.51	824.98
September	448.47	376.51	824.98
October	448.47	376.51	824.98
November	896.94	753.02	1,649.96
December	896.94	753.02	1,649.96
TOTALS	12,813.46	10,757.46	23,570.92

2004	INTEREST	PRINCIPAL	TOTAL
January	1,975.63	1,442.15	3,417.78
February	1,975.63	1,442.15	3,417.78
March	1,975.63	1,442.15	3,417.78
April	1,975.63	1,442.15	3,417.78
May	953.75	696.21	1,649.96
June	953.75	696.21	1,649.96
July	476.88	348.11	824.99
August	476.88	348.11	824.99
September	476.88	348.11	824.99
October	476.88	348.11	824.99
November	953.75	696.21	1,649.96
December	953.75	696.21	1,649.96
TOTALS	13,625.04	9,945.88	23,570.92

2007	INTEREST	PRINCIPAL	TOTAL
January	1,795.56	1,622.23	3,417.79
February	1,795.56	1,622.23	3,417.79
March	1,795.56	1,622.23	3,417.79
April	1,795.56	1,622.23	3,417.79
May	866.82	783.14	1,649.96
June	866.82	783.14	1,649.96
July	433.41	391.57	824.98
August	433.41	391.57	824.98
September	433.41	391.57	824.98
October	433.41	391.57	824.98
November	866.82	783.14	1,649.96
December	866.82	783.14	1,649.96
TOTALS	12,383.16	11,187.76	23,570.92

2008	INTEREST	PRINCIPAL	TOTAL
January	1,730.67	1,687.11	3,417.78
February	1,730.67	1,687.11	3,417.78
March	1,730.67	1,687.11	3,417.78
April	1,730.67	1,687.11	3,417.78
May	835.50	814.47	1,649.97
June	835.50	814.47	1,649.97
July	417.75	407.23	824.98
August	417.75	407.23	824.98
September	417.75	407.23	824.98
October	417.75	407.23	824.98
November	835.50	814.47	1,649.97
December	835.50	814.47	1,649.97
TOTALS	11,935.68	11,635.24	23,570.92

2009	INTEREST	PRINCIPAL	TOTAL
January	1,663.18	1,754.60	3,417.78
February	1,663.18	1,754.60	3,417.78
March	1,663.18	1,754.60	3,417.78
April	1,663.18	1,754.60	3,417.78
May	802.92	847.05	1,649.97
June	802.92	847.05	1,649.97
July	401.46	423.52	824.98
August	401.46	423.52	824.98
September	401.46	423.52	824.98
October	401.46	423.52	824.98
November	802.92	847.05	1,649.97
December	802.92	847.05	1,649.97
TOTALS	11,470.24	12,100.68	23,570.92

2010	INTEREST	PRINCIPAL	TOTAL
January	1,593.00	1,824.78	3,417.78
February	1,593.00	1,824.78	3,417.78
March	1,593.00	1,824.78	3,417.78
April	1,593.00	1,824.78	3,417.78
May	769.04	880.93	1,649.97
June	769.04	880.93	1,649.97
July	384.52	440.46	824.98
August	384.52	440.46	824.98
September	384.52	440.46	824.98
October	384.52	440.46	824.98
November	769.04	880.93	1,649.97
December	769.04	880.93	1,649.97
TOTALS	10,986.24	12,584.68	23,570.92

2011	INTEREST	PRINCIPAL	TOTAL
January	1,520.01	1,897.77	3,417.78
February	1,520.01	1,897.77	3,417.78
March	1,520.01	1,897.77	3,417.78
April	1,520.01	1,897.77	3,417.78
May	733.80	916.17	1,649.97
June	733.80	916.17	1,649.97
July	366.90	458.08	824.98
August	366.90	458.08	824.98
September	366.90	458.08	824.98
October	366.90	458.08	824.98
November	733.80	916.17	1,649.97
December	733.80	916.17	1,649.97
TOTALS	10,482.84	13,088.08	23,570.92

2012	INTEREST	PRINCIPAL	TOTAL
January	1,444.10	1,973.68	3,417.78
February	1,444.10	1,973.68	3,417.78
March	1,444.10	1,973.68	3,417.78
April	1,444.10	1,973.68	3,417.78
May	697.15	952.81	1,649.96
June	697.15	952.81	1,649.96
July	348.58	476.41	824.99
August	348.58	476.41	824.99
September	348.58	476.41	824.99
October	348.58	476.41	824.99
November	697.15	952.81	1,649.96
December	697.15	952.81	1,649.96
TOTALS	9,959.32	13,611.60	23,570.92

2013	INTEREST	PRINCIPAL	TOTAL
January	1,365.15	2,052.63	3,417.78
February	1,365.15	2,052.63	3,417.78
March	1,365.15	2,052.63	3,417.78
April	1,365.15	2,052.63	3,417.78
May	659.04	990.93	1,649.97
June	659.04	990.93	1,649.97
July	329.52	495.46	824.98
August	329.52	495.46	824.98
September	329.52	495.46	824.98
October	329.52	495.46	824.98
November	659.04	990.93	1,649.97
December	659.04	990.93	1,649.97
TOTALS	9,414.84	14,156.08	23,570.92

2014	INTEREST	PRINCIPAL	TOTAL
January	1,283.05	2,134.74	3,417.79
February	1,283.05	2,134.74	3,417.79
March	1,283.05	2,134.74	3,417.79
April	1,283.05	2,134.74	3,417.79
May	619.40	1,030.56	1,649.96
June	619.40	1,030.56	1,649.96
July	309.70	515.28	824.98
August	309.70	515.28	824.98
September	309.70	515.28	824.98
October	309.70	515.28	824.98
November	619.40	1,030.56	1,649.96
December	619.40	1,030.56	1,649.96
TOTALS	8,848.60	14,722.32	23,570.92

2017	INTEREST	PRINCIPAL	TOTAL
January	1,016.50	2,401.29	3,417.79
February	1,016.50	2,401.29	3,417.79
March	1,016.50	2,401.29	3,417.79
April	1,016.50	2,401.29	3,417.79
May	490.72	1,159.24	1,649.96
June	490.72	1,159.24	1,649.96
July	245.36	579.62	824.98
August	245.36	579.62	824.98
September	245.36	579.62	824.98
October	245.36	579.62	824.98
November	490.72	1,159.24	1,649.96
December	490.72	1,159.24	1,649.96
TOTALS	7,010.32	16,560.60	23,570.92

2015	INTEREST	PRINCIPAL	TOTAL
January	1,197.66	2,220.13	3,417.79
February	1,197.66	2,220.13	3,417.79
March	1,197.66	2,220.13	3,417.79
April	1,197.66	2,220.13	3,417.79
May	578.17	1,071.79	1,649.96
June	578.17	1,071.79	1,649.96
July	289.09	535.89	824.98
August	289.09	535.89	824.98
September	289.09	535.89	824.98
October	289.09	535.89	824.98
November	578.17	1,071.79	1,649.96
December	578.17	1,071.79	1,649.96
TOTALS	8,259.68	15,311.24	23,570.92

2018	INTEREST	PRINCIPAL	TOTAL
January	920.44	2,497.34	3,417.78
February	920.44	2,497.34	3,417.78
March	920.44	2,497.34	3,417.78
April	920.44	2,497.34	3,417.78
May	444.35	1,205.61	1,649.96
June	444.35	1,205.61	1,649.96
July	222.18	602.81	824.99
August	222.18	602.81	824.99
September	222.18	602.81	824.99
October	222.18	602.81	824.99
November	444.35	1,205.61	1,649.96
December	444.35	1,205.61	1,649.96
TOTALS	6,347.88	17,223.04	23,570.92

2016	INTEREST	PRINCIPAL	TOTAL
January	1,108.85	2,308.93	3,417.78
February	1,108.85	2,308.93	3,417.78
March	1,108.85	2,308.93	3,417.78
April	1,108.85	2,308.93	3,417.78
May	535.31	1,114.66	1,649.97
June	535.31	1,114.66	1,649.97
July	267.65	557.33	824.98
August	267.65	557.33	824.98
September	267.65	557.33	824.98
October	267.65	557.33	824.98
November	535.31	1,114.66	1,649.97
December	535.31	1,114.66	1,649.97
TOTALS	7,647.24	15,923.68	23,570.92

2019	INTEREST	PRINCIPAL	TOTAL
January	820.55	2,597.23	3,417.78
February	820.55	2,597.23	3,417.78
March	820.55	2,597.23	3,417.78
April	820.55	2,597.23	3,417.78
May	396.13	1,253.84	1,649.97
June	396.13	1,253.84	1,649.97
July	198.06	626.92	824.98
August	198.06	626.92	824.98
September	198.06	626.92	824.98
October	198.06	626.92	824.98
November	396.13	1,253.84	1,649.97
December	396.13	1,253.84	1,649.97
TOTALS	5,658.96	17,911.96	23,570.92

2020	INTEREST	PRINCIPAL	TOTAL
January	716.66	2,701.12	3,417.78
February	716.66	2,701.12	3,417.78
March	716.66	2,701.12	3,417.78
April	716.66	2,701.12	3,417.78
May	345.97	1,303.99	1,649.96
June	345.97	1,303.99	1,649.96
July	172.99	652.00	824.99
August	172.99	652.00	824.99
September	172.99	652.00	824.99
October	172.99	652.00	824.99
November	345.97	1,303.99	1,649.96
December	345.97	1,303.99	1,649.96
TOTALS	4,942.48	18,628.44	23,570.92

2023	INTEREST	PRINCIPAL	TOTAL
January	379.39	3,038.40	3,417.79
February	379.39	3,038.40	3,417.79
March	379.39	3,038.40	3,417.79
April	379.39	3,038.40	3,417.79
May	183.15	1,466.81	1,649.96
June	183.15	1,466.81	1,649.96
July	91.57	733.41	824.98
August	91.57	733.41	824.98
September	91.57	733.41	824.98
October	91.57	733.41	824.98
November	183.15	1,466.81	1,649.96
December	183.15	1,466.81	1,649.96
TOTALS	2,616.44	20,954.48	23,570.92

2021	INTEREST	PRINCIPAL	TOTAL
January	608.61	2,809.17	3,417.78
February	608.61	2,809.17	3,417.78
March	608.61	2,809.17	3,417.78
April	608.61	2,809.17	3,417.78
May	293.81	1,356.15	1,649.96
June	293.81	1,356.15	1,649.96
July	146.91	678.08	824.99
August	146.91	678.08	824.99
September	146.91	678.08	824.99
October	146.91	678.08	824.99
November	293.81	1,356.15	1,649.96
December	293.81	1,356.15	1,649.96
TOTALS	4,197.32	19,373.60	23,570.92

2024	INTEREST	PRINCIPAL	TOTAL
January	257.86	3,159.93	3,417.79
February	257.86	3,159.93	3,417.79
March	257.86	3,159.93	3,417.79
April	257.86	3,159.93	3,417.79
May	124.48	1,525.48	1,649.96
June	124.48	1,525.48	1,649.96
July	62.24	762.74	824.98
August	62.24	762.74	824.98
September	62.24	762.74	824.98
October	62.24	762.74	824.98
November	124.48	1,525.48	1,649.96
December	124.48	1,525.48	1,649.96
TOTALS	1,778.32	21,792.60	23,570.92

2022	INTEREST	PRINCIPAL	TOTAL
January	496.25	2,921.54	3,417.79
February	496.25	2,921.54	3,417.79
March	496.25	2,921.54	3,417.79
April	496.25	2,921.54	3,417.79
May	239.56	1,410.40	1,649.96
June	239.56	1,410.40	1,649.96
July	119.78	705.20	824.98
August	119.78	705.20	824.98
September	119.78	705.20	824.98
October	119.78	705.20	824.98
November	239.56	1,410.40	1,649.96
December	239.56	1,410.40	1,649.96
TOTALS	3,422.36	20,148.56	23,570.92

2025	INTEREST	PRINCIPAL	TOTAL
January	131.18	3,286.60	3,417.78
February	131.18	3,286.60	3,417.78
March	131.18	3,286.60	3,417.78
April	131.18	3,286.60	3,417.78
May	63.83	1,586.14	1,649.97
June	63.83	1,586.14	1,649.97
July	31.66	793.32	824.98
August	31.66	793.32	824.98
September	31.66	793.32	824.98
October	31.66	793.32	824.98
November	63.83	1,586.14	1,649.97
December	63.83	1,586.14	1,649.97
TOTALS	906.68	22,664.24	23,570.92

STATE OF KENTUCKY
S.S.
COUNTY OF FLOYD

I, CARLA "ROBINSON" BOYD, Clerk of the County and State aforesaid certify that the foregoing Security Agreement & Mortgage was on the 9th day of October, 1995 at 9:08 o'clock 10 .m. lodged for record whereupon the same with the foregoing and this certificate have been duly recorded in my office.

Witness my hand, this 9th day of October, 1995.

CARLA "ROBINSON" BOYD
BY: Patricia S. Wright D.C.

CERTIFICATION OF COMPLIANCE WITH THE CLEAN AIR
ACT AND THE FEDERAL WATER POLLUTION CONTROL ACT

Name of Project: B and H GAS COMPANY, INC.

Project Number: _____

Location: Stanville, Floyd, Kentucky
(City, county, state)

The UNDERSIGNED Certifies that:

- (a) it is either (1) an applicant for financial assistance from the Economic Development Administration, (2) a bidder for a construction, service or supply contract to be entered into by the recipient of EDA assistance for the purpose of accomplishing the project noted above, or (3) a bidder for a subcontract under the latter contract;
- (b) as such, those facilities under its ownership, lease or supervision which will be utilized in the accomplishment of the project noted above are not listed on the Environmental Protection Agency's (EPA) List of Violating Facilities, pursuant to Section 15.20 of 40 CFR, Part 15; and
- (c) it will notify the Economic Development Administration, if the UNDERSIGNED is an applicant; or notify the recipient of the EDA financial assistance, if the UNDERSIGNED is a bidder, of the receipt of any communication from the Director of the EPA Office of Federal Activities indicating that a facility to be utilized in the project is under consideration for listing on the EPA List of Violating Facilities.

Bud W. G. President
Signature and Title of Applicant's/
Contractor's/Subcontractor's Authorized Representative*

9/12/95
Date

for _____
Applicant, Contractor, Subcontractor*

ACKNOWLEDGEMENT

I, Bud W. G., as President of _____
Title

B + H Gas Co. Inc. do hereby certify that the foregoing officer who executed the

certification has full authority to bind that entity. In witness whereof I set my hand and affix the (corporate, state, county, or municipal)* seal this 12 day of September, 1995.

Suda Rife Notary Public
Name and Title of Individual

SEAL

NOTE: The above acknowledgement must be executed by a different officer than the person who signed above for the entity. HOWEVER, if such entity represents a single owner, or a proprietorship, or a partnership, then the acknowledgement need not be executed.

* STRIKE OUT INAPPROPRIATE REFERENCES

CERTIFICATE OF NON-RELOCATION

To be Executed by Applicants for Commercial and Industrial Loans Under Titles II, and IV and Commercial and Industrial Users of Facilities Assisted Under Titles I, II, and IV.

NOTE - The Public Works and Economic Development Act of 1965 prohibits EDA from making loans grants which will have the effect of assisting an employer in moving jobs from one area to another. An expansion of an existing business to a new location may be assisted if such an expansion will not cause unemployment in other areas where the business conducts operations, or will not enable contractors or subcontractors to undertake contracts or subcontracts heretofore performed elsewhere the performance of which would result in an increase of unemployment at the previous location of such work. Execution of the following Certificate is necessary for EDA to determine the eligibility of the subject project in this regard.

Project B and H GAS COMPANY, INC. , Stanville, Floyd, Kentucky
(Name of Project) (Location)

I certify that I am President/Owner of B and H GAS COMPANY, INC.
(Official Title) (Name of Company)

B and H GAS COMPANY, INC. and that it is not the intention of said company, or any affiliate, subsidiary or other business entity under direct, indirect or common control with said company, to relocate any present operation as a result of the above designated project; that neither said company, nor any affiliate, subsidiary, or other business entity under direct, indirect or common control with said company, has discontinued, liquidated, or curtailed during the past 24 months any production unit similar to that which will be located at

Stanville Kentucky ; that to the extent
(City) (State)

said project is undertaken to assist in the expansion of the operations of said company through the establishment of a new branch, affiliate or subsidiary of said company, such expansion will not result in an increase of unemployment in the area of original location or in any area where said company or any affiliate, subsidiary or other business entity under direct, indirect or common control now conducts business operations; that any such expansion is not being undertaken with the intention of closing down or curtailing any existing operations of said company or any affiliate, subsidiary or other business entity under direct, indirect or common control with said company, and that such project is not being undertaken with the intention of performing as contractor or subcontractor work heretofore performed by other contractors or subcontractors, the transfer of which would result in the transfer of jobs from one location to another and an increase in unemployment at the previous location of such work.

9/11/95 [Signature]
(Date) (Signature)

Note - Section 710 (a) of the Public Works and Economic Development Act of 1965 provides that: "Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any financial assistance under section 101, 201, 202, or 403 or any extension thereof by renewal, deferment or action, or otherwise, or the acceptance, release, or substitution of security thereof, or for the purpose of influencing in any way the action of the Secretary, or for the purpose of obtaining money, property, or anything of value, under this Act, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both."

STATEMENT ON NON-RELOCATION

All programs and benefits under the Public Works and Economic Development Act, including loans, grants, technical assistance, and training will be administered with strict adherence to the policy of denying assistance to businesses which are seeking to relocate or which relocated in the recent past.

Section 2, the Declaration of Purpose of the Public Works and Economic Development Act states that under the provisions of this Act new employment opportunities should be created by developing and expanding new and existing facilities and resources rather than by merely transferring jobs from one area of the United States to another.

Section 202(b)(1) of the Public Works and Economic Development Act provides that EDA financial assistance shall not be extended to assist (1) industrial or commercial establishments relocating from one area to another, (2) expansions which would result in unemployment in any area where the business entity involved conducts its operations or (3) contractors or subcontractors whose purpose it is to seek the transfer of contract work presently performed at another location.

It is the policy of EDA to construe the general prohibition against relocation in Section 2 as applicable to all sections of the Act. The specific language in Section 202(b)(1) provides further guidance to EDA in carrying out the policy of Section 2 and is used by EDA as a guide in rendering assistance under other sections of the Act. Applicants for development facility loans and grants or for supplementary grants must therefore assure EDA, prior to receiving financial assistance, that they are not constructing the facilities for the purpose of serving a relocated business firm, that they are not then negotiating with a relocating firm, and that they have no intention of using the project to induce industries to relocate into their areas. Similar assurances will be required from industrial and commercial users of development facilities if such facilities are constructed primarily or substantially for their use.

It is not always easy to identify what constitutes the relocation of a business enterprise and its associated jobs. In some instances the movement of machinery and equipment may in practical effect be the movement of the business enterprise. In other instances the business enterprise is more appropriately identified and characterized by a trade name, customer lists, and other intangible assets. EDA will carefully examine all transfers of ownership, liquidations and curtailment of operations which bear any relationship to the proposed establishment of a new enterprise. In all cases, the controlling consideration will be whether the effect is the relocation of jobs from one area to another.

Ordinarily the phrase "from one area to another" as used in connection with relocations means from one labor area to another. Nevertheless, EDA will consider in evaluating a project any adverse effects which may indirectly result from a relocation even though the new location may be wholly within the boundaries of the same labor area or the same redevelopment area or district.

The limitation on assisting in relocations is applied both to prospective moves and those made in the recent past. For instance, EDA will not assist a relocated industry in a new location even though the withdrawal or curtailment of employment at the previous place of business was substantially completed at the time of the request for assistance from EDA. Any such earlier relocation, a part of which was carried out within 24 months prior to an application for EDA assistance, shall be subject to the rebuttable presumption that the EDA assistance requested is causally related to the relocation.

EDA can assist in true expansions through the establishment of new branches, affiliates, or subsidiaries, provided that such expansion will be carried out and operated without increasing unemployment at other places of business of the enterprise. To give effect to this limitation, EDA will inquire into the undertakings and operations of affiliated enterprises or enterprises under common control with the particular business which is to be benefited by the proposed project.

In considering whether a proposed expansion will result in an increase in unemployment at other facilities of a business enterprise, EDA will consider, among other things, traditional as well as current operating levels of employment, changes in demand for worker skills at the existing facilities, changes in capital investment at the existing facilities, and any relationship the proposed expansion may have upon the future prospects for operation of such existing facilities.

Name of Applicant B and H GAS COMPANY, INC..
City, County, State Stanville, Floyd, Kentucky
Project Description Restoration of a natural gas distribution system

RELOCATION AND LAND ACQUISITION CERTIFICATE

To be completed by an applicant for financial assistance from the Economic Development Administration (EDA), which applicant is a "State agency" as defined by section 101(3) of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) and section 310.2(a) of the regulations issued thereunder by EDA (38 Federal Register 2293, January 1, 1974). Part A and B must be completed. If the response to any question in Part A is in the affirmative, Parts C and D must be completed.

PART A. CERTIFICATION BY APPLICANT

Pursuant to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 ("Uniform Act") and the regulations issued thereunder by the Economic Development Administration, B and H GAS COMPANY, INC.

an applicant for financial assistance from the Economic Development Administration, hereby certifies:

- Yes No 1. Real property has been acquired with intent to use such property in connection with the EDA project.
- Yes No 2. One or more interests in real property, including options, rights-of-way, or easements, have been acquired in connection with the above identified project since the effective date of the Uniform Act in this State. (The response should be affirmative only if the real property acquired was intended for this project.) (Indicate below the approximate date of such acquisition.)
- Yes No 3. One or more interests in real property, including options, rights-of-way, or easements, will be acquired in connection with the above identified project.
- Yes No 4. One or more persons, businesses, or farm operations have been displaced in connection with the above identified project since the effective date of the Uniform Act in this State. (Indicate below the approximate date of such displacement.)
- Yes No 5. One or more persons, businesses, or farm operations will be displaced in connection with the above identified project.

State the approximate date of acquisition and/or displacement mentioned in numbers 2 and 4 above: _____ Date

9/11/95
Date

[Signature]
Authorized Representative of Applicant

No reimbursement shall be paid unless a completed certificate is received. Public Law 91-646, Title II, 13 C.F.R. Part 310; OMB Circular No. A-103, Art. A, May 1, 1972.

B & H GAS COMPANY CONTRACT
OUTLINE FOR ENGINEERING SPECIFICATIONS

1. PG 5, PAR 2: Discrepancies, Omission, Meaning.
All questions and interpretations between Bidder and Engineer shall be written.
2. PG 6, PAR 3: Utilities.
Bidder responsibility to locate and avoid all buried lines.
3. PG 15, PAR 4: Materials.
Furnish evidence as to kind and quality.
4. PG 16, PAR 2: Right of Way.
Tools, equipment, and material placement.
PG 16, PAR 4: Injury.
Public or private improvements, repair.
5. PG 16, PAR 6: Handling, Hauling, Stringing.
Damaged coating repair.
PG 17, PAR 3: Handled and stored to facilitate inspection.
6. PG 18, PAR 3: Trenching.
No more than 1000' of open trench.
PG 18, PAR 5: Stabilization of trench.
PG 18, PAR 7: Cutting through pavement.
7. PG 20, PAR 3: Pipe Bedding.
Firm soil (no sharp objects) to grade with No. 78 crushed rock.
PG 20, PAR 4: No. 78 or dense-grade to stabilize soft bottom.
PG 20, PAR 5: Delivery tickets for bedding material (date, amount, area).
8. PG 21, PAR 1: Backfilling.
Preparation and timing for re-seeding.
PG 21, PAR 3: Reclamation and Clean-up.
9. PG 21, PAR 4: Roads Walks.
Re-paved in accordance with Drawing No. 5.

10. PG 22, PAR 1: Re-paving.
Trimmed edges, Trench replaced with dense grade aggregate.

PG 22, PAR 2: Compacted.

PG 22, PAR 3: Bituminous paving specifications.
11. PG 22, PAR 6: Unpaved Roads and Drives.
Dense grade aggregate - 78 crushed stone top.

PG 23, PAR 2: Locally Available Material.
12. PG 23, PAR 5: Conflict.
Kentucky Highway Department has superiority.
13. PG 23, PAR 6: Sidewalks.
4" - 3000 psig concrete (28 day).
14. PG 24, PAR 2: Boring.
As shown on Drawing No. 5.

PG 24, PAR 3: Watertight Seal.

PG 24, PAR 4: Size of Auger.
15. PG 25, PAR 1: Casing Pipe Material.
Plain end welded steel pipe 35,000 psi.

PG 25, PAR 3: Painting of Pipe.

PG 25, PAR 4: Vent Pipe Screened - Warning Signs.
16. PG 25, PAR 7: Bending.
Smooth bending method.

PG 25, PAR 8: No joints in bend and no miter bends.

DESCRIPTIONS FOR GAS LINE RIGHT OF WAY FOR B & H GAS CO.

MAP SHEETS 1 - 6

SHEET NO. 1:

2" Line running with river from Ivel well in a Southerly direction 1525', thence crossing river in a Southeast direction 200', thence in a Southeast direction 175' toward US-23.

SHEET NO. 2:

No lines.

SHEET NO. 3:

A 2" line continuing from Sheet No. 1 in a Southerly direction with old US-23 and crossing drive at approximately 450', thence in an Easterly direction crossing old US-23 and new US-23, thence up Toms Creek with County Road 750' - two 2" lines crossing Toms Creek County Road in a Northerly direction 175' and 200' - one 1 1/4" line West of old US-23 running with driveway in a Westerly direction 300'. A 3" line running with old US-23 in a Southerly direction 4,050' crossing two driveways at approximately 3,250' and 3,400'. A 2" line coming off at the first driveway and crossing old and new US-23 in a Northeastern direction 450', thence to a 1 1/4" line running with Orchard Branch Road 1,500'. A 3" line off at the second driveway and with driveway in a Westerly direction 350'. A 2" line crossing driveway and running in an Easterly direction 1,000' with old US-23. A 3" line running with driveway in a Southerly direction 400', thence crossing river and railroad for 475'. A 2" line running with Camp Branch Road and crossing two roads for 900' to Booker Well. A 2" line running up Camp Branch with road 1,650'. A 2" line on South side railroad and with railroad crossing two roads at Camp Branch and two roads at Powell Branch 4,900'. A 2" line up Powell Branch and with road crossing one driveway 600'. A 3" line on North side of railroad and with railroad in an Easterly direction 6,200' and crossing four driveways. A 2" line leaving the 3" line at first driveway and with driveway in a Northerly direction 500' crossing river for 200', thence crossing new US-23 for 375'. Two 2" lines at second driveway and with driveway on each side in a Northerly direction

350'. A 2" line at third driveway and with driveway in a Northeastern direction 700'. A 2" line at fourth driveway and with driveway in a Northeastern direction 825' crossing another driveway at approximately 550'. On North side of driveway a 1 1/4" line running with driveway in a Southeastern direction 200'.

A 3" line off the 3" line at the railroad crossing river in a Southeastern direction for 350'. A 3" line from the river crossing new US-23 to old US-23 in a Southeastern direction 675'. A 3" line running Northerly with old US-23 and crossing three streets for 1,375'. A 2" line crossing old US-23 in an Easterly direction, thence turning Northerly with old US-23 for 550'.

A 1" line off 2" line at approximately 1,150' in a Northerly direction 200'.

A 3" line running with old US-23 and crossing first street in a Southerly direction 1,625'. A 1" line off the 3" line at approximately 150' crossing old US-23 in an Easterly direction for 100'. A 1" line on South side street crossing old US-23 in an Easterly direction 100'. A 1" line at approximately 750' crossing old US-23 in an Easterly direction and with driveway 400'.

SHEET NO. 4:

A 3" line from Sheet 3 running with the meanders of old US-23 in an Easterly direction and crossing Mare Creek Road 3,450'. A 3" line on the South side of Mare Creek Road and running with Mare Creek Road in a Westerly direction 1,150'.

A 2" line crossing Mare Creek Road in a Northerly direction and running with Mare Creek Road in a Westerly direction crossing two driveways 1,150', thence up second driveway with driveway in a Northerly direction 425'.

A 2" line from the 3" line running Easterly and crossing Maynard Branch Road 1,125', thence up Maynard Branch and with Maynard Branch Road 2,700'.

A 3" line running up Mare Creek Road and with road in an Easterly direction approximately 600', thence crossing Mare Creek Road and continuing up Mare Creek to Mare Creek well 1,000'. A 2" line from Mare Creek well running up Mare Creek in a Southeastern direction

with Mare Creek Road approximately 1,150', thence crossing Mare Creek Road in a Northeastern direction, thence up Mare Creek Road with road to Shop Branch 2,200', thence up Shop Branch in a Northeastern direction approximately 1,900' to KY-WV meterhouse, thence crossing Shop Branch Road in an Easterly direction, thence up Shop Branch Road and with road in a Northeastern direction 1,000', thence crossing Shop Branch Road above the left fork of the road in a Northerly direction 100'. A 1" line continuing up Shop Branch with road in a Northeastern direction 600'.

A 2" line continuing up Mare Creek with Mare Creek Road in an Easterly direction 1,450', thence leaving road and with creek in an Easterly direction to the mouth of Jimmy Branch 1,800'. A 1 1/4" line running up Jimmy Branch with creek in a Northerly direction 225'. A 1 1/4" line crossing Jimmy Branch Road and running up Mare Creek with Mare Creek in a Southeastern direction 1,075'. A 1" line crossing Mare Creek Road and running up drive with drive in a Southwestern direction 800'.

SHEET NO. 5:

No lines.

SHEET NO. 6:

From Country Kitchen well a 3" line running Westerly with new US-23 2,350' crossing driveway at approximately 800'. A 3" line running in a Northwestern direction with new US-23 750' crossing driveway at approximately 700', thence crossing US-23 in a Northeastern direction, thence running with street in a Northeastern direction 1,250'.

A 2" line from the 3" line crossing street in a Southwestern direction and running with street, turning with street in a Northwestern direction 1,320'. A 2" line crossing street at the first driveway and running with driveway in a Northwestern direction 570'.

A 3" line from Country Kitchen well running with US-23 in an Easterly direction 900' crossing street at 850'. A 2" line running with US-23 in a Southeastern direction 1,170' crossing street at

approximately 870'. A 2" line running with street in a Westerly direction 550' crossing driveway at approximately 250'. A 2" line crossing new US-23 in a Southeastern direction 280', thence crossing old US-23 in a Northeastern direction and running with Pike-Floyd Road to Betsy Layne well 1,030'. A 2" line from Betsy Layne well crossing driveway and running with Pike-Floyd Road in a Southeastern direction 900'. A 2" line running around street and with street in a Southeastern direction turning with side street in a Southwestern direction 500'. A 1 1/4" line between new US-23 and old US-23 running in a Southwestern direction 420'.

A 2" line crossing Pike-Floyd Road in a Northwestern direction and running with Hays Branch Road 800'. A 1" line continuing up Hays Branch Road and running with road in a Northerly direction 650'. A 2" line crossing Pike-Floyd Road in a Northeastern direction and running with Storehouse Road 900'. A 1 1/4" line continuing up Storehouse Road and Running with road 780'.

PART B. OPINION OF ATTORNEY

I, Clarissa Friend Dillion, attorney for the above named applicant, located in the State of Kentucky, do hereby certify that the applicant is legally able to fully comply with the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) ("Uniform Act") and regulations issued pursuant thereto by the Economic Development Administration in regard to the acquisition of real property and/or displacement of persons, businesses or farms indicated in Part A above, and that the applicant has been able to fully comply in regard to said acquisition and/or displacement since 5-26-89, the effective date of the Uniform Act in said State.
Date

9-11-95
Date

Clarissa Friend Dillion
Attorney for Applicant

PART C. PRELIMINARY CERTIFICATION OF ARCHITECT/ENGINEER

I, the undersigned Architect/Engineer, certify that based on the preliminary or final design all the project facilities will be constructed wholly within the land and rights-of-way hereinafter described.

1. Fee title will be required for the following property. (Describe land including area of acres presently owned and to be acquired):

2. The following easements and rights-of-way. (Describe by courses and distances or by name of Owner, including area in acres; however, omit existing public streets and roads):

See Attachments A and B.

09/16/95
Date

Don F. Blackburn
Architect/Engineer

PART D. CALCULATION OF ESTIMATED RELOCATION AND LAND ACQUISITION EXPENSES

Complete Section I below if the response to questions 1, 2 and/or 3 of Part A was in the affirmative. Complete Section II below if the response to questions 3 and/or 4 of Part A was in the affirmative. References below are to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646).

I. LAND ACQUISITION - ESTIMATES

Number of Land Transactions Involved 0
(including options, easements and rights-of-way)

Costs incidental to transfer of title:

Recording fees, transfer taxes, surveys, appraisals, title search and similar expenses—section 303(1)	\$	
Penalty costs—section 303(2)		<u>0</u>
Real Property taxes—section 303(3)		<u>0</u>
Litigation expenses—section 304(a)		<u>0</u>
Total estimated costs incidental to transfer of title	\$	<u>0</u>

II. RELOCATION - ESTIMATES

TENANTS - Estimates

Number of Claims 0

Moving Expenses

"Actual expenses"—section 202(a)(1)		<u>0</u>
In lieu payments—section 202(b)		<u>0</u>

TOTAL \$ 0

Replacement housing payments

Rental payments—section 204(1)		<u>0</u>
Downpayment—section 204(2)		<u>0</u>

TOTAL \$ 0

ESTIMATED TENANTS TOTAL \$ 0

OWNER-OCCUPANTS - Estimates

Number of Claims 0

Moving expenses

"Actual" expenses—section 202(a)(1)		<u>0</u>
In lieu payments—section 202(b)		<u>0</u>

TOTAL \$ 0

Replacement housing payments

Purchase payments—section 203(a)(1)		
Reasonable replacement costs—section 203(a)(1)(A)		<u>0</u>
Increased interest costs—section 203(a)(1)(B)		<u>0</u>
Closing costs—section 203(a)(1)(C)		<u>0</u>
Rental payments—section 204(1)		<u>0</u>
Downpayment—section 204(2)		<u>0</u>

TOTAL \$ 0

ESTIMATED OWNER-OCCUPANTS TOTAL \$ 0

BUSINESS - Estimates

Number of Claims 0

Moving expenses

"Actual" expenses—section 202(a)(1)	<u>0</u>
"Actual" loss of tangible personal property—section 202(a)(2)	<u>0</u>
"Actual" searching expenses—section 202(a)(3)	<u>0</u>
In lieu payments—section 202(c)	<u>0</u>

ESTIMATED BUSINESS TOTAL \$ 0

NONPROFIT ORGANIZATIONS - Estimates

Number of Claims 0

Moving expenses

"Actual" expenses—section 202(a)(1)	<u>0</u>
"Actual" loss of tangible personal property—section 202(a)(2)	<u>0</u>
"Actual" searching expenses—section 202(a)(3)	<u>0</u>
In lieu payments—section 202(c)	<u>0</u>

ESTIMATED NONPROFIT ORGANIZATIONS TOTAL \$ 0

FARM OPERATIONS - Estimates

Number of Claims 0

Moving expenses

"Actual" expenses—section 202(a)(1)	<u>0</u>
"Actual" loss of tangible personal property—section 202(a)(2)	<u>0</u>
"Actual" searching expenses—section 202(a)(3)	<u>0</u>
In lieu payments—section 202(c)	<u>0</u>

ESTIMATED FARM OPERATIONS TOTAL \$ 0

TOTAL ESTIMATED MOVING EXPENSES AND REPLACEMENT HOUSING \$ 0

ADVISORY SERVICES - Estimates

Expenses of grantee/borrower—section 205	<u>0</u>
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ESTIMATED ADVISORY SERVICES TOTAL \$ 0

ADMINISTRATION - Estimates

Contracting with individual, firm, association, or corporation—section 212	<u>0</u>
--	----------

Agreement with Federal or State governmental agency or instrumentality— section 212	<u>0</u>
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ESTIMATED ADMINISTRATION TOTAL \$ 0

- * Include in cost of land, structures, and rights-of-way in line 3, section B, Part III of the Application, whenever applicable.
- ** Enter on line 9, section B, Part III of the Application, whenever applicable.
- *** Enter on line 8, section B, Part III of the Application, whenever applicable.
- **** Include in administration expense in line 1, section B, Part III of the Application, whenever applicable.

U. S. DEPARTMENT OF COMMERCE
ECONOMIC DEVELOPMENT ADMINISTRATION

OMB Approval Not Required

Name of Project B and H GAS COMPANY, INC.
City and State Stanville, Kentucky
Project No.

ASSURANCES OF COMPLIANCE WITH THE DEPARTMENT OF COMMERCE AND THE ECONOMIC DEVELOPMENT ADMINISTRATION REGULATIONS UNDER TITLE VI OF THE CIVIL RIGHTS ACT OF 1964 AND PUBLIC LAW 92-65

This form applies to: A. all Recipients receiving Federal financial assistance from the Economic Development Administration including: 1. applicants; 2. recipients of Federal financial assistance received from another recipient; 3. subgrantees; 4. leasees of or operators for a recipient; 5. successors, assignees or transferees, but not ultimate beneficiaries; and B. Other Parties to include any governmental, public or private agency, institution, organization or other entity, or any individual who has a direct or substantial participation in the program or project receiving Federal financial assistance from EDA, such as contractors, subcontractors, providers of employment, or users of the facilities or services.

B and H GAS COMPANY, INC.

Name of Recipient or Other Party

(hereinafter called the "Recipient or Other Party") assures that as a Recipient or Other Party receiving Federal financial assistance from the Economic Development Administration, it will comply with Title VI of the Civil Rights Act of 1964, as amended (42 USC 2000d), the requirements imposed by or pursuant to Regulations, issued for the Department of Commerce and designated as 15 CFR Subtitle A Part 8, and any amendments thereto.

The Recipient or Other Party further agrees to comply with the provisions of Section 112 of Public Law 92-65 (42 USC 3123), the requirements imposed by or pursuant to the Regulations of the Economic Development Administration promulgated in 13 CFR Part 311 and any amendments thereto. In addition, Recipient agrees to secure the compliance or to cooperate actively with EDA to secure the compliance by others with the acts and the regulations.

Such requirements hold that no person in the United States shall on the ground of race, color, national origin, or sex be excluded from participation in, be denied the benefits of or be otherwise subjected to discrimination under any program or activity for which Federal financial assistance has been extended.

In accord with these assurances and without limiting the above, the Recipient or Other Party agrees that these assurances shall be binding upon them, their grantees, assignees, transferees, leasees, and successors in interest. These assurances shall also be binding through every modification or amendment to this project.

The Recipient or Other Party acknowledges that it has received and read the Department and EDA regulations, and that it is aware that if there appears to be a failure or threatened failure to comply with this part, and if the noncompliance or threatened noncompliance cannot be corrected by informal means, compliance with this part may be effected by the suspension or termination of or refusal to grant or to continue Federal financial assistance or by any other means authorized by law.

Total number of present employees 3
This assurance is made and accepted this 12 day of September, 19 95, for B & H Gas Company Inc.
Recipient or Other Party

By Bud Rife Box 155 Harold, KY 41635
(Type Name) (Address)
President (606) 478-5264
(Title) (Telephone Number)
Bud Rife
(Signature)

I, _____, as Secretary of _____, Inc., a corporation organized and existing by virtue of the laws of the State of _____; or as _____ Authorized State Official of the State of _____; or as _____ Authorized Official of the county or municipality of _____ in the State of _____.

do hereby certify that the foregoing officer who executed this assurance has full authority to bind the Recipient or Other Party. In witness whereof I set my hand and affix the corporate, state, or municipal seal this _____ day of _____, 19 _____.

(Secretary or other Official)

CURRENT AND PROJECTED JOB OPPORTUNITIES

* For the purpose of this form, the following are considered minority persons: Black (Not Hispanic), Hispanic, Asian or Pacific Islander, American Indian or Alaskan Native.

JOB CATEGORIES	EXISTING JOBS						ADDITIONAL NEW JOBS TO BE CREATED <i>(Estimate)</i>						(73) APPROXIMATE HIRING DATES
	ALL EMPLOYEES			MINORITIES*			ALL EMPLOYEES			MINORITIES*			
	(28) MALE	(29) FE- MALE	(33) TOTAL	(37) MALE	(41) FE- MALE	(45) TOTAL	(49) MALE	(53) FE- MALE	(57) TOTAL	(61) MALE	(65) FE- MALE	(69) TOTAL	
E- Officials and Managers	1	1	2										
F- Professionals													
G- Technicians													
H- Sales Workers													
I- Office and Clerical									1				01/01/96
J- Craftsmen (Skilled)													
K- Operatives (Semi-Skilled)								1					01/01/96
L- Laborers (Unskilled)													
M- Service Workers and Others													
N- TOTALS													

TRAINING

ARE TRAINING PROGRAMS PRESENTLY USED OR PLANNED? D-25

D-25 YES NO

IF SO, PLEASE CHECK TYPE PROGRAM:

- D-26 MANPOWER DEVELOPMENT TRAINING ACT-MDTA
 ON-THE-JOB TRAINING - OJT
 APPRENTICESHIP
 OTHER (Specify) _____

Bud No
SIGNATURE

9/12/95
DATE

FORM ED-412
(10-76)

U.S. DEPARTMENT OF COMMERCE
ECONOMIC DEVELOPMENT ADMINISTRATION

CURRENT AND PROJECTED JOB OPPORTUNITIES

No application shall be processed unless this estimate is completed and filed as required by law. 42 U.S.C. 3131(a); 42 U.S.C. 3141(a); 42 U.S.C. 3151(a), (b), and (f); 42 U.S.C. 3151a(a); 42 U.S.C. 3243; 42 U.S.C. 3246(a); 42 U.S.C. 2000d-1; 13 C.F.R. 311.45; 15 C.F.R. 8.4; E.O. 11246, Part III; Pub. L. 92-65, Sec. 112; Pub. L. 94-369, Title I, Secs. 103, 104, 105, and 110.

Project Description

Replace gas distribution system. This includes all meters, regulators, valves, service risers, service taps, and mains.

All excavation, boring, river crossings, compaction, graveling, and patching of roads are included in the course of the work.

Project Location

Betsy Layne, Stanville, Mare Creek, Tram, Ivel, and Toms Creek locations.

EMPLOYER'S IDENTIFICATION NO. X-1

61-0609931

DATE B-75 B-77 B-79

MONTH 09 DAY 12 YEAR 95

FOR OFFICIAL USE ONLY

DATA CONTROL NO. X-10

PROJECT NO. X-13

FIPS CODES

A-25

CITY

A-29

STATE

A-31

COUNTY

S.I.C. NO. A-34

TYPE BENEFICIARY A-78

NAME OF APPLICANT OR OTHER PARTY A-38

B & H Gas Company, Inc.

SIGNATURE

OFFICIAL TITLE B-25

President

STREET B-55

CITY C-25

Stanville

STATE C-45

Kentucky

COUNTY C-65

Floyd

TELEPHONE A-68

AREA (606) 478-5851

A-71

EXTEN

A-74

NO

GENERAL

1. **Minority group identification:** Eliciting information as to the racial or ethnic identity of an employee by direct inquiry is not encouraged. An employee may be included in the minority group to which he or she appears to belong, or is regarded in the community as belonging.

2. **Antidiscrimination laws of a number of States and localities** prohibit an employer from gathering preemployment information regarding the race, sex, color, or national origin of an applicant. However, enforcement authorities in all such States and localities have advised that their laws do not preclude employers from gathering such information subsequent to employment for the purpose of Government surveys.

3. **If reproduced copies of this form are submitted, the size should not be materially changed in reproduction.** Reports may be submitted as data processing printouts, provided the same information is given in the same sequence as it appears in this form.

Description of Job Categories

Officials and managers - Occupations requiring administrative personnel who set broad policies, exercise over-all responsibility for execution of these policies, and direct individual departments or special phases of a firm's operations. Includes: officials, executives, middle management, plant managers, department managers and superintendents, salaried foremen who are members of management, purchasing agents and buyers, and kindred workers.

Professional - Occupations requiring either college graduation or experience of such kind and amount as to provide a comparable background. Includes: accountants and auditors, airplane pilots and navigators, architects, artists, chemists, designers, dietitians, editors, engineers, lawyers, librarians, mathematicians, natural scientists, personnel and labor relations workers, physical scientists, physicians, social scientists, teachers and kindred workers.

Technicians - Occupations requiring a combination of basic scientific knowledge and manual skill which can be obtained through about two years of post high school education, such as is offered in many technical institutes and junior colleges, or through equivalent on-the-job training. Includes: draftsmen, engineering aids, junior engineers, mathematical aids, nurses, photographers, radio operators, scientific assistants, surveyors, technical illustrators, technicians (medical, dental, electronic, physical sciences) and kindred workers.

Sales - Occupations engaging wholly or primarily in direct selling. Includes: advertising agents and salesmen, insurance agents and brokers, real estate agents and brokers, stock and bond salesmen, demonstrators, salesmen and sales clerks, and kindred workers.

Office and clerical - Includes all clerical-type work regardless of level of difficulty, where the activities are predominantly nonmanual though some manual work not directly involved with altering or transporting the products is included. Includes: bookkeepers, cashiers, collectors (bills and accounts), messengers and office boys, office machine operators, shipping and receiving clerks, stenographers, typists and secretaries, telegraph and telephone operators, and kindred workers.

Craftsmen (skilled) - Manual workers of relatively high skill level having a thorough and comprehensive knowledge of the processes involved in their work. Exercise considerable independent judgement and usually receive an extensive period of training. Includes: the building trades, hourly paid foremen and leadmen who are not members of management, mechanics and repairmen, skilled machining occupations, compositors and typesetters, electricians, engravers, job setters (metal), motion picture projectionists, pattern and model makers, stationary engineers, tailors and tailresses, and kindred workers.

Operatives (semi-skilled) - Workers who operate machines or processing equipment or perform other factory type duties of intermediate skill level which can be mastered in a few weeks and require only limited training. Includes: apprentices (auto mechanics, bricklayers, carpenters, electricians, machinists, mechanics, plumbers, building trades, metal-working trades, printing trades, etc.), operatives, attendants (auto service and parking), blasters, chauffeurs, deliverymen and routemen, dressmakers and seamstresses (except factory), dyers, furnacemen, heaters (metal), laundry and dry cleaning operatives, milliners, mine operatives and laborers, motormen, oilers and greasers (except auto), painters (except construction and maintenance), photographic process workers, stationary firemen, truck and tractor drivers, weavers (textile), welders, and flamecutters, and kindred workers.

Laborers (unskilled) - Workers in manual occupations which generally require no special training. Perform elementary duties that may be learned in a few days and require the application of little or no independent judgment. Includes: garage laborers, car washers and greasers, gardeners (except farm) and grounds-keepers, longshoremen and stevedores, lumbermen, raftsmen and woodchoppers, laborers performing lifting, digging, mixing, loading, and pulling operations, and kindred workers.

Service workers - Workers in both protective and non-protective service occupations. Includes: attendants (hospitals and other institutions, professional and personal service), barbers, charwomen and cleaners, cooks (except household), counter and fountain workers, elevator operators, firemen and fire protection, guards, watchmen and doorkeepers, stewards, janitors, policemen and detectives, porters, waiters and waitresses, and kindred workers.

Apprentices - Persons employed in a program including work training and related instruction to learn a trade or craft which is traditionally considered an apprenticeship, regardless of whether the program is registered with a Federal or State agency.

On-the-job trainees - Includes persons engaged in formal training for craftsmen when not trained under apprentice programs—operative, laborer and service occupations, or persons engaged in formal training for official, managerial, professional, technical, sales, office and clerical occupations.

CURRENT AND PROJECTED JOB OPPORTUNITIES

In order to ensure that maximum feasible employment opportunities are made available to minorities and females, EDA requires all applicants and all "Other Parties" except for public entities who file EEO-4s and except for business development applicants for EDA program assistance who employ or will employ 25 or more people as the result of EDA program assistance to submit together with the application a properly executed Form ED-612.

Under the regulations of the Department of Commerce implementing Title VI of the Civil Rights Act (1964) and Section 112 of P.L. 92-65, Recipients and "Other Parties" of EDA program(s) assistance (including their lessees, users, and operators) are required to take affirmative action to ensure that applicants are employed, and employees are treated during employment without regard to their race, color, national origin or sex. "Other Parties includes any governmental, public, or private agency, institution, organization, or other entity, or any individual, who or which, like a Recipient, is not to engage in discriminatory acts with respect to applicable persons covered by this part because of his or its direct or substantial participation in any (EDA) program, such as contractor, subcontractor, provider of employment, or user of facilities or services provided under any (EDA) program."

Although all Recipients and "Other Parties" are covered by Title VI, those Recipients and "Other Parties" who employ 50 or more employees, or as a result of the EDA assisted project intend to employ 50 or more employees, or intend to expand their workforce by adding 50 or more employees are required to submit an affirmative action program as part of the application for EDA assistance. A properly executed Form ED-612 will be considered an essential part of the Affirmative Action Program.

Applicants for Local Public Works funds shall submit with the application information as follows: Applicants who employ fewer than 100 employees shall submit a properly executed Form ED-612. The table on Page 3 labeled "ADDITIONAL NEW JOBS TO BE CREATED" need only be completed in the case of projects that will result in the permanent expansion of the applicant's workforce. Applicants who employ between 100 and 1,000 employees shall submit the entire EEO-4 Report (including summary totals). Applicants who employ more than 1,000 employees shall submit the EEO-4 Report Summary reflecting total existing employment and those portions of the EEO-4 Report covering employment in the department for which the assistance is requested.

(i.e.): 0 - 99 Employees	Submit ED-612
100 - 999 Employees	Submit Copy of EEO-4 Report and Summary Totals
1000 + Employees	Submit EEO-4 Summary Totals and EEO-4 Portions Covering Department to Receive Assistance

All educational institutions shall submit either Form EEO-5 or EEO-6 depending upon which report they are regularly required to maintain.

PROMISSORY NOTE
(Note 1)

EMP
YG
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\$655,302.00

July 16, 1998

EMP
YG
BR

For value received, JOHNSON COUNTY GAS COMPANY, INC. (the "Maker"), promises to pay to the order of the KENTUCKY MUNICIPAL GAS UTILITY INVESTMENT TRUST (the "Payee"), the principal sum of SIX HUNDRED FIFTY-FIVE THOUSAND THREE HUNDRED TWO AND 00/100 DOLLARS (\$655,302.00) together with interest on the principal of this note at the annual rate of four percent (4%). Interest on this note shall accrue from the date of this note until the entire principal balance of and all accrued interest on this note has been paid in full. All interest on this note shall be computed on the basis of actual days elapsed over an assumed year of three hundred sixty (360) days. This note is being delivered pursuant to a Stock Purchase Agreement dated as of July 16, 1998, (the "Stock Purchase Agreement") between the Payee and the Purchaser of the Stock, Bud Rife ("Purchaser") in partial renewal and substitution of certain prior indebtedness of the Maker to the Payee and subject to the personal and unconditional guaranty of the Purchaser.

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MP
TBR

EMP
YG
BR

EMP
YG
BR

1. Payment. The outstanding principal and interest of this note shall be due and payable in a total of three hundred sixty (360) monthly installments. The first 120 monthly installment payments shall be in the amount of \$2,712.80 each, the next 239 monthly installment payments shall be in the amount of \$3,497.60 each, and the final, 360th payment shall be in an amount equal to the then outstanding principal and interest. The first monthly payment in the amount of \$2,712.80 shall be due on March 15, ¹⁹⁹⁹~~1998~~ and each subsequent monthly payment shall be due on the 15th day of such month. If the Maker fails to pay the outstanding principal balance of this note in full on March 15, ²⁰²⁹~~2028~~, interest at an annual rate of 4 % shall accrue on the unpaid principal balance of this note until the Maker pays such principal and all accrued interest in full.

2. Default. Failure of the Maker to pay any monthly installment payments when due or the outstanding principal balance of this note on March 15, ²⁰²⁹~~2028~~ shall be a default under this note. Upon any default under this note, the holder of this note may, at its option, and without notice, declare the entire unpaid balance of, and all accrued interest on, this note to be immediately due and payable.

3. Forbearance Not a Waiver. Failure of the holder of this note to exercise any of its rights and remedies shall not constitute a waiver of any provision of this note or of any of such holder's rights and remedies, nor shall it prevent the holder from exercising any rights or remedies with respect to the subsequent happening of the same or similar occurrences. All remedies of the holder hereof shall be cumulative to the greatest extent permitted by law. Time shall be of the essence of payment of all payments of interest and principal on this note.

4. Governing Law. This note has been delivered in, and shall be governed by and construed in accordance with the laws (including the conflicts of law rules) of, the Commonwealth of Kentucky.

5. Collection Costs and Expenses. If there is any default under this note, and this note is placed in the hands of an attorney for collection, or is collected through any court, including any bankruptcy court, the Maker promises to pay to the order of the holder hereof such holder's reasonable attorneys' fees and court costs incurred in collecting or attempting to collect this note, to the extent allowed by the laws of the Commonwealth of Kentucky or any state in which any collateral security payment of this note is situated.

6. Waivers. Except as otherwise expressly provided herein, all parties to this instrument, whether makers, sureties, guarantors, endorsers, accommodation parties or otherwise, shall be jointly and severally bound, and jointly and severally waive presentment, demand, notice of dishonor, protest, notice of protest, notice of nonpayment or nonacceptance and any other notice and all due diligence or promptness that may otherwise be required by law, and all exemptions to which they may now or hereafter be entitled under the laws of the Commonwealth of Kentucky or of the United States of America or any state thereof. The holder of this instrument may, with or without notice to any party, and without affecting the obligations of any maker, surety, guarantor, endorser, accommodation party or any other party to this note (1) extend the time for payment of either principal or interest from time to time, (2) release or discharge any one or more parties liable on this note, (3) suspend the right to enforce this note with respect to any persons, (4) change, exchange or release any property in which the holder has any interest securing this note, (5) justifiably or otherwise, impair any collateral securing this note or suspend the right to enforce against any such collateral, and (6) at any time it deems it necessary or proper, call for and should it be made available, accept, as additional security, the signature or signatures of additional parties or a security interest in property of any kind or description or both.

JOHNSON COUNTY GAS COMPANY, INC.

By _____


Bud Rife, President

PROMISSORY NOTE

(Note 2)

\$77,698.00

July 16, 1998

EMP
YG
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For value received, JOHNSON COUNTY GAS COMPANY, INC. (the "Maker"), promises to pay to the order of the KENTUCKY MUNICIPAL GAS UTILITY INVESTMENT TRUST (the "Payee"), the principal sum of SEVENTY-SEVEN THOUSAND SIX HUNDRED NINETY-EIGHT AND 00/100 DOLLARS (\$77,698.00) together with interest on the principal of this note at the annual rate of four percent (4%). Interest on this note shall accrue from the date of this note until the entire principal balance of and all accrued interest on this note has been paid in full. All interest on this note shall be computed on the basis of actual days elapsed over an assumed year of three hundred sixty (360) days. This note is being delivered pursuant to a Stock Purchase Agreement dated as of July 16, 1998, (the "Stock Purchase Agreement") between the Payee and the Purchaser of the Stock, Bud Rife ("Purchaser") in partial renewal and substitution of certain indebtedness of the Maker to the Payee and subject to the personal and unconditional guaranty of the Purchaser.

EMP
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1. Payment. The outstanding principal and interest of this note shall be due and payable in one hundred twenty (120) monthly installments in the amount of Seven Hundred Eight-Six Dollars and 65/100 (\$786.65) each. The first monthly installment shall be due on March 15, 1998 and each subsequent monthly installment shall be due on the 15th day of such month. If the Maker fails to pay the outstanding principal balance of this note in full on March 15, ~~2008~~²⁰⁰⁹, interest at an annual rate of 4 % shall accrue on the unpaid principal balance of this note until the Maker pays such principal and all accrued interest in full.

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2. Default. Failure of the Maker to pay any monthly installment when due or the outstanding principal balance of this note on March 15, ~~2008~~²⁰⁰⁹ shall be a default under this note. Upon any default under this note, the holder of this note may, at its option, and without notice, declare the entire unpaid balance of, and all accrued interest on, this note to be immediately due and payable.

EMP
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3. Forbearance Not a Waiver. Failure of the holder of this note to exercise any of its rights and remedies shall not constitute a waiver of any provision of this note or of any of such holder's rights and remedies, nor shall it prevent the holder from exercising any rights or remedies with respect to the subsequent happening of the same or similar occurrences. All remedies of the holder hereof shall be cumulative to the greatest extent permitted by law. Time shall be of the essence of payment of all payments of interest and principal on this note.

4. Governing Law. This note has been delivered in, and shall be governed by and construed in accordance with the laws (including the conflicts of law rules) of, the Commonwealth of Kentucky.

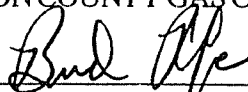
5. Collection Costs and Expenses. If there is any default under this note, and this note is placed in the hands of an attorney for collection, or is collected through any court, including any bankruptcy court, the Maker promises to pay to the order of the holder hereof such holder's reasonable attorneys' fees and court costs incurred in collecting or attempting to collect this note, to

the extent allowed by the laws of the Commonwealth of Kentucky or any state in which any collateral security payment of this note is situated.

6. Waivers. Except as otherwise expressly provided herein, all parties to this instrument, whether makers, sureties, guarantors, endorsers, accommodation parties or otherwise, shall be jointly and severally bound, and jointly and severally waive presentment, demand, notice of dishonor, protest, notice of protest, notice of nonpayment or nonacceptance and any other notice and all due diligence or promptness that may otherwise be required by law, and all exemptions to which they may now or hereafter be entitled under the laws of the Commonwealth of Kentucky or of the United States of America or any state thereof. The holder of this instrument may, with or without notice to any party, and without affecting the obligations of any maker, surety, guarantor, endorser, accommodation party or any other party to this note (1) extend the time for payment of either principal or interest from time to time, (2) release or discharge any one or more parties liable on this note, (3) suspend the right to enforce this note with respect to any persons, (4) change, exchange or release any property in which the holder has any interest securing this note, (5) justifiably or otherwise, impair any collateral securing this note or suspend the right to enforce against any such collateral, and (6) at any time it deems it necessary or proper, call for and should it be made available, accept, as additional security, the signature or signatures of additional parties or a security interest in property of any kind or description or both.

JOHNSON COUNTY GAS COMPANY, INC.

By



Bud Rife, President

STOCK PURCHASE AGREEMENT

This is a Stock Purchase Agreement dated as of July 16, 1998 (this "Agreement"), among the Kentucky Municipal Gas Utility Investment Trust (the "Trust" or the "Seller") and Mr. Bud Rife [OR CORPORATE ENTITY] (the Buyer). 62 YG EMP

Recitals of YG EMP
Five (5)

A. The Seller is the record holder of ~~[INSERT #]~~ shares (collectively, the "Shares") of the common stock of Johnson County Gas Company, Inc. ("JCGC" or the "Corporation") such shares constituting all the issued and outstanding shares of the capital stock of the Corporation.

B. The Buyer desires to purchase the Shares from the Seller, and the Seller desires to sell the Shares to the Buyer pursuant to the terms and conditions contained in this Agreement.

Agreement

1. Purchase and Sale. Subject to the terms and conditions of this Agreement, the Seller hereby agrees to sell to the Buyer, and the Buyer hereby agrees to purchase from the Seller the Shares.

2. Consideration. The Seller hereby agrees to sell the Shares to the Buyer in exchange for the Buyer's personal and unconditional guaranty (the "Personal Guaranty") of the payment of two new promissory notes (the "New Notes") by the Corporation in partial renewal and substitution of a prior indebtedness of the Corporation to the secured claim of the Department of Local Governments ("DLG") in the amount of One Million Three Hundred Twenty-One Thousand Three Hundred Seventy-Four Dollars and 00/100 (\$1,321,374.00) (the "Debt to DLG") and the unsecured claim of Columbia Gas Company in the amount of One Hundred Fifty-Six Thousand Six Hundred Eight-Two Dollars and 21/100 (\$156,682.21) (the "Debt to Columbia") (the Debt to DLG and the Debt to Columbia, collectively, the "Prior Debts"). The Corporation will execute and deliver the New Notes at the time of Closing (defined below) as follows: "Note 1" will be in the amount of Six Hundred Fifty-Five Thousand Three Hundred Two Dollars and 00/100 (\$655,302.00) and in the form attached hereto as Exhibit "A"; and "Note 2" in the amount of Seventy-Seven Thousand Six Hundred Ninety-Eight Dollars and 00/100 (\$77,698.00) and in the form attached hereto as Exhibit "B". The New Notes will bear an annual interest rate of four percent (4%) and will be amortized as follows: Note 1 will be paid monthly over a thirty (30) year period. The first one hundred twenty (120) payments will be in the amount of \$2,712.80 each, the next two hundred thirty-nine (239) payments will be in the amount of \$3,497.60 each, and the final, 360th payment will be in the amount of the then outstanding principal and unpaid interest. Note 2 will be paid monthly over a ten (10) year period. All one hundred twenty (120) monthly payments will be in the amount of \$786.65 each. The New Notes and the Prior Debts shall continue to be secured by the Amended and Restated Security Agreement and Mortgage whereby JCGC grants to the Seller a first mortgage lien and security interest in all property, both real and personal, tangible and intangible of JCGC (the "Mortgage and Security Agreement"), and be secured by a Stock Pledge Agreement whereby the

Buyer will pledge all of the shares he owns at any time of JCGC to secure the Buyer's obligations under the Personal Guaranty and the Stock Purchase Agreement (the "Stock Pledge Agreement").

3. Representations, Warranties and Covenants.

(a) The Seller represents and warrants to the Buyer that:

(i) It has title to the Shares pursuant to the Order of the Bankruptcy Court of the Eastern District of Kentucky confirming the Plan or Reorganization (the "Plan") in Bankruptcy Case Number 83-2 (the "Bankruptcy Proceeding"). To the best knowledge of the Trustee of the Trust, that title is free and clear of liens, claims, charges and encumbrances.

(ii) It has full right, power and authority to transfer, deliver, and vest in the Buyer, by delivering to the Buyer, against receipt of the consideration described in Section 2, a certificate properly endorsed representing the Shares, good and marketable (legal and beneficial) title to the Shares, subject to all liabilities of JCGC, including all customer deposits, the obligations of JCGC to Cenerprise, Inc., and all other liabilities of JCGC.

(iii) Except as disclosed prior to the Closing (as defined below), there are no legal proceedings pending against JCGC.

(iv) To the best knowledge of the Trustees of the Trust, the Trust has discharged all of its duties with respect to employees of JCGC, and there is no employee who has a contract that cannot be terminated at will at or in connection with the Closing, without incurring any damages, or any obligation for severance pay, separation expenses or the like.

(b) The Buyer represents, acknowledges and agrees that:

(i) the Seller has neither operated the business of JCGC, nor prepared business, financial, or tax records or reports, but rather the Trust and JCGC have retained managers from time to time to manage JCGC who prepared and filed those reports;

(ii) the Buyer, manager of JCGC pursuant to a Management Agreement dated as of February 12, 1997, has had and currently has, possession of all books, records, tax returns and assets of JCGC and has and continues to operate the business and manage the affairs of JCGC, and consequently has greater knowledge of those matters than does the Seller;

(iii) the Buyer has prepared business, financial, and/or tax records or reports for JCGC;

(iv) except as set forth in paragraph 3(a), the Seller makes no representation or warranty concerning the Shares;

(v) the Seller makes no representation or warranty of any kind whatsoever regarding the financial, business or tax matters involving JCGC, its assets, or the Bankruptcy Proceeding or the Plan;

(vi) the Seller makes no representation or warranty of any kind with respect to the accuracy of any financial statements, filings with the Public Service Commission (or other governmental agency), or tax returns filed for JCGC during the period of the Seller's ownership of the Shares or in connection with the Bankruptcy Proceeding or the Plan;

(vii) the Seller makes no representations or warranties of any kind with respect to the financial, legal or tax consequences of the transaction set forth in this Agreement or any related transaction;

(viii) the Seller is not responsible for nor provide any indemnities to the Buyer in connection with any financial, business, legal, tax or other matters concerning JCGC;

(ix) the Buyer has retained independent legal and tax advisors of his choosing to assist him in evaluating his purchase of the Shares; and

(x) the Buyer has had the opportunity to ask questions and receive answers concerning the sale of the Shares, JCGC and JCGC's business.

4. Conditions to Seller's Obligations. The obligations of the Seller to consummate the transactions contemplated herein shall be subject to the satisfaction of the following conditions at or before Closing:

(a) The Buyer shall have executed and delivered to the Seller Note 1, Note 2, the Stock Pledge Agreement, the Mortgage and Security Agreement, and any other document required to be delivered in connection with the transactions contemplated by this Agreement; and

(b) The Buyer shall have obtained all of the required consents, authorizations and approvals as required by Section 5(a); and

(c) The Buyer's counsel shall have delivered a legal opinion satisfactory to the Seller's counsel in all respect; and

(d) The Buyer will execute the Personal Guaranty of the Buyer's obligation to pay under the two promissory notes, in the form attached hereto as Exhibit "C".

5. Covenants of the Buyer. The Buyer agrees that from the date hereof through the Closing:

(a) The Buyer will obtain all of the consents, approvals, authorizations and/or orders required in connection with the execution, delivery, performance and consummation of the transaction, including receipt of the consent of the Economic Development Authority of the United

States, Department of Commerce (the "EDA"), the Kentucky Gas System Restoration Project Revolving Loan Fund (the "Fund"), the Kentucky Gas System Restoration Project (the "Project"), the Kentucky Public Service Commission ("PSC"), the Department for Local Government ("DLG") and Columbia Gas Company ("Columbia") (the EDA, the Fund, the Project, the PSC, DLG and Columbia are sometimes referenced collectively, as the "Required Consent Parties"). The consents, approvals, authorizations and/orders shall provide that the Buyer may own and operate the system and that the Buyer may recover the purchase price of the system through rates approved by the PSC.

(b) The Buyer shall execute and enter into definitive stock purchase documents (the "Stock Purchase Agreements") containing terms, provisions, documentation and providing collateral regarding the Stock Purchase as required by the Seller and any relevant Required Consent Parties. The Stock Purchase Agreements shall include, among other things, the Stock Pledge Agreement by the Buyer of all of the JCGC Shares he owns at any time, the Mortgage and Security Agreement continuing a security interest in all of the real and personal, tangible and intangible, property of JCGC, and any other collateral satisfactory to the Seller and any relevant Required Consent Parties, on terms and pursuant to documentation satisfactory to the Seller and any relevant Required Consent Parties, and the Buyer's Personal Guaranty.

(c) The Buyer shall maintain the confidentiality of the existence of and the terms of this Agreement and any negotiations surrounding this transaction except for disclosures to the Buyer's attorneys, accountants or business advisors and except as required to obtain the orders, authorization and approval of the Required Consent Parties.

(d) If it is not obvious from the circumstances that the Trust has notice of any occurrence, development, event, or action (or the absence of any of the foregoing) that could or would materially affect the Shares or the continued operation of JCGC, the Buyer shall provide immediate written notice of any occurrence, development, event or action (or the absence of any of the foregoing).

(e) The Buyer shall cooperate fully, completely and promptly with, and shall take all actions reasonably requested by, the Seller in connection with satisfying all conditions to, and effecting the transactions contemplated by, this Agreement.

6. Release by Buyer. The Buyer hereby fully and forever releases and discharges Seller from any and all liability on account of any and all present or future actions, causes of action, claims, demands, costs or other damages whether or not now known, which are in any way related to or associated with or arising in connection with JCGC, the shares, and/or the business, financial, and/or tax affairs of JCGC, whether before or after (a) the Buyer became the manager of JCGC, and/or (b) the Closing.

7. Closing. The closing (the "Closing") shall be held no later than two weeks after all approvals, consents, authorizations and/or orders have been obtained from the Required Consent Parties. At or before the Closing, the parties shall make all of the deliveries contemplated in this Agreement.

8. Effect on Prior Indebtedness.

(a) The balance of the Prior Debts, over and above the indebtedness evidenced by each of the New Notes (such excess, the "Suspended Debts") will remain outstanding, but the Trust, DLG and Columbia have agreed to forebear from exercising any rights and/or claims in connection therewith, pursuant to an Agreement Regarding Debt (the "Agreement Regarding Debt") executed in connection with the Stock Purchase, so long as JCGC pays all amounts in connection with each of the New Notes as and when due, complies in all respects with the Security Agreement and the New Notes, and the Buyer complies in all respects with this Stock Purchase Agreement, the Stock Pledge Agreement, the Personal Guaranty and all other documents arising out of and/or in connection with this agreement (so long as that occurs, the "Period of Forbearance").

(b) At such time as JCGC has faithfully paid all payments due under the terms of Note 1 as and when due, and provided that the Period of Forbearance has continued without interruption, the DLG will release and discharge all of the obligations and liabilities of JCGC under, or in connection with the portion of the Suspended Debt with respect to DLG, however, if, and to the extent that JCGC defaults under the terms of Note 1 and/or the Period of Forbearance ends for any reason other than full satisfaction of Note 1, DLG retains the right to exercise all of its rights and remedies in connection with Note 1 and the portion of the Suspended Debt with respect to DLG, and all documents, instruments and agreements entered into in connection therewith and/or providing collateral security for either or both.

(c) At such time as JCGC has faithfully paid all payments due under the terms of Note 2 as and when due, and provided that the Period of Forbearance has continued without interruption, Columbia will release and discharge all of the obligations and liabilities of JCGC under, or in connection with the portion of the Suspended Debt with respect to Columbia; however, if, and to the extent that JCGC defaults under the terms of Note 2 and/or the Period of Forbearance ends for any reason other than full satisfaction of Note 2, Columbia retains the right to exercise all of its rights and remedies in connection with Note 2 and the portion of the Suspended Debt with respect to Columbia, and all documents, instruments and agreements entered into in connection therewith and/or providing collateral security for either or both.

9. Obligations Not Contingent Upon Additional Due Diligence. The Buyer represents and warrants that it has been the manager of the business and operations of JCGC since February 20, 1997, and has had ample opportunity to review and investigate the financial, business and tax condition of JCGC and its assets and the Buyer has sufficient knowledge thereof and of the effects of the transactions contemplated by this Agreement to enter into the transactions contemplated by this Agreement. b^R
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GMP.

10. Miscellaneous.

(a) Entire Agreement. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior understandings with respect to the subject matter hereof, whether written or oral. No change, modification, addition or

termination of this Agreement shall be enforceable unless in writing and signed by the party against whom enforcement is sought.

(b) Benefit. This Agreement shall be binding upon and shall inure to the benefit of the Seller and the Buyer and their respective successors and assigns.

(c) Waiver. No waiver of the provisions hereof shall be effective unless in writing and signed by the party to be charged with such waiver. No waiver shall be deemed a continuing waiver or a waiver in respect of any breach or default, whether of a similar or a different nature, unless expressly so stated in writing.

(d) Governing Law. The validity, construction, interpretation and enforcement of this Agreement shall be construed in accordance with the laws of the Commonwealth of Kentucky.

(e) Severability. If any provision of this Agreement or its application shall be deemed invalid, illegal or unenforceable in any respect, the validity, construction, interpretation and enforceability of all other applications of that provision and of all other provisions and applications hereof shall not in any way be affected or impaired.

(f) Further Assurances. From time to time at another party's request and without further consideration, the parties shall execute and deliver such further instruments and documents, and take such other action as the requesting party may reasonably request, in order to complete more effectively the transactions contemplated in this Agreement.

IN WITNESS WHEREOF, the Buyer and the Seller have signed multiple counterparts of this Agreement as of the date first above written, but actually on the date set forth below.

BUYER:



BUD RIFE

Date: 7/16/98

SELLER:

KENTUCKY MUNICIPAL GAS UTILITY
INVESTMENT TRUST

By Tom Graham

_____, Trustee

and by Eric M. Pan

_____, Trustee

Date: 9/28/98

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rw/pw/tg 8/22/97

EXHIBIT H

FINANCIAL EXHIBIT

Pursuant to 807 KAR 5:001:11(2)(a) and 807 KAR 5:001:6, Mr. Bud Rife and Johnson County Gas Company, Inc., (“JCGC”) (Mr. Rife and JCGC, collectively, the “Applicants”) hereby attach the following information as their Financial Exhibit to the Application Before the Public Service Commission of Kentucky (the “Application”):

1. Pursuant to 807 KAR 5:001:6(1) the Applicants state that JCGC is authorized by its Articles of Incorporation to issue one thousand (1000) shares of common stock.

2. Pursuant to 807 KAR 5:001:6(2) the Applicants state that JCGC presently has five (5) shares of common stock outstanding.

3. Pursuant to 807 KAR 5:001:6(3) the Applicants state that JCGC has not issued any shares of preferred stock.

4. Pursuant to 807 KAR 5:001:6(4) the Applicants state that pursuant to the proposed transfer of all outstanding shares of JCGC stock from the Trust to Bud Rife, executed an Amended and Restated Mortgage and Security Agreement dated July 16, 1998, attached to the Application as Exhibit H, whereby JCGC as Mortgagor granted confirmed, reaffirmed and continued a first mortgage lien and security interest to the Trust, as Mortgagee and Secured Party, in all property, both real and personal, tangible and intangible, as set forth in the Agreement, said listing comprising all of JCGC’s assets to secure all of the following obligations, equally and ratably:

(a) the payment and performance of the Note 1 dated July 16, 1998, in the principal amount of \$665,302.00, with interest on the principal of Note 1 at the annual rate of 4%;

(b) the payment and performance of Note 2 dated July 16, 1998, in the principal amount of \$77,698.00, with interest on the principal of Note 2 at the annual rate of 4%;

(c) payment and performance of the Prior Indebtedness, and;

(d) all additional future advances by the Trust to JCGC and any note or notes evidencing the same, and all renewals or extensions thereof, and all renewals or extensions of the obligations secured hereby and the Notes evidencing the same.

The Applicants further state that the Restated Mortgage and Security Agreement dated as of July 16, 1998 did not contain any "sinking fund" provisions. Rather, the Restated Mortgage and Security Agreement secure, among other things, installment obligations requiring monthly payments.

5 Pursuant to 807 KAR 5:001:6(5) the Applicants state that pursuant to the proposed transfer of all outstanding shares of JCGC stock from the Trust to Bud Rife, JCGC will not issue any bonds.

6. Pursuant to 807 KAR 5:001:6(6) the Applicants state that pursuant to the proposed transfer of all outstanding shares of JCGC stock from the Trust to Bud Rife, JCGC will not issue any notes; rather the New Notes will be a partial renewal and substitution for a prior indebtedness (per paragraph 10 of the Application and paragraph 7 below).

7. Pursuant to 807 KAR 5:001:6(7) the Applicants state that pursuant to the proposed transfer of all outstanding shares of JCGC stock from the Trust to Bud Rife, JCGC will execute two new promissory notes (the "New Notes") in partial renewal and substitution of a prior indebtedness of JCGC to the secured claim of DLG in the amount of One Million Three Hundred Twenty-One Thousand Three Hundred Seventy-Four Dollars and 00/100 (\$1,321,374.00) and the unsecured claim of Columbia Gas Company in the amount of One Hundred Fifty-Six Thousand Six Hundred Eight-

Two Dollars and 21/100 (\$156,682 21), copies of Note 1 and Note 2 are attached to the Application as Exhibit D and Exhibit E. Information regarding the amount of each notes, dates of maturity, security for the notes are set forth in paragraphs 10,16 and 17 of the Application. Further, the Applicants state that JCGC did not pay any interest on the New Notes during the last fiscal year.

8. Pursuant to 807 KAR 5:001:6(8) the Applicants state that during the previous five (5) fiscal years, JCGC paid no dividends on its capital stock..

9. Pursuant to 807 KAR 5:001:6(9) the Applicants attach a “Detailed Income and Balance Sheet” of JCGC hereto, as Schedule I.

**MODIFICATION OF AMENDED AND RESTATED
SECURITY AGREEMENT AND MORTGAGE**

This is a Modification of Amended and Restated Security Agreement and Mortgage dated as of March 3, 1999 (this "Agreement") between

THE KENTUCY MUNICIPAL GAS
UTILITY INVESTMENT TRUST

a Kentucky business trust
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601-8204

(the "Secured Party")

and

JOHNSON COUNTY GAS COMPANY, INC.

P.O. Box 339
Harold, Kentucky 41635

(the "Debtor")

RECITALS

A. Pursuant to a Stock Purchase Agreement dated as of July 16, 1998, the Secured Party agreed to sell all of the outstanding shares of the Johnson County Gas Company (the "Shares") to the Bud Rife in exchange for the Mr. Rife's unconditional guaranty of the New Notes (as defined in the Stock Purchase Agreement).

B. Section 4(a) of the Stock Purchase Agreement requires the Debtor to execute and deliver the Amended and Restated Security Agreement and Mortgage, which the Debtor executed and delivered to the Secured Party, dated as of July 16, 1998.

C. Section 4(b) requires the Mr. Rife to obtain all of the necessary consents and approvals as required in Section 5(a) which includes the approval of the Kentucky Public Service Commission (the "PSC").

D. The PSC has required certain amendments to Exhibit A- Conditions of Stock Purchase Agreement to the Amended and Restated Security Agreement and Mortgage as a condition to granting the approval of the transfer of the Shares to the Debtor.

E. The parties wish to enter into this Modification of Amended and Restated Security Agreement to reflect the matters as set forth herein.

NOW, THEREFORE, in consideration of the foregoing and of the promises and agreements set forth herein, and for other good a valuable consideration, the mutuality, receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Capitalized Terms. Unless otherwise defined herein, all capitalized terms shall have the meanings given them in the Loan Agreement, and the meanings assigned to all capitalized terms shall be equally applicable to both the singular and the plural forms of the terms defined.

2. Amendment to the Modification of Amended and Restated Security Agreement and Mortgage. The Modification of Amended and Restated Security Agreement and Mortgage is hereby amended as follows:

(a) Exhibit A- Conditions of Stock Purchase Agreement. Exhibit A to the Amended and Restated Security Agreement is hereby deleted and replaced with Exhibit A in the form attached hereto as Exhibit A.

(b) The Amended and Restated Security Agreement is hereby amended so that each reference to Exhibit A will be deemed to refer to Exhibit A in the form attached hereto as Exhibit A.

3. Reaffirmation. Except as specifically amended by the provisions herein above, the Amended and Restated Security Agreement and Mortgage remains in full force and effect. The Debtor and the Secured Party hereby reaffirm and ratify all of their respective obligations under the Amended and Restated Security Agreement and Mortgage, as amended and modified hereby.

4. Changes in Reference in Stock Purchase Agreements. All references in the Stock Purchase Agreements to the "Stock Purchase Documents" shall be deemed to include a reference to this Agreement, and any an all other agreements, instruments and documents executed and/or delivered in connection with this Amendment. All references to the Amended and Restated Security Agreement and Mortgage in the Stock Purchase Documents shall be deemed to be a reference to the Amended and Restated Security Agreement and Mortgage as amended by this Agreement.

5. Reaffirmations and Consents. The Debtor hereby

(a) Consents. Consents to the transaction contemplated by this Agreement.

(b) Reaffirms. Reaffirms its obligations under any and all of the Stock Purchase Documents and any and all other agreements, instruments and documents to which she is a party and under which the Secured Party has any rights or obligations and which is or may be related in any way to the agreements, instruments, and documents mentioned in or affected by this Agreement, or the Stock Purchase Agreement or any of the other Stock Purchase Documents as amended by this Agreement.

(c) Stock Purchase Agreements. Agrees that all of the Stock Purchase Agreements remain in full force and effect, as expressly modified or altered by or in connection with this Agreement.

6. Miscellaneous.

(a) Entire Agreement. This Agreement and the agreements, instruments and other documents referred to herein, constitute the entire agreement of the parties with respect to, and supersede all prior understandings of the parties with respect to, the subject matter hereof. No change, modification, addition, or termination of this Agreement shall be enforceable unless in writing and signed by the party against whom enforcement is sought.

(b) Governing Law. This Agreement and the related writings and the respective rights and obligations of the parties shall be governed by, and construed and enforced in accordance with, the laws (notwithstanding any conflicts of laws rules) of the Commonwealth of Kentucky, except to the extent the laws of any other state where security for the Loans is located dictate that the laws of such other state shall govern the enforcement of the Lender's rights in such security.

(c) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement or the terms hereof to produce or account for more than one of such counterparts.

(d) Headings. The headings used in this Agreement have been included solely for ease of reference and shall not be considered in the interpretation or construction of this Agreement.

(e) Binding Effect. This Agreement shall be binding upon, and shall inure to the benefit of, the Secured Party and its successors and assigns.

(f) Jurisdiction and Venue. This Agreement shall have the same Jurisdiction and Venue provision as the Amended and Restated Security Agreement and Mortgage.

(g) **ACKNOWLEDGMENT. THE DEBTOR ACKNOWLEDGES THAT THE DEBTOR HAS RECEIVED A COPY OF THIS AGREEMENT, AS FULLY EXECUTED BY THE PARTIES THERETO. THE DEBTOR ACKNOWLEDGES THAT THE DEBTOR (A) HAS READ THIS AGREEMENT OR HAS CAUSED SUCH DOCUMENT TO BE EXAMINED BY REPRESENTATIVES OR ADVISORS OF THE DEBTOR; (B) IS THOROUGHLY FAMILIAR WITH THE TRANSACTION CONTEMPLATED IN THIS AGREEMENT; AND (C) HAS HAD THE OPPORTUNITY TO ASK SUCH QUESTIONS TO REPRESENTATIVES OF THE SECURED PARTY, AND RECEIVE ANSWERS THERETO, CONCERNING THE TERMS AND CONDITIONS OF THE TRANSACTIONS CONTEMPLATED IN THIS AGREEMENT AS IT DEEMS NECESSARY IN CONNECTION WITH THE DECISION TO ENTER INTO THIS**

AGREEMENT. THE DEBTOR REPRESENT THAT IF THE THIS AGREEMENT WAS EXAMINED ON BEHALF OF THE DEBTOR BY REPRESENTATIVES OR ADVISORS OF THE DEBTOR, THAT THOSE REPRESENTATIVES AND/OR ADVISORS HAVE EXPLAINED THIS AGREEMENT AND ITS LEGAL, BUSINESS AND FINANCIAL IMPLICATIONS TO THE DEBTOR TO THE SATISFACTION OF THE DEBTOR.

[THE BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set out in the preamble hereto, but actually on the date(s) set forth below.

DEBTOR

JOHNSON COUNTY GAS COMPANY, INC.

By _____
Bud Rife, President

Date: _____

Address: P.O. Box 339
Harold, Kentucky 41635

SECURED PARTY

KENTUCKY MUNICIPAL GAS UTILITY
INVESTMENT TRUST

By Tom Graham
Tom Graham, Trustee

By Eric M. Parr
Eric Parr, Trustee

Date: _____

Address: 1024 Capital Center Drive
Suite 340
Frankfort, Kentucky 40601-8204

COMMONWEALTH OF KENTUCKY)
) : ss
COUNTY OF JEFFERSON)

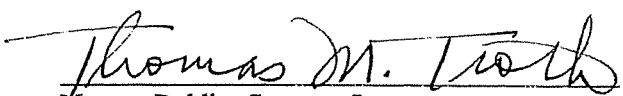
SUBSCRIBED AND SWORN to before me by Tom Graham, Trustee, on behalf of the
Kentucky Municipal Gas Utility Investment Trust on March 5, 1999.

Thomas M. Troth
Notary Public, State-at-Large

My Commission Expires: 2/16/2002

COMMONWEALTH OF KENTUCKY)
) : ss
COUNTY OF JEFFERSON)

SUBSCRIBED AND SWORN to before me by Eric Parr, Trustee, on behalf of the
Kentucky Municipal Gas Utility Investment Trust on March 5, 1999.


Notary Public, State-at-Large

My Commission Expires: 2/16/2002

COMMONWEALTH OF KENTUCKY)
) : ss
COUNTY OF JEFFERSON)

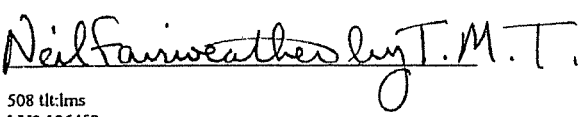
SUBSCRIBED AND SWORN to before me by Bud Rife, Manager, on behalf of the
Johnson County Gas Company, Inc. on March __, 1999.

Notary Public, State-at-Large

My Commission Expires: _____

This instrument prepared by:

Charles R. Keeton
BROWN, TODD & HEYBURN PLLC
400 W. Market Street, 32nd Floor
Louisville, Kentucky 40202
(502) 589-5400



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IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set out in the preamble hereto, but actually on the date(s) set forth below.

DEBTOR

JOHNSON COUNTY GAS COMPANY, INC.

By Bud Rife
Bud Rife, President

Date: _____

Address: P.O. Box 339
Harold, Kentucky 41635

SECURED PARTY

KENTUCKY MUNICIPAL GAS UTILITY INVESTMENT TRUST

By _____
Tom Graham, Trustee

By _____
Eric Parr, Trustee

Date: _____

Address: 1024 Capital Center Drive
Suite 340
Frankfort, Kentucky 40601-8204

COMMONWEALTH OF KENTUCKY)
) : ss
COUNTY OF JEFFERSON)

SUBSCRIBED AND SWORN to before me by Tom Graham, Trustee, on behalf of the Kentucky Municipal Gas Utility Investment Trust on March __, 1999.

Notary Public, State-at-Large

My Commission Expires: _____

COMMONWEALTH OF KENTUCKY)
) : ss
COUNTY OF JEFFERSON)

SUBSCRIBED AND SWORN to before me by Eric Parr, Trustee, on behalf of the
Kentucky Municipal Gas Utility Investment Trust on March __, 1999.

Notary Public, State-at-Large

My Commission Expires: _____

COMMONWEALTH OF KENTUCKY)
) : ss
COUNTY OF JEFFERSON)

SUBSCRIBED AND SWORN to before me by Bud Rife, Manager, on behalf of the
Johnson County Gas Company, Inc. on March ~~4th~~, 1999.

Frances Johnson
Notary Public, State-at-Large

My Commission Expires: 06-27-99

This instrument prepared by:

Charles R. Keeton
BROWN, TODD & HEYBURN PLLC
400 W. Market Street, 32nd Floor
Louisville, Kentucky 40202
(502) 589-5400

Neil Fairweather by T.M.T.

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CONDITIONS OF STOCK PURCHASE AGREEMENT

Johnson County Gas Company, Inc., (hereafter referred to as the "Gas System"), being a natural gas distribution system operated wholly within the Commonwealth of Kentucky, hereby agrees to the following terms as a condition of the Stock Purchase Agreement referenced in the Amended and Restated Security Agreement and Mortgage to which this is an Exhibit (the "Security Agreement and Mortgage").

1. The Gas System shall continue to be in compliance with federal and state pipeline safety standards and regulations of the Kentucky Public Service Commission, (the "PSC").

- 1a. Any Gas System loan applications and/or engineering plans and specifications subsequent to the date hereof shall be reviewed by the PSC and application eligibility will be contingent upon approval by the PSC. Engineering plans and specifications shall contain information required by PSC as indicated during pre-design conference.
- 1b. Any Gas System loan application subsequent to the date hereof shall be reviewed by the PSC to determine feasibility of industrial users on said system switching from gas to coal.
- 1c. Upon determination by the Gas System Restoration Project Account (hereinafter referred to as the "GSRP Account Review Board"), system operators shall be notified in writing of approval or disapproval and additional loan conditions.
- 1d. Contracts for construction, rehabilitation or maintenance shall be governed by KRS Chapter 45A (attached).
- 1e. If the Gas System enters into a contract for construction subsequent to the date hereof, the Gas System shall contract with the design engineering firm to perform daily resident inspections which will determine whether Gas System is in compliance with approved plans and specifications as well as any conditions imposed by GSRP Review Board, the PSC, or state agency, and which will be made throughout the construction period. Inspection report shall be provided to the Department or Local Government.
- 1f. Upon the entering into a contract for construction subsequent to the date hereof, the Gas System and construction personnel shall cooperate with all inspections required throughout the construction process.

2. If ownership of the Gas System is transferred by the Debtor or Mr. Rife's sale before repayment of the loan, the entire amount of outstanding principal and interest due shall be repaid before completion of the sales transaction.

3. The Gas System will comply with all regulations and requirements of the PSC concerning the management training of its employees.

4. Gas System shall place 5% of its annual gross revenue in an escrow account for replacement or emergency repair of equipment until \$50,000.00 is accrued. At such time, the obligation to withhold and deposit monies into said escrow account shall cease. In the event replacement or emergency repairs require the use of some or all of these escrowed monies, the 5% obligation set forth above shall be reinstated immediately and remain in effect until a total of \$50,000.00 is once again accumulated in said escrow account.

4a. Gas System must petition for and gain written approval from the GSRP Account Review Board before funds may be withdrawn from its escrow account for any purpose.

4b. Any emergency meeting of the GSRP Account Review Board may be called upon twenty-four (24) hours notice by the Chairman of the GSRP Account Review Board to approve the withdrawal of any funds from an escrow account.

4c. The written approval required in paragraph 4a above shall be suspended in the event there is danger of death or serious bodily injury which requires expenditures of emergency funds.

5. Gas System shall cooperate with the State Fire Marshall's Office on inspection of gas-fed appliances for compliance with federal and state safety regulations.

6. The gas system shall be designed and service connections controlled to avoid direct or indirect impacts on wetlands and flood hazard areas in compliance with Executive orders 11990 and 11988 and the Economic Development Administration's implementation program. In communities with identified flood hazard area, service connections to new structures within the base (1%) floodplain that are in noncompliance with adopted floodplain management plans or ordinances shall be prohibited.

7. In the event of that the PSC elects to conduct a management audit, the audit shall be conducted pursuant to KRS 278.040, KRS 278.255 and 807 KAR 5:013.

8. As security for the Secured Obligations (defined in the Security Agreement and Mortgages), the Secured Party (defined in the Security Agreement and Mortgage) shall have a lien on all assets and future earnings of the Gas System, and said lien shall be superior to all others, and shall include the following procedure:

- 8a. The Gas System waives the right to foreclosure by court action and agrees to the following procedure:
- 8b. In the event that two consecutive management audits show noncompliance with any of the conditions contained herein the Secured Party shall appoint a receiver subject to the approval of the Account Review Board and the PSC, who shall assume management and control of the Gas System upon ten days notice to gas system.
 - 8b.1. If special conditions exist, the Account Review Board may allow the Gas System six months beyond the second audit showing noncompliance during which time areas of noncompliance must be corrected to avoid receivership.
- 8c. With the approval of the PSC, the receiver shall be reimbursed from revenues of the Gas System and shall operate the Gas System until it is brought into compliance with the conditions stated herein to the satisfaction of the PSC, at which time responsibility for operation of the Gas System shall be restored to the applicant upon such terms and conditions as required by the PSC.
- 8d. If the Account Review Board determines that it is not feasible to bring the Gas System into lasting compliance, the Gas System shall be sold and the proceeds applied to the loan. The Account Review Board shall make application to the PSC for authority to transfer the assets of the utility to another entity which has been bound ready, willing, and able to assume the operations of the subject utility.

9. Gas System operator shall continue to adhere to the provisions set forth in the following forms which it executed in connection with the Security Agreement and Mortgage securing the Prior Indebtedness:

- 9a. Form ED-525, "Certification of Compliance with the Clean Air Act and the Federal Water Pollution Control Act."
- 9b. Form ED-501A, "Certification of Non Relocation."
- 9c. Form ED-168, "Relocation and Land Acquisition Certificate."
- 9d. Form ED-503, "Assurances of Compliance with the Department of Commerce and the Economic Development Administration Regulations under Title Vi of the Civil Rights Act of 1964 and Public Law 92-65."
- 9e. Form ED-612, "Current and Projected Job Opportunities."

AMENDED AND RESTATED SECURITY AGREEMENT AND MORTGAGE

Emp
VE
THIS AMENDED AND RESTATED SECURITY AGREEMENT AND MORTGAGE in entered into as of July 16, 1998, between JOHNSON COUNTY GAS COMPANY, INC.,

Emp
VE
a Kentucky corporation with principal offices located at {insert principal office address}, Johnson County, Kentucky ⁴¹⁶³⁵ ~~{zip code}~~ (the "Debtor" or "JCGC") and THE KENTUCKY MUNICIPAL GAS

UTILITY INVESTMENT TRUST, a Kentucky business trust created pursuant to the Order of the Eastern District of Kentucky confirming the Plan or Reorganization in Bankruptcy Case Number 83-2 (the "Secured Party"):

WITNESSETH:

WHEREAS, JCGC entered into a Security Agreement and Mortgage dated as of October 1, 1981, to secure an indebtedness in the amount of One Million Three Hundred Twenty-One Thousand Three Hundred Seventy-Four Dollars and 00/100 (\$1,321,374.00) (the "Prior Indebtedness"), with interest to run thereon at the annual rate of five and 125/1000 percent (5.125%), compounded annually for thirty years from October 1, 1981; and

WHEREAS, the Commonwealth of Kentucky, acting by and for the use and benefit of the Department of Community and Regional Development as Secured Party under the Security Agreement and Mortgage dated as of October 1, 1981, assigned such Security Agreement and Mortgage to the Kentucky Municipal Gas Utility Investment Trust, the Secured Party under this Amended and Restated Security Agreement and Mortgage; and

WHEREAS, it is the intent of the Debtor that the Secured Party continue to hold a security interest in all the Debtor's real and personal property, tangible and intangible; and

WHEREAS, the Debtor is indebted to Columbia Gas Company for the amount of \$77,698.00 (the "Columbia Debt") (the Prior Indebtedness and the Columbia Debt shall hereinafter be referred to as the "Original Indebtedness"); and

Emp JGR WHEREAS, pursuant to the terms and conditions of a Stock Purchase Agreement between the Secured Party and Mr. Bud Rife, dated as of July 16, 1998, (the "Stock Purchase Agreement"), the Secured Party agreed to sell all of the issued and outstanding shares of capital stock of JCGC (the "Shares") to Mr. Rife (the "Sale of Stock") in exchange for his personal and unconditional guaranty of the payment of two Promissory Notes totaling the principal amount of Seven Hundred Thirty-Three Thousand Dollars (\$733,000.00), plus interest, payable by the Maker, JCGC, to the order of Payee, Secured Party in partial renewal and substitution of the Prior Indebtedness. To evidence such debt and, pursuant to the terms of two promissory notes, in the *Emp JGR* respective amounts of \$655,302.00 ("Note 1") and \$77,698.00 ("Note 2") (Note 1 and Note 2 are collectively referenced herein as the "New Notes") executed and delivered as of July 16, 1998, with interest on the principal of the New Notes and principal and interest being payable as stated in *Emp JGR* the New Notes (all of the terms, covenants and conditions of the New Notes are incorporated herein by this reference); the New Notes are due and payable on or before March 15, ~~2028~~²⁰²⁹; and

WHEREAS, as a prerequisite to the Sale of Stock, Mr. Rife has agreed to and executed the Conditions of Stock Purchase Agreement, a true copy of which is attached hereto and incorporated herein, and marked as Exhibit A, (hereinafter referred to as "Conditions"); and

Emp JGR WHEREAS, the New Notes and obligations evidenced thereby are also secured by a pledge of the Shares pursuant to a Stock Pledge Agreement dated as of July 16, 1998.

NOW, THEREFORE, in consideration of the foregoing premises and the covenants herein contained and other valuable consideration, the receipt of which is hereby acknowledged, and in order

to grant and continue a mortgage, lien and security interest by JCGC to the Secured Party, the parties hereto hereby mutually agree, covenant and bind themselves as follows:

JCGC hereby grants to the Trust, and continues in effect in favor of the Trust, a first mortgage lien and security interest in all property, both real and personal, tangible and intangible, as listed on the schedule of property attached hereto and marked as JOHNSON COUNTY GAS SECURITY AGREEMENT ~~EXHIBIT C~~ ^{EXHIBIT B}, SCHEDULE OF MORTGAGED PROPERTY AND COLLATERAL, said listing comprising all of JCGC's assets (collectively, the "Mortgaged Property") to secure all of the following obligations, equally and ratably (collectively, the "Secured Obligations"):

(a) The payment and performance of the Note 1 dated July 16, 1998, ^{EMP} ~~SR TG~~

^{EMP} ~~TGR~~ in the principal amount of \$665,302.00, with interest on the principal of Note 1 at the annual rate of 4% compounded annually from March 15, ¹⁹⁹⁹ ~~1998~~, to be paid in monthly installment payments. The first 120 payments shall be in the amount of \$2,712.80 each, the next 239 payments will be in an amount of \$3,497.60 each, and the final 360th payment shall be in an amount equal to the then outstanding principal and interest. The first monthly installment payment in the amount of \$2,712.80 is due on March 15, ¹⁹⁹⁹ ~~1998~~. Note 1 is due and payable on March 15, ^{EMP} ~~SR TG~~ 2028.

(b) The payment and performance of Note 2 dated July 16, 1998, ^{EMP} ~~SR TG~~

^{EMP} ~~TGR~~ in the principal amount of \$77,698.00, with interest on the principal of Note 2 at the annual rate of 4% compounded annually from March 15, ¹⁹⁹⁹ ~~1998~~, to be paid in 120 monthly installment ^{EMP} ~~SR TG~~ payments in the amount of \$786.65 each. The first monthly installment shall be due on March 15, ¹⁹⁹⁹ ~~1998~~. Note 2 is due and payable on 2028. The New Notes are being delivered pursuant to a Stock Purchase Agreement dated as of July 16, 1998. ^{EMP} ~~SR TG~~

(c) Payment and performance of the Prior Indebtedness.

(d) All additional future advances by the Trust to JCGC and any note or notes evidencing the same, and all renewals or extensions thereof, and all renewals or extensions of the obligations secured hereby and the Notes evidencing the same, provided the combined total principal balance does not exceed the principal amount of \$ n/a at any one time. DR TB AMP

2. JCGC agrees to the terms and conditions set out in the attached Conditions to Stock Purchase Agreement to the extent said Conditions are not modified by the terms and conditions set out in this Security Agreement and Mortgage. Upon any failure of JCGC to observe and perform any or all terms of this Security Agreement and Mortgage and/or failure to timely make any installment payment as set out herein and/or in the New Notes, and/or breach of any other covenant as contained herein or contained in the Stock Purchase Agreement and/or New Notes secured hereby, or any default or event of default under the Stock Pledge Agreement and/or the New Notes, or breach of the Debtor's or Mr. Rife's obligation under or in connection with the Stock Purchase Agreement and/or the New Notes shall constitute default and a material breach of the terms hereof for which the Secured Party may proceed to enforce its rights hereunder and under the terms of the Stock Purchase Agreement and/or the New Notes secured hereby by initiating foreclosure proceedings and otherwise as hereinabove stated. Such rights shall include but not be limited to:

(a) Debtor shall be in default under this Security Agreement and Mortgage, and upon acceleration of the maturity of any Security Obligations in accordance with the terms of the New Notes and Stock Purchase Agreements, all Secured Obligations shall immediately become due and payable without further notice to Debtor;

(b) Upon demand by Secured Party, Debtor shall pay to Secured Party, in addition to all other payments specifically required under the New Notes and Stock Purchase Agreements, in monthly installments, at the times and in the amounts required by Secured Party from time to time,

sums which when cumulated will be sufficient to pay one month prior to the time the same become delinquent, all taxes which are or may become a lien affecting the Mortgaged Property and the premiums for any policies of insurance to be obtained under the Security Agreement and Mortgage (all such payments to be held in a cash collateral account over which Secured Party shall have sole and exclusive control and right to withdraw); and

(c) Secured Party may, without notice to or demand upon Debtor, which are expressly waived by Debtor (except for notices or demands otherwise required by applicable laws to the extend not effectively waived by Debtor and any notices or demands specified below), exercise any one or more of the following remedies as Secured Party may determine:

(i) Secured Party may, either directly or through an agent or court-appointed receiver, and without regard to the adequacy of any security for the Secured Obligations:

(A) enter, take possession of, manage, operate and maintain, and exercise any other rights of an owner of, the Mortgaged Property, and use any other properties or facilities of Debtor relating to the Mortgaged Property, all without payment of rent or other compensation to Debtor;

(B) enter into such contracts and take such other action as Secured Party deems appropriate to complete all or any part of any construction on the Land, subject to such modifications and other changes in the plan of development as Secured Party may deem appropriate;

(C) make, cancel, enforce or modify leases, obtain and evict tenants, fix or modify rents and, in its own name or in the name of the Debtor, otherwise conduct any business of Debtor in relation to the Mortgaged Property and deal with Debtor's creditors, debtors, tenants, agents and employees and any other persons having any relationship with Debtor in relation to the

Mortgaged Property, and amend any contracts between them, in any manner Secured Party may determine;

(D) either with or without taking possession of the Mortgaged Property, notify obligors on any rights that all payments and other performance are to be made and rendered directly and exclusively to Secured Party, and in its own name supplement, modify, amend, renew, extend, accelerate, accept partial payments or performance on, make allowances and adjustments and issue credits with respect to, give approvals, waivers and consents under, release, settle, compromise, compound, sue for, collect or otherwise liquidate, enforce or deal with any rights, including collection of amounts past due and unpaid (Debtor agreeing not to take any such action after the occurrence of an Event of Default without prior written authorization from Secured Party);

(E) endorse, in the name of the Debtor, all checks, drafts and other evidences of payment relating to the Mortgaged Property, and receive, open and dispose of all mail addressed to Debtor and notify the postal authorities to change the address for delivery of such mail to such address as Secured Party may designate; and

(F) take such other action as Secured Party deems appropriate to protect the security of this Security Agreement and Mortgage.

(ii) To the extent permitted pursuant to the laws of the State in which the Mortgaged Property is located, Secured Party may execute and deliver written declaration of default and demand for sale and written notice of default and of election to cause all or any part of the Mortgaged Property to be sold, which notice Secured Party shall cause to be filed for record; and after the lapse of such time as may then be required by law following the recordation of such notice of default, and notice of sale having then been given as then required by law, Secured Party, without demand on Debtor, shall cause such property to be sold at the time and place fixed by it in such notice

of sale, either as a whole or in separate parcels and in such order as Secured Party may direct (Debtor waiving any right to direct the order of sale), at public auction to the highest bidder for cash in lawful money of the United States, payable at the time of sale. Secured Party may postpone the sale of all or any part of the Mortgaged Property by public announcement at such time and place of sale, and from time to time after any such postponement may postpone such sale by public announcement at the time fixed by the preceding postponement. Debtor shall deliver to the purchaser at such sale its deed conveying the property so sold, but without any covenant or warranty, express or implied, and the recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Secured Party, may purchase at such sale, and any bid by Secured Party may be, in whole or in part, in the form of cancellation of all or any part of the Secured Obligations. Any such sale shall be free and clear of any interest of Debtor and any lease, encumbrance or other matter affecting the property so sold which is subject or subordinate to this Security Agreement and Mortgage, except that any such sale shall not result in the termination of any such lease if (A) the tenant under such lease has terminated as a result of any such sale, or (B) the purchaser at such sale gives written notice to the tenant, within thirty (30) days after date of sale, that the lease will continue in effect.

(iii) With respect to any of the Mortgaged Property which is not real property, Secured Party shall have in any jurisdiction where enforcement of this Security Agreement and Mortgage is sought all remedies of a secured party under the UCC and may require Debtor, on demand, to assemble all Personal Property and make it available to Secured Party at places that Secured Party may select that are reasonably convenient for both parties, whether at the premises of Debtor or elsewhere.

(iv) Secured Party may proceed to protect, exercise and enforce any and all other remedies provided under the Loan Agreement and/or the other New Notes and Stock Purchase Agreements or by applicable laws.

All proceeds of collection, sale or other liquidation of the Mortgaged Property shall be applied first to all costs, fees, expenses and other amounts (including interest) payable to Debtor under this Security Agreement and Mortgage or otherwise payable to Secured Party under or in connection with this Security Agreement and Mortgage, then in payment of the Secured Obligations not otherwise repaid in such order and manner as Secured Party may determine, and the remainder, if any, to the person or persons legally entitled thereto.

Each of the remedies provided in this Security Agreement and Mortgage is cumulative and not exclusive of, and shall not prejudice, any other remedy provided in this Security Agreement and Mortgage or by applicable laws or under the Loan Agreement. Each remedy may be exercised from time to time as often as deemed necessary by Secured Party, and in such order and manner as Secured Party may determine. This Security Agreement and Mortgage is independent of any other security for the Secured Obligations, and upon the occurrence of an Event of Default, Secured Party may proceed in the enforcement of this Security Agreement and Mortgage independently of any other remedy that Secured Party may at any time hold with respect to the Mortgaged Property or the Secured Obligations or any other security. Debtor, for itself and for any other person claiming by or through Debtor, waives, to the fullest extent permitted by applicable laws, all rights to require a marshaling of assets by Secured Party or to require Secured Party to first resort to any particular portion of the Mortgaged Property or any other security (whether such portion shall have been retained or conveyed by Debtor) before resorting to any other portion, and all rights of redemption, stay and appraisal.

3. Without the prior written consent of the Secured Party, JCGC or any successor in interest to JCGC, shall not, voluntarily or involuntarily, (a) sell, (b) convey, (c) transfer, (d) lease with an option to purchase, (e) enter into a contract for deed or bond for deed, (f) mortgage, pledge or encumber, (g) assign, or (h) lease or sublease for more than one year (all of the foregoing are collectively, "Transfer") all or any part of the Mortgaged Property, or any legal or equitable interest therein, without the prior written consent of Secured Party, which consent shall not be arbitrarily or unreasonably withheld. Such consent may be conditioned upon such modifications of this Mortgage and the Loan as Secured Party may deem necessary at the time of such consent, including, without limitation, changing the interest rate applicable to the Loan and requiring the proposed purchaser or transferee of the Mortgaged Property to meet the then existing standards of credit and financial responsibility required of borrowers by the Secured Party. If the Mortgaged Property is Transferred with the written consent of Secured Party, then the purchaser or transferee shall (i) assume the balance then owing on the indebtedness and all of the obligations relating thereto (including, without limitation, any modifications that may be conditions for the consent of the Secured Party to the Transfer), and (ii) pay to Secured Party a transfer fee customary at the time of the Transfer. Secured Party may, without notice to Debtor, declare the entire indebtedness secured hereby immediately due and payable and enforce this Mortgage in the event the Mortgaged Property is Transferred without the written consent of Secured Party or the purchaser or transferee declines to assume the indebtedness secured by this Mortgage as provided herein. If the Mortgaged Property is Transferred with or without the written consent of Secured Party, then such Transfer shall not operate to release, discharge, modify, change or affect the original liability of Mr. Rife or any subsequent person(s) who becomes obligated by reason of the assumption of all or any part of the indebtedness secured hereby. For purposes of this Section 3, "Transfer" shall include any direct or indirect transfer of any

ownership interest in JCGC (other than a transfer resulting from death) or any mortgage, pledge or encumbrance of any ownership interest in JCGC.

4. JCGC shall not cause, or allow to occur, any discharge, dispersal, release, generation, manufacture, disposal or storage of any Hazardous Substance on, under or at the Mortgaged Property, nor shall JCGC permit any other action to be taken, on, under or at the Mortgaged Property which may subject JCGC, its successors and assigns, to any losses, damages, liabilities or clean up costs under any federal state, county or municipal law, statute, rule, regulation or ordinance.

5. Under the terms of this Security Agreement and Mortgage and the New Notes secured hereby, time of performance shall be of the essence.

6. JCGC shall not, without the written consent of the Secured Party, sell, contract to sell, lease, encumber, or otherwise dispose or alienate any of the Mortgaged Property or any interest therein, other than what is necessary in the ordinary course of business, until the terms and conditions of this Security Agreement and Mortgage and of the New Notes secured hereby have been fully satisfied.

7. JCGC shall insure all of the Mortgaged Property with companies acceptable to the Secured Party against such casualties and in such amounts as the Secured Party shall require in writing subsequent to this Security Agreement and Mortgage. The insurance shall be for the benefit of JCGC and the Secured Party as their interest may appear, and shall name Secured Party as an additional insured and loss payee. Upon such an insured loss, JCGC shall have the option to use said insurance proceeds to replace and/or repair the Mortgaged Property so long as no default under this Security Agreement and Mortgage has occurred. In the event JCGC fails to exercise this option within a reasonable time, or if any default under this Security Agreement and Mortgage has occurred,

the insurance proceeds shall be delivered to the Secured Party who shall apply the same first to accrued but unpaid interest, then to the principal amount due under the New Notes.

8. JCGC shall pay promptly when due all taxes and assessments levied on any of the property used as security in this agreement or on its use and operation.

9. JCGC will not suffer or permit any waste, impairment, deterioration, removal or demolition of the mortgaged property or any part thereof, other than what is necessary in the ordinary course of business, and will keep its properties in good repair, working order and condition and from time to time will make all needed and proper repairs, and improvements thereto so that the business carried on by JCGC may be properly and advantageously conducted at all times in accordance with prudent business management, and the Debtor will, subject to the provisions hereof, maintain its corporate existence.

10. The Secured Party shall have the right to examine and inspect the property used as a security herein at any reasonable time and shall have the right to remove the same from the Debtor's premises in the event of default. For purposes of removal and possession of said property, the Secured Party may enter any premises of JCGC without legal process, and JCGC hereby waives and releases the Secured Party of and from any and all claims in connection therewith or rising therefrom.

11. This Security Agreement and Mortgage and the New Notes secured hereby shall be construed according to the applicable laws of the Commonwealth of Kentucky (without regard to conflicts of laws rules) and all obligations of the parties created hereunder are to be performed in the Commonwealth of Kentucky.

12. Failure of the Secured Party to exercise any right or remedy, including but not limited by reason of enumeration, the acceptance of partial or delinquent payments, shall not constitute a

waiver of any obligation of the Debtor nor the right or rights of the Secured Party or a waiver of any other similar default subsequently occurring.

13. If Debtor fails to perform any of its obligations under this Security Agreement and Mortgage, Secured Party may, but without any obligations to do so, after thirty (30) days notice to Debtor, or without notice to or demand upon Debtor in the case Secured Party determines that the security of this Security Agreement and Mortgage is in immediate danger of being impaired, and without releasing Debtor from any obligations under this Security Agreement and Mortgage, and at the expense of Debtor: (a) perform such obligations in such manner and to such extent and make such payments and take such other action as it may deem necessary in order to protect the security of this Security Agreement and Mortgage, Secured Party being authorized to enter upon the Real Property for such purposes, (b) appear in and defend any claim or any action or other proceeding purporting to affect title or other interests relating to any part of the Mortgaged Property, the security of this Security Agreement and Mortgage or the rights or powers of Secured Party, and (c) pay, purchase, contest or compromise any lien or right of others which in the reasonable judgment of Secured Party is or appears to be or may for any reason become prior or superior to this Security Agreement and Mortgage. If Secured Party shall elect to pay any such lien or right of others or any taxes which are or may become a lien affecting any part of the Mortgaged Property or make any other payments to protect the security of this Security Agreement and Mortgage, Secured Party may do so without inquiring into the validity or enforceability of any apparent or threatened lien, right of others or taxes, and may pay any such taxes in reliance on information from the appropriate taxing authority or public office without further inquiry.

Debtor will repay on demand all sums so advanced on its behalf pursuant to this Section 13. The provisions of this Section 13 shall not prevent any default in the observance of any

covenant contained in this Security Agreement and Mortgage from constituting an Event of Default. Further, Secured Party, at its option, may make any payment which Debtor should have made and may also pay any other sum necessary to preserve or protect the security of this instrument. All such sums so advanced or paid, as well as costs reasonably incurred or paid by Secured Party pursuant to this Security Agreement and Mortgage, shall thereupon become additional indebtedness secured hereby and shall bear interest at the rate charged Debtor on the unpaid balance of the New Notes, from the date when any such sums are paid. Any and all sums advanced or paid by Secured Party under the provisions of this instrument shall, together with interest, be repaid to Secured Party upon demand.

14. Secured Party shall not be under any obligation to preserve, maintain or protect the Property or to preserve or maintain any rights or any of Debtor's rights or interests in any rights, or make or give any presentments, demands for performance, protests, notices or nonperformance, protest or dishonor or other notices of any kind in connection with, or take any other action with respect to, any rights. Secured Party does not assume and shall have no liability for, and shall not be obligated to perform, any of Debtor's obligations with respect to any rights, and nothing contained in this Security Agreement and Mortgage shall release Debtor from any such obligations.

15. Failure or delay by the Secured Party in exercising any rights shall not be deemed to be or operate as a waiver of that right, nor shall any right be exclusive of any other right referred to in this Security Agreement and Mortgage, or in any other related document, or available at law or in equity, by statute or otherwise. Any single or partial exercise of any right shall not preclude the further exercise of that right. Every right of the Secured Party shall continue in full force and effect until such right is specifically waived in a writing signed by the Secured Party.

16. No course of dealing between the Debtor and the Secured Party shall operate as a waiver of any of the Secured Party's rights under the New Notes or any of the Stock Purchase Agreements.

17. The Debtor hereby waives, to the extent permitted by applicable law, (a) all presentments, demands for performances, notices of nonperformance (except to the extent specifically required by this Security Agreement and Mortgage, the New Notes or any other of the Stock Purchase Agreements), protests, notices of protest and notices of dishonor in connection with the New Notes, (b) any requirement of diligence or promptness on the part of the Secured Party in enforcement of its rights under the provisions of any of the Stock Purchase Agreements and (c) any requirement of marshaling assets or proceeding against persons or assets in any particular order.

18. If any part, term or provision of this Security Agreement and Mortgage is held by any court to be unenforceable or prohibited by any law applicable to this Security Agreement and Mortgage the rights and obligations of the parties shall be construed and enforced with that part, term or provision limited so as to make it enforceable to the greatest extent allowed by law, or, if it is totally unenforceable, as if this Security Agreement and Mortgage did not contain that particular part, term or provision.

19. Time shall be of the essence in the performance of all of the Debtor's obligations under the Stock Purchase Agreements.

20. This Security Agreement and Mortgage shall inure to the benefit of the Secured Party, its successors and assigns, and all obligations of the Debtor shall bind its respective successors and, if and to the extent assignment is otherwise permitted by this Security Agreement and Mortgage, its assigns.

21. The Debtor shall sign and assist in the preparation of such financing statements or other documents, deeds or instruments as the Secured Party may request from time to time more fully to create, perfect, continue, maintain or terminate the rights and security interests intended to be granted or created pursuant to this Security Agreement and Mortgage and any other Stock Purchase Agreements.

22. All schedules, annexes or other attachments to this Security Agreement and Mortgage are incorporated into this Security Agreement and Mortgage as if set out in full at the first place in this Security Agreement and Mortgage that reference is made thereto.

23. This Security Agreement and Mortgage, the schedules and annexes hereto, and the documents and instruments referred to herein, including the Stock Purchase Agreements, constitute the entire agreement of the parties with respect to the subject matter hereof, and supersede all prior understandings with respect to the subject matter hereof. No change, modification, addition or termination of this Security Agreement and Mortgage or any of the Stock Purchase Agreements shall be enforceable unless in writing and signed by the party against whom enforcement is sought

24. The Secured Party may freely assign its interests under this Security Agreement and Mortgage and in addition, may liquidate itself and distribute its rights and interests under this Security Agreement and Mortgage ratably and equally to the beneficiaries of the Second Party. The Debtor may not assign its rights under this Security Agreement and Mortgage to any other party. Any attempted assignment by the Debtor shall be a default under this Security Agreement and Mortgage.

25. All covenants, agreements, warranties and representations made by the Debtor herein shall survive the execution and delivery of the Stock Purchase Agreements.

TO HAVE AND TO HOLD all the property and assets of JCGC, both real and personal, tangible and intangible including but not limited by reason of enumeration, future and or

contingent interest of JCGC, as hereinbefore set out in the attached exhibit, unto the Secured Party, its heirs and assigns, forever with JCGC's warranty that the property herein listed constitutes all of JCGC's property and that no other financing statement or mortgage covering said property or any part thereof or interest therein has been executed by JCGC and or filed and recorded in any public office.

TESTIMONY WHEREOF, witness the signature of the President of JCGC, on behalf of said corporation:

JOHNSON COUNTY GAS COMPANY, INC.

BY: 

PRESIDENT

STATE OF KENTUCKY

COUNTY OF Floyd

Before me, Francis Johnson notary public in and for the state and county aforesaid this day personally appeared Bud Rife, being the President of JOHNSON COUNTY GAS COMPANY, INC., a Kentucky corporation, who is known to me to be the President of JOHNSON COUNTY GAS COMPANY, INC., a Kentucky corporation, and acknowledged that he, as the duly authorized representative of the aforesaid corporation, having been authorized by resolution of the corporation's Board of Directors, executed the foregoing SECURITY AGREEMENT AND MORTGAGE, on behalf of the aforesaid corporation, and said agreement was executed as and is the free and voluntary act and deed of JOHNSON COUNTY GAS COMPANY, INC. for the uses and purposes set forth therein in July 16, 1998.

Francis Johnson
NOTARY PUBLIC
STATE OF KENTUCKY AT-LARGE

My commission expires: 06-27-99

This instrument prepared by:

05267 103551
FAUSERS\030\DEAL\DOCS\DLG\SECURITY AG-4

CONDITIONS OF STOCK PURCHASE AGREEMENT

Johnson County Gas Company, Inc., (hereafter referred to as the "Gas System"), being a natural gas distribution system operated wholly within the Commonwealth of Kentucky, hereby agrees to the following terms as a condition of the Stock Purchase Agreement referenced in the Amended and Restated Security Agreement and Mortgage to which this is an Exhibit (the "Security Agreement and Mortgage").

1. The Gas System shall continue to be in compliance with federal and state pipeline safety standards and regulations of the Federal Energy Regulatory Commission, (hereafter referred to as FERC), and the U.S. Department of Transportation.

- la. Any Gas System loan applications and/or engineering plans and specifications subsequent to the date hereof shall be reviewed by the Department for Natural Resources and Environmental Protection (hereafter referred to as DNREP) and application eligibility will be contingent upon approval by said Department. Engineering plans and specifications shall contain information required by DNREP as indicated during pre-design conference.
- lb. Any Gas System loan application subsequent to the date hereof shall be reviewed by the Kentucky Department of Energy to determine feasibility of industrial users on said system switching from gas to coal.
- lc. Upon determination by the Gas System Restoration Project Account (hereinafter referred to as the "GSRP Account Review Board"), system operators shall be notified in writing of approval or disapproval and additional loan conditions.
- ld. Contracts for construction, rehabilitation or maintenance shall be governed by KRS Chapter 45A (attached).
- le. If the Gas System enters into a contract for construction subsequent to the date hereof, the Gas System shall contract with the design engineering firm to perform daily resident inspections which will determine whether Gas System is in compliance with approved plans and specifications as well as any conditions imposed by GSRP Review Board or state agency, and which will be made throughout the construction period. Inspection report shall be provided to the Department or Local Government.
- lf. Upon the entering into a contract for construction subsequent to the date hereof, the Gas System and construction personnel shall cooperate with all inspections required throughout the construction process.

2. If ownership of the Gas System is transferred by the Debtor or Mr. Rife's sale before repayment of the loan, the entire amount of outstanding principal and interest due shall be repaid before completion of the sales transaction.

3. One full-time supervisory employee of the Gas System shall receive management training approved by FERC at the expense of said gas system.

4. Gas System shall place 5% of its annual gross revenue in an escrow account for replacement or emergency repair of equipment until \$50,000.00 is accrued. At such time, the obligation to withhold and deposit monies into said escrow account shall cease. In the event replacement or emergency repairs require the use of some or all of these escrowed monies, the 5% obligation set forth above shall be reinstated immediately and remain in effect until a total of \$50,000.00 is once again accumulated in said escrow account.

4a. Gas System must petition for and gain written approval from the GSRP Account Review Board before funds may be withdrawn from its escrow account for any purpose.

4b. Any emergency meeting of the GSRP Account Review Board may be called upon twenty-four (24) hours notice by the Chairman of the GSRP Account Review Board to approve the withdrawal of any funds from an escrow account.

4c. The written approval required in paragraph 4a above shall be suspended in the event there is danger of death or serious bodily injury which requires expenditures of emergency funds.

5. Gas System shall cooperate with the State Fire Marshal's Office on inspection of gas-fed appliances for compliance with federal and state safety regulations.

6. The gas system shall be designed and service connections controlled to avoid direct or indirect impacts on wetlands and flood hazard areas in compliance with Executive orders 11990 and 11988 and the Economic Development Administration's implementation program. In communities with identified flood hazard area, service connections to new structures within the base (1%) floodplain that are in noncompliance with adopted floodplain management plans or ordinances shall be prohibited.

7. Annual management audits, paid for by the Gas System shall be conducted by a consultant acceptable to FERC and the Secured Party unless the audit is performed by those agencies.

7a. FERC and the Secured Party shall not unreasonably withhold acceptance of the consultant selected by Gas System.

- 7b. The auditor shall determine compliance of Gas System with the conditions of this document.
- 7c. Audit results shall include a narrative and shall be submitted to the Gas System, the Secured Party, FERC, the Account Review Board and such others as may be requested by DLG.
- 7d. The audit shall list and locate all extensions and service connections to the system constructed since the previous report.
- 7e. Gas System shall take all necessary action to correct noncompliance with these conditions, if any, before the next management audit is scheduled to be conducted.

8. As security for the Secured Obligations (defined in the Security Agreement and Mortgages), the Secured Party (defined in the Security Agreement and Mortgage) shall have a lien on all assets and future earnings of the Gas System, and said lien shall be superior to all others, and shall include the following procedure:

- 8a. The Gas System waives the right to foreclosure by court action and agrees to the following procedure:
- 8b. In the event that two consecutive management audits show noncompliance with any of the conditions contained herein the Secured Party shall appoint a receiver subject to the approval of the Account Review Board, who shall assume management and control of the Gas System upon ten days notice to gas system.
 - 8b.1. If special conditions exist, the Account Review Board may allow the Gas System six months beyond the second audit showing noncompliance during which time areas of noncompliance must be corrected to avoid receivership.
- 8c. The receiver shall be reimbursed from revenues of the Gas System and shall operate the Gas System until it is brought into compliance with the conditions stated herein to the satisfaction of the Account Review Board, at which time responsibility for operation of the Gas System shall be restored to the applicant upon such terms and conditions as required by the Account Review Board.
- 8d. If the Account Review Board determines that it is not feasible to bring the Gas System into lasting compliance, the Gas System shall be sold and the proceeds applied to the loan. If the subject utility falls under the jurisdiction of the Kentucky Energy Regulatory Commission, then the

Account Review Board shall make application to the FERC for authority to transfer the assets of the utility to another entity which has been bound ready, willing, and able to assume the operations of the subject utility.

9. Gas System operator shall continue to adhere to the provisions set forth in the following forms which it executed in connection with the Security Agreement and Mortgage securing the Prior Indebtedness:

- 9a. Form ED-525, "Certification of Compliance with the Clean Air Act and the Federal Water Pollution Control Act."
- 9b. Form ED-501A, "Certification of Non Relocation."
- 9c. Form ED-168, "Relocation and Land Acquisition Certificate."
- 9d. Form ED-503, "Assurances of Compliance with the Department of Commerce and the Economic Development Administration Regulations under Title Vi of the Civil Rights Act of 1964 and Public Law 92-65."
- 9e. Form ED-612, "Current and Projected Job Opportunities "

10. Gas System shall not discriminate in employment, operation or contractual activities on the grounds of race, color, national origin, or sex.

11. For so long as monies are used pursuant to DLG loan or while new construction is under way, the Gas System Operator shall meet all requirements under the Davis Bacon Act.

- 11a. The Gas system shall assure that prevailing wages as determined by the U.S. Department of Labor are paid to workers hired specifically to perform activities funded by this loan.
- 11b. The Gas System shall assume that these wages are paid onsite and weekly.
- 11c. The Gas System shall assure that the wage scale shall be posted in the place of work.

12. Public liability insurance shall be maintained for the term of the loan by the Gas System to conform with their limits of the current policy or at the determination of the board, and the Secured Party shall be named on said policy as an additional insured.

13. The Gas System shall comply with all laws, rules and regulations; without limiting the foregoing, the Gas System shall comply with all rules, regulations, and orders of the Kentucky Public Service Commission.

JOHNSON COUNTY GAS COMPANY, INC.

By 7/16/98 Bud Rife
Title: President
Date: 7/16/98

COMMONWEALTH OF KENTUCKY

COUNTY OF

The foregoing Conditions and Stock Purchase Agreement were subscribed before me by Bud Rife the President of Johnson County Gas Company, Inc., on behalf of the corporation on July 16, 1998.

Frances Johnson
NOTARY PUBLIC, STATE AT LARGE

My commission expires: 06-27-99

SCHEDULE OF MORTGAGED PROPERTY AND COLLATERAL

All property now owned or to be owned in the future by Debtor, JOHNSON COUNTY GAS COMPANY, INC., wherever situated, both real and personal, tangible and intangible of whatever description or kind, including but not limited by reason of enumeration, any and all means and instrumentalities owned, operated, leased, licensed, used, furnished or supplied for, by or in connection with the business of the JOHNSON COUNTY GAS COMPANY, INC., accounts, both existing and those that will exist in the future, all rights of way, franchises, pipelines, pole lines, easements, railroad tracks, engines, cars, motor equipment, buildings, improvements and appurtenances presently standing or at any time hereafter constructed or placed upon the premises of the Debtor, or any part thereof, all furnaces, boilers, sprinkler systems, heating systems, air conditioning fixtures, plumbing fixtures, ventilating fixtures, gas and electric fixtures, elevators, electrical fixtures, all interior partitions, counters, railings, venetian blinds and traverse rods, asphalt tile floor coverings, wherever the same are situated.

JOHNSON COUNTY GAS COMPANY, INC.

BY: DANNY PRESTON, PRESIDENT
BUD RIFE

EXHIBIT B OR TO EMP

JOHNSON COUNTY GAS SECURITY AGREEMENT ~~EXHIBIT C~~

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Johnson County Gas Company, Inc.

384

P. O. Box 1107
Prestonsburg, Kentucky 41653

Estill Branham
President

(606) 886-3757

PUBLIC NOTICE
TO CONTRACTORS AND EXCAVATORS
CONCERNING ESTABLISHMENT OF "PROTECTION NOTIFICATION CENTER"

IN COMPLIANCE WITH KRS CHAPTER 367, WHICH REQUIRES OPERATORS WHO OWN UNDERGROUND FACILITIES THAT SERVE THE PUBLIC "TO PROVIDE PROTECTION NOTIFICATION CENTER ACCESS TO EXCAVATORS, THE FOLLOWING COMPANY HEREBY ESTABLISHES A "PROTECTION NOTIFICATION CENTER", BY RECORDATION OF SAME. THE OPERATOR SERVES NOTICE ON CONTRACTORS AND EXCAVATORS TO NOTIFY THE OPERATOR OF THEIR INTENT TO DIG ON OR ABOUT THE LOCATION OF THE OPERATORS UNDERGROUND FACILITIES. NOTIFICATION OF INTENT TO EXCAVATE PROVIDES THE OPERATOR AN OPPORTUNITY TO INFORM THE EXCAVATOR AS TO THE APPROXIMATE LOCATION OF THE OPERATOR'S UNDERGROUND FACILITIES SO AS TO PREVENT DAMAGE TO SAME AND PROVIDE THE RESULTING BENEFITS OF WORKPLACE SAFETY.

COMPANY NAME: JOHNSON COUNTY GAS CO., INC.

ADDRESS: P.O. BOX 1107
PRESTONSBURG, KENTUCKY 41653

OPERATOR: ESTILL BRANHAM

PHONE NO: (606) 886-3757
OR
(606) 789-5481

OFFICE HOURS: 8:30 - 5:00 P.M. MON-FRI

24 HOUR EMERGENCY NO:

ESTILL BRANHAM - HOME (606) 886-3392

BOBBY GOBLE - HOME (606) 789-7563

GENERAL LOCATION OF FACILITIES: VAN LEAR, MEALLY, HAGER HILL & EAST POINT, KY

INSTRUMENT PREPARED BY: ESTILL BRANHAM, BOX 1107, PRESTONSBURG, KY
41653

STATE OF KENTUCKY

S.S.

COUNTY OF JOHNSON

I, BETTY JO CONLEY, clerk of the County and State aforesaid, certify that the foregoing NOTIFICATION was on the 3RD day of JUNE, 1996 at 4:12 o'clock P.M. lodged for record whereupon the same with the foregoing and this certificate have been duly recorded in my office.

Witness my hand, the 5TH day of JUNE, 1996.

BETTY JO CONLEY, BY [Signature] DC
Johnson County Clerk

3rd June 1996
4:12 p.
25 384
By: B. Lew

Kentucky Municipal Gas Utility Investment Trust
1024 Capitol Center Drive, Suite 340
Frankfort, KY 40601-8204

July 21, 1997

Mr. Bud Rife
P.O. Box 155
Harold, Kentucky 41635

Dear Bud:

Thank you for your letter of March 7, 1997. The Kentucky Municipal Gas Utility Investment Trust (the "Trust") hereby confirms its willingness to sell all of the stock of Johnson County Gas Company ("JCGC") to you (or a company you form to be the purchaser), subject to notice to and approval by all appropriate entities, including the Economic Development Authority of the United States, Department of Commerce (the "EDA"), the Kentucky Gas System Restoration Project Revolving Loan Fund (the "Fund"), the Kentucky Gas System Restoration Project (the "Project"), the Kentucky Public Service Commission (the "PSC"), the Department for Local Government ("DLG") and Columbia Gas Company (the EDA, the Fund, the Project, the PSC, DLG, and Columbia Gas Company are sometimes referenced, collectively, as the "Required Consent Parties"), pursuant to sale documentation addressing the following matters. The purpose of this Letter of Intent is to confirm the general terms upon which you are willing to purchase and the Trust is willing to sell the Stock anticipating the preparation of a definitive purchase agreement (the "Purchase Agreement") for execution.

The Purchase

You propose to purchase from the Trust all of the stock (the "Stock") associated with the business of JCGC. The purchase price for the Stock is \$733,000.

You will pay the Purchase Price as follows: \$733,000 through two promissory notes (collectively, the "Purchase Notes") in the amounts of \$655,302 ("Note 1") and \$77,698 ("Note 2") delivered against transfer of the Stock at the Closing (defined below). The Purchase Notes will bear an annual interest rate of four percent (4%) and will be amortized as follows: Note 1 will be paid monthly over a thirty (30) year period. The first one hundred twenty (120) payments will be in the amount of \$2,712.80 each, the next two hundred thirty-nine (239) payments will be in the amount of \$3,497.60 each, and the final, 360th payment shall be in the amount of the then outstanding principal and unpaid interest. Note 2 will be paid monthly over a ten (10) year period. All one hundred twenty (120) monthly payments will be in the amount of \$786.65 each. All of the terms of the Purchase Notes and other documents relating to the credit sale of the Stock shall be subject to the conditions and requirements stated below (the "Credit Sale").

1,462.40
paymt. 360

The Purchase Agreement

Without limiting its terms and conditions, the Purchase Agreement will contain customary and appropriate terms, and will specifically:

1. Include a representation that the Trust has title to the Stock, free and clear of all liens, claims, charges and encumbrances pursuant to the Order of the Bankruptcy Court of the Eastern District of Kentucky confirming the Plan of Reorganization (the "Plan") in Bankruptcy Case Number 83-2 (the "Bankruptcy Proceeding").

2. Provide that you will purchase the Stock subject to all liabilities of JCGC, including all customer deposits, which approximate \$27,610.00 as of the date of this Letter of Intent, the obligations of JCGC to Cenerprise, Inc., which the Trust believes to approximate \$38,458.67 as of the date of this letter, and all other liabilities of JCGC.

3. Provide that the parties will close the Stock purchase no later than two weeks after all approvals required in the opening paragraph and paragraphs numbered 5 and 6 of this Letter of Intent have been obtained (the "Closing").

4. Provide for the execution and delivery of stock certificates, assignments or other instruments necessary to convey the Stock.

5. Require receipt of all consents, approvals, authorization and/or orders required in connection with the execution, delivery, performance and consummation of the transaction, including receipt of the consent of all Required Consent Parties, including the PSC, approving the purchase, allowing you to own and operate the system, and allowing you to recover the purchase price of the system through rates approved by the PSC.

6. Require terms, provisions, documentation and collateral regarding the Credit Sale as may be required by the Trust and any relevant Required Consent Parties in definitive credit documents to be negotiated with you prior to the Closing (the "Credit Sale Documents"). The Trust expects the Credit Sale Documents to include a pledge by you of all JCGC stock you own at the time, together with other collateral satisfactory to the Trust and any relevant Required Consent Parties, on terms satisfactory to the Trust and any relevant Required Consent Parties. The extension of the credit through the Credit Sale shall be conditioned upon receipt of all consents, approvals and authorizations of the Required Consent Parties.

7. Provide that if the Purchaser is a company formed by you, then (a) all references to "you" (except in clause (b) of this paragraph) in this Letter of Intent will be deemed a reference to that company, (b) you will personally guarantee the obligations of

that company through documentation satisfactory to the Trust and any relevant Required Consent Parties.

8. Require the Trust to represent and warrant that:

(a) Except as disclosed prior to the Closing, there are no legal proceedings or the like pending against JCGC.

(b) To the best knowledge of the Trustees of the Trust, the Trust has discharged all of its duties with respect to employees of JCGC, and there is no employee who has a contract that cannot be terminated at will at or in connection with the Closing if you so desire, without incurring any damages, or any obligation for severance pay, separation expenses or the like.

9. Require you to seek promptly and pursue diligently all necessary consents and approvals, including those referenced in the opening paragraph and in paragraphs numbered 5 and 6 of this Letter of Intent, and take actions required to obtain those consents and approvals.

Limited Representations and No Indemnities

As the current manager of JCGC, you have, and have had, possession of all books, records, tax returns and assets of JCGC and have operated the business and managed the affairs of JCGC since becoming the manager of JCGC pursuant to the Management Agreement dated as of February 12, 1997. You also know that neither the Trust nor the trustees of the Trust have operated JCGC or prepared business, financial or tax records or reports, but rather the Trust and JCGC have retained managers from time to time to manage JCGC who prepared and filed those records and reports. The Trust understands that you have retained independent legal and tax advisors of your choosing to assist you in evaluating your possible purchase of the Stock. As a result, the Purchase Agreement will provide only those representations and warranties referenced in paragraphs numbered 1 and 8 above, and also provide that neither the Trust nor any other party will make any warranty or representation regarding the financial, business or tax matters involving JCGC, its assets, or the Bankruptcy Proceeding or the Plan, nor of the accuracy of any financial statements, filings with the PSC (or other governmental agency), or tax returns for JCGC during the period of the Trust's ownership of the Stock or in connection with the Bankruptcy proceeding or the Plan, or the financial, legal or tax consequences of the transactions contemplated in this Letter of Intent, nor otherwise be responsible for nor provide any indemnities to you in connection with any financial, business, legal, tax or other matters of JCGC. The Trust will require release of any liability in connection therewith.

Mr. Bud Rife
July 21, 1997
Page 4

Satisfaction of Debt

Following the Closing, and subject to the approvals from the Required Consent Parties indicated in the opening paragraph of this Letter of Intent, the purchase price from the Credit Sale of the Stock will be applied, as required in the Plan, to the satisfaction of the obligations of JCGC to the secured claim of DLG in the amount of \$1,321,374 (known as a Class 5 claim under the JCGC Plan of Reorganization in Bankruptcy Case No. 83-2), and the unsecured claim of Columbia Gas Company in the amount of \$156,682.21 (known as a Class 6 claim under that Plan) (the "Prior Debt"). As contemplated in the Plan, the Credit Sale of the Stock shall satisfy and discharge all of the obligations and liabilities of JCGC to DLG and Columbia Gas Company arising out of or in connection with the Prior Debt, except as follows: the Credit Sale Documents shall include among its terms that the obligations and liabilities of JCGC to DLG and Columbia Gas Company arising out of or in connection with the Prior Debt shall be reinstated in full if you default under or in connection with the Credit Sale Documents and either or both of DLG and Columbia Gas Company take any action to enforce and/or collect under the Credit Sale Documents, all on terms and conditions and with provisions satisfactory to DLG and Columbia Gas Company.

Cooperation and Access

From the date of your execution of this Letter of Intent, the Trust will cooperate fully with you including giving access to relevant books, records, and premises with respect to the Stock or JCGC.

Notice of Material Change

If any occurrence, development, event or action (or the absence of any of the foregoing) could or would materially affect the Stock or the continued operation of JCGC, you shall provide the Trust with immediate written notice thereof if it is not obvious from the circumstances that the Trust already has notice of such occurrence, development, event of action (or the absence of any of the foregoing).

Confidentiality

The Trust has advised you that (1) it is important to maintain the confidentiality of these negotiations regarding any possible Stock Purchase and of the terms of these negotiations, and (2) you will maintain that confidentiality. The Purchase Agreement may include satisfactory confidentiality obligations as well.

Mr. Bud Rife
July 21, 1997
Page 5

Obligations Not Contingent Upon Additional Due Diligence

As the current manager of JCGC you acknowledge that you have had ample opportunity to review and investigate the financial, business and tax condition of JCGC and its assets and that you have sufficient knowledge thereof to enter into the transactions contemplated in this Letter of Intent. Nonetheless, the Trust's and your obligation to sell and purchase the Stock are subject to (1) obtaining the consents from the Required Consent Parties, and (2) negotiation and execution of a satisfactory definitive Purchase Agreement by the Trust and you.

* * * * *

This Letter of Intent, and your acceptance of it, indicates your intention to consummate the transaction contemplated herein and to negotiate promptly and in good faith the contemplated definitive documents.

Mr. Bud Rife

July 21, 1997

Page 6

If this letter accurately sets forth the general terms and conditions under which you would be willing to purchase the Stock, please sign the enclosed copy of this letter on or before 5:00 p.m. on July 31, 1997 and return it to me; otherwise this offer shall expire at 5:00 p.m. on that date.

Very truly yours,

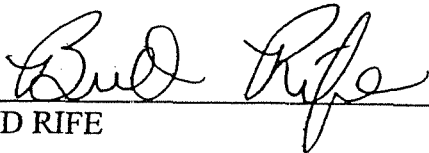


Tom Graham, Trustee



Eric Parr, Trustee

Accepted and Agreed:



BUD RIFE

Date: July 30, 1997

Time: 9:54 AM

05267.103551
FAUSERS508\DLG\CORRES\RIFE2.CL7
036:tsg

TEEL E. JR.

SECURITY AGREEMENT AND MORTGAGE

10-30-81
 File 91796
 BIC 59 Pg. 619

THIS SECURITY AGREEMENT AND MORTGAGE made and entered into this 1st day of October, 1981, by and between JOHNSON COUNTY GAS COMPANY, INC., a Kentucky corporation with principal offices located at Box 113, Powell Addition, Van Lear, Johnson County, Kentucky 41265, hereinafter referred to as the Debtor; and THE COMMONWEALTH OF KENTUCKY, acting by and for the use and benefit of the Department of Community and Regional Development, Capital Plaza Tower, Frankfort, Kentucky 40601, hereinafter referred to as the Secured Party;

WITNESSETH:

WHEREAS, the Debtor has applied, been approved for and received a loan from the Secured Party's Gas Systems Restoration Project Account, hereinafter referred to as GSRP Account, in the amount of one million three hundred twenty-one thousand three hundred seventy-four dollars and no cents (\$1,321,374.00), with interest to run thereon at the rate of 5.125 percent, compounded annually for thirty years from October 1, 1981; and

WHEREAS, as a prerequisite to the receipt of the loan funds the Debtor agreed to and executed CONDITIONS OF LOAN TO JOHNSON COUNTY GAS COMPANY, INC., a true copy of which is attached hereto and marked as JOHNSON COUNTY GAS SECURITY AGREEMENT EXHIBIT A, hereinafter referred to as Conditions, and said conditions were amended by AMENDMENT TO THE CONDITIONS OF LOAN TO JOHNSON COUNTY GAS COMPANY, INC., a true copy of which is attached hereto and marked as JOHNSON COUNTY GAS SECURITY AGREEMENT EXHIBIT B, hereinafter referred to as Amended Conditions; and

WHEREAS, no promissory note evidencing said indebtedness has before this date been executed by the Debtor although the Debtor has received the loan proceeds and will begin making payments thereon as indicated and required by this Security Agreement and Mortgage and the note secured hereby beginning October 1, 1981; and

WHEREAS, paragraph eleven of said Conditions provides that the Secured Party shall have as security for the loan a lien on all the Debtor's assets and future earnings, but no lien has been created nor security agreement executed by the Debtor in favor of the Secured Party providing the Secured Party with a security lien as agreed upon; and

WHEREAS, the Debtor has executed this date a promissory note as evidence of the debt secured by this Security Agreement and Mortgage and now wishes to execute this Security Agreement and Mortgage granting, releasing, assigning, transferring, pledging and conveying to the Secured Party the lien as required by said Conditions and Amended Conditions;

NOW, THEREFORE, in consideration of the foregoing premises and the covenants herein contained and other valuable consideration, the receipt of which is hereby acknowledged, and in order to effectuate the aforesaid mortgage lien security interest to the Secured Party, the parties hereto hereby mutually agree, covenant and bind themselves as follows:

1. In order to secure the performance of a promissory note of even date herewith in the principal amount of \$1,321,374.00, with interest to run thereon at the rate of 5.125% compounded annually from October 1, 1981, to be paid in annual installment payments in the amount of \$87,185.94 for thirty years, with the annual installment payments first applied to interest and the balance to principal, the first annual installment payment in the amount of \$87,185.94 due and payable on the first day of October, 1982 and the remaining annual installment payments of \$87,185.94 for each subsequent year during the life of the loan being due and payable on the first day of October thereafter for thirty years, the final payment of interest and principal due and payable on the first day of October, 2011. A non-interest bearing escrow account shall be maintained by the Secured Party for the Debtor into which the Debtor shall make twelve monthly installment payments yearly for purposes of accumulating sufficient funds to meet and be applied to the annual installment payments of interest

and principal as hereinbefore stated, said monthly escrow installment payments to be made as follows: first monthly escrow installment payment in the amount of \$3,051.51 due and payable on the 1st day of October, 1981, and the remaining October escrow installment payments of \$3,051.51 for each subsequent year during the life of the loan being due and payable on the 1st day of October thereafter for thirty years; second and third monthly escrow installment payments in the amount of \$6,103.02 due and payable respectively on the 1st day of November and December, 1981, and the remaining November and December escrow installment payments of \$6,103.02 for each subsequent year during the life of the loan being due and payable respectively on the 1st day of November and December thereafter for thirty years; fourth, fifth, sixth and seventh monthly escrow installment payments in the amount of \$12,641.96 due and payable respectively on the 1st day of January, February, March and April, 1982 and the remaining January, February, March and April escrow installment payments in the amount of \$12,641.96 for each subsequent year during the life of the loan being due and payable respectively on the 1st day of January, February, March and April thereafter for thirty years; eighth and ninth monthly escrow installment payments in the amount of \$6,103.01 due and payable respectively on the 1st day of May and June, 1982, and the remaining May and June escrow installment payments in the amount of \$6,103.01 for each subsequent year during the life of the loan being due and payable respectively on the 1st day of May and June thereafter for thirty years; the tenth, eleventh and twelfth monthly escrow installment payments in the amount of \$3,051.51 due and payable on the 1st day of July, August and September 1982, and the remaining July, August and September escrow installment payments of \$3,051.51 for each subsequent year during the life of the loan being due and payable on the 1st of July, August and September thereafter for thirty years with the final monthly escrow installment

payment in the amount of \$3,051.51 due and payable on the 1st day of September, 2011. The twelve monthly escrow installment payments, accumulating \$87,185.94 shall be applied by the Secured Party to the Debtor's annual payment of interest and principal on the first day of October for each year during the life of the loan as hereinbefore stated; the Debtor hereby grants, releases, assigns, transfers, pledges, conveys and mortgages to the Secured Party a first mortgage lien and security interest in all property, both real and personal, tangible and intangible, as listed on the schedule of property attached hereto and marked as JOHNSON COUNTY GAS SECURITY AGREEMENT EXHIBIT C, SCHEDULE OF MORTGAGED PROPERTY AND COLLATERAL, said listing comprising all of the Debtor's assets.

2. It is covenanted and agreed that this agreement secures additional future loan advances to the Debtor and the notes evidencing the same, and all renewals or extensions thereof, and all renewals or extensions of the loan secured hereby and the note evidencing the same, provided the total principal balance does not exceed the principal amount of \$1,450,000 at any one time.

3. The Debtor hereby ratifies and reaffirms the terms and conditions set out in the attached Conditions and Amended Conditions to the extent said Conditions and Amended Conditions are not modified by the terms and conditions set out in this Security Agreement and Mortgage, said Debtor adopting the same as if set out anew herein, said Conditions and Amended Conditions as modified by this agreement constituting covenants of this Security Agreement and the note secured thereby, and breach of these Conditions and or Amended Conditions, as modified herein, and or failure to timely make any installment payment as set out herein, or breach of any other covenant as contained herein or contained in the note secured hereby, shall constitute default and a material breach of the terms hereof for which the Secured Party may proceed to enforce its rights hereunder and under the terms of the promissory note secured hereby by initiating foreclosure proceedings

as provided herein or as provided by law, at the option of the Secured Party.

4. It is covenanted and agreed that under the terms of this agreement and the note secured hereby, time of performance shall be of the essence.

5. It is further covenanted and agreed that the Debtor will not, without the written consent of the Secured Party, sell, contract to sell, lease, encumber, or otherwise dispose or alienate any of the property used as security in this agreement or any interest therein, other than what is necessary in the ordinary course of business, until the terms and conditions of this Security Agreement and Mortgage and of the note and or notes secured hereby have been fully satisfied.

6. The Debtor shall insure all of the property secured by this Security Agreement with companies acceptable to the Secured Party against such casualties and in such amounts as the Secured Party shall require in writing subsequent to this agreement. The insurance shall be for the benefit of the Debtor and the Secured Party as their interest may appear. The Secured Party is hereby authorized to collect from the insurance company any amount that may become due under any of such insurance, and the Secured Party may apply the same to the obligations hereby secured, applying the same first to interest with the balance applied to principal.

7. The Debtor shall pay promptly when due all taxes and assessments levied on any of the property used as security in this agreement or on its use and operation.

8. The Debtor will not suffer or permit any waste, impairment, deterioration, removal or demolition of the mortgaged property or any part thereof, other than what is necessary in the ordinary course of business, and will keep its properties in good repair, working order and condition and from time to time will make all needed and proper repairs, and improvements thereto so that the business carried on by

the Debtor may be properly and advantageously conducted at all times in accordance with prudent business management, and the Debtor will, subject to the provisions hereof, maintain its corporate existence.

9. The Secured Party shall have the right to examine and inspect the property used as security herein at any reasonable time and shall have the right to remove the same from the Debtor's premises in the event of default. For purposes of removal and possession of said property, the Secured Party may enter any premises of the Debtor without legal process, and the Debtor hereby waives and releases the Secured Party of and from any and all claims in connection therewith or arising therefrom.

10. This agreement and the note secured hereby shall be construed according to the applicable laws of the state of Kentucky and all obligations of the parties created hereunder are to be performed in the state of Kentucky.

11. Failure of the Secured Party to exercise any right or remedy, including but not limited by reason of enumeration, the acceptance of partial or delinquent payments, shall not constitute a waiver of any obligation of the Debtor nor the right or rights of the Secured Party or a waiver of any other similar default subsequently occurring.

TO HAVE AND TO HOLD all the property and assets of the Debtor, both real and personal, tangible and intangible including but not limited by reason of enumeration, future and or contingent interest of the Debtor, as hereinbefore set out in the attached exhibit, unto the Secured Party, its heirs and assigns, forever with the Debtor's warranty that the property herein listed constitutes all of the Debtor's property and that no other financing statement or mortgage covering said property or any part thereof or interest therein has been executed by the Debtor and or filed and recorded in any public office, except for a Notice of Lis Pendens recorded August 25, 1981 in the amount of \$65,085.08 on behalf of Columbia Gas of Kentucky, Inc., a Judgment Creditor.

IN TESTIMONY WHEREOF, witness the signature of the President of the Debtor, on behalf of said corporation;

JOHNSON COUNTY GAS COMPANY, INC.

BY: [Signature]
DANNY PRESTON, PRESIDENT

STATE OF KENTUCKY

COUNTY OF Kentucky

Before me, Joyce B. Kretzer, a notary public in and for the state and county aforesaid this day personally appeared DANNY PRESTON, being the President of JOHNSON COUNTY GAS COMPANY, INC., a Kentucky corporation, who is known to me to be the President of JOHNSON COUNTY GAS COMPANY, INC., a Kentucky corporation, and acknowledged that he, as the duly authorized representative of the aforesaid corporation, having been authorized by resolution of the corporation's Board of Directors, executed the foregoing SECURITY AGREEMENT AND MORTGAGE, on behalf of the aforesaid corporation, and said agreement was executed as and is the free and voluntary act and deed of JOHNSON COUNTY GAS COMPANY, INC., for the uses and purposes set forth therein this 1st day of October, 1981.

Joyce B. Kretzer
Notary Public, State of Kentucky
At-Large

My Commission expires: 4-19-84

This instrument prepare

[Signature]
Jeffrey L. Hobart
Legal Counsel
Commerce Cabinet
24th Floor, Capital Pla:
Frankfort, Kentucky 401
(502) 564-7670

THE ORIGINAL IS ON FILE IN THE JOHNSON COUNTY COURT CLERK'S OFFICE IN PAINTSVILLE.

STATE OF KENTUCKY
COUNTY OF JOHNSON
I, BETTY JO CONLEY, CLERK of the County Court for the County and State aforesaid, do certify that the foregoing MORTGAGE was on the 14th day of OCTOBER, 1981, lodged in my office for record, Whereupon the same has been duly recorded. Given under my hand this the 16th day of OCTOBER, 1981.
BETTY JO CONLEY, Clerk
By: [Signature], D. C.

STATE OF KENTUCKY
COUNTY OF JOHNSON
I, Betty Jo Conley, Clerk of the County Court for the County and State aforesaid, do certify that the foregoing is a true and correct copy as recorded in my office in Mortgage Book 82, page 287 records of the Johnson County Court Clerk's Office. Given under my hand this the 24th day of February, 1982.
(SEAL) BETTY JO CONLEY, CLERK
By: [Signature], D. C.

RECORDED IN BOOK
82, PAGE 284-293

ASSETS PURCHASE AGREEMENT

THIS ASSETS PURCHASE AGREEMENT ("Agreement") is made as of the 23rd day of September, 2008 (the "**Effective Date**") *by and between* (i) **KENTUCKY FRONTIER GAS, LLC**, a Delaware limited liability company, authorized to conduct business within the Commonwealth of Kentucky as a foreign limited liability company, with its principal office located at 4891 Independence Street, Suite 200, Wheat Ridge, Colorado 80033 ("**Purchaser**") and (ii) **COMMONWEALTH OF KENTUCKY, DEPARTMENT FOR LOCAL GOVERNMENT**, a political entity of the Commonwealth of Kentucky (the "Commonwealth"), with its business office located at 1024 Capital Center Drive, Suite 340, Frankfort, Kentucky 40601 (the "**Seller**").

RECITALS:

A. Seller has heretofore issued "**Loan Portfolios**" regarding natural gas systems located in Eastern Kentucky pursuant to the Commonwealth's **Gas System Restoration Project** ("**GSRP**"). GSRP is a **Revolving Loan Fund** ("**RLF**") established in 1979 to provide low interest, long-term loans to seriously deteriorated natural gas systems in the Commonwealth. The original purpose of the GSRP was to assist and bring those systems into compliance with all applicable state and federal pipeline safety standards and to otherwise mitigate threatened job losses at firms dependant on the gas supply in such communities. Some of the loans have been re-paid in full or are performing (collectively, the "**Performing Loan Portfolios**"). Others, collectively constituting the "**Non-Performing Loan Portfolios**" of the "**Five Natural Gas Systems**", are in default.

B. Seller, pursuant to its issued "**Request for Proposals**" regarding the "**Sale of Loan Portfolio**" dated June, 2007, now desires to convey and/or assign any and all such Non-Performing Loan Portfolios to Purchaser with respect to the Five Natural Gas Systems listed on EXHIBIT A, and otherwise all pursuant to the terms and conditions set forth in this Agreement.

AGREEMENT:

NOW, THEREFORE, in consideration of these premises and the mutual covenants, the parties agree as follows:

1. **Purchase and Sale of Assets.** Upon the terms and conditions contained in this Agreement, Seller shall sell to Purchaser, and Purchaser shall acquire from Seller, as of the Effective Date, all of Seller's assets, tangible and intangible, wherever situated specifically listed below (the assets and properties to be purchased and sold are collectively referred to as the "**Acquired Assets**"):

(a) **Non-Performing Loan Portfolios.** All of Seller's rights, title and interest under, in, and to all Non-Performing Loan Portfolios regarding the Five Natural Gas Systems as scheduled in **EXHIBIT A** including, but not limited to, mortgages, promissory notes, security agreements and/or recorded security interests with respect to such Non-Performing Loan Portfolios, to the extent assignable or transferable by law.

All of the Acquired Assets shall be conveyed by Seller to Purchaser free and clear of any and all liens and/or encumbrances whatsoever, strictly on an "as is, where is" basis, without any warranties of merchantability and/or fitness for a specific purpose with respect to the Five Natural Gas Systems, or regarding any warranties of collection regarding the Non-Performing Loan Portfolios, or otherwise, all without recourse against Seller whatsoever.

Seller states that the outstanding loan amounts, interest rates and balances due for each of the Five Natural Gas Systems contained in the Request for Proposals attached to Exhibit A of this Agreement and any other information provided by Seller is complete and accurate to the best of its ability as reflected in the available records of Seller and Seller will provide to Purchaser prior to closing the current loan arrearages of each of the Five Natural Gas Systems and a verified statement that each of the Five Natural Gas Systems is currently in default of its loan obligations to Seller.

2. **Excluded Assets.** The assets to be conveyed from Seller to Purchaser shall *exclude* all of Seller's cash on hand and/or deposits with respect to any funds held by Seller regarding the Non-Performing Loan Portfolios as of the Effective Date (the "**Excluded Assets**").

3. **Purchase Price; Document Preparation and Recordation.** The Purchase Price (the "Purchase Price") to be paid by Purchaser for all of the Acquired Assets in cash or immediately available funds shall be lump sum of \$800,000.00 (Eight Hundred Thousand Dollars and no cents). Subject to the prior approval of Seller, Purchaser's legal counsel, on the Effective Date, shall be responsible for preparing and recording any and all documentation regarding the transfer, conveyance, assignment, releases and/or termination of the Non-Performing Loan Portfolios within the Commonwealth, as applicable, to the extent as required by law, with respect to promissory notes, existing mortgages, security agreements and/or security interests involving the five named Gas Systems pursuant to the Request for Proposals. Seller shall assist to the extent necessary with the preparation of any necessary documents and shall provide Purchaser with all documents required for the transfer of the Assets. Seller shall assist with any necessary matters related to the Johnson County Gas bankruptcy and any authorizations or approvals required of the bankruptcy court or any other court to approve or validate the transfer of the assignment.

4. **Allocation of Purchase Price.** The Purchase Price shall be allocated by DLG among the Acquired Assets and as scheduled in **EXHIBIT B**. No allocations shall be required of or made by Frontier. The parties agree to report, to the extent reporting is required by law, the transactions which are the subject of this Agreement for federal and state tax purpose in accordance with such allocation of the Purchase Price.

5. **Liabilities Assumed by Purchaser; No Liabilities Retained by Seller.** Purchaser shall (i) assume no liabilities regarding the Non-Performing Loan Portfolios, *if any*; Seller warrants that it is aware of no liabilities as to the Assets (ii) Purchaser and/or any of its agents and/or representatives, and their respective successors and assigns, under circumstances of default, foreclosure or abandonment, shall not be responsible for or assume assurance of uninterrupted and continuous gas service and/or utility services to all paying customers of the Five Natural Gas Systems. There are no debts or obligations of Seller or of the Five Natural Gas Systems to any lending institution or bank or other creditor, secured or unsecured, that shall be

assumed by Purchaser, or that otherwise encumber any of the Acquired Assets. No liabilities with respect to the Non Performing Loan Portfolios shall be retained by Seller including, but not limited to, the continuance of providing gas and/or utility services to all customers of the Five Natural Gas Systems.

6. **No Warranties of Collection.** Purchaser acknowledges that there are no assurances that the amounts due from the Non-Performing Loan Portfolios will, in fact, be collectable, without any recourse against Seller.

7. **Taxes.** Purchaser shall pay any and all sales, use, or other transfer taxes or fees with respect to the transactions, *to the extent applicable*. Seller shall be responsible for payment of its own income taxes, *if any*, as a consequence of this transaction.

8. **Representations and Warranties of Seller.** Seller represents and warrants that (i) Seller has the legal status and authority to enter into this Agreement; (ii) the Non-Performing Loan Portfolios, to the best of the knowledge and belief of Seller, as identified in the Request for Proposals, have been issued in compliance with, all laws and governmental regulations and are assignable; and (iii) Seller grants no further warranties of any nature.

9. **Representations and Warranties of Purchaser.** Purchaser represents and warrants that (i) Purchaser has the legal status and authority to enter into this Agreement; (ii) there is no threatened or pending litigation, administrative proceedings or claims against Purchaser which would interfere with the contemplated transactions; and (iii) Purchaser is either a natural gas utility, independent natural gas operator, natural gas system management services company or any other entity that has been appropriately certified by any State Public Service Commission, Federal Office of Pipeline Safety, Federal Energy Regulatory Commission, or other regulatory bodies that hold jurisdiction over the activities of Purchaser; (iv) Purchaser, in accordance with all state, federal and/or local laws, ordinances and/or regulations, has successfully and safely provided natural gas distribution utility services, similar to those listed in **EXHIBIT A**, for a minimum period of one year and has an industry acceptable credit rating, solvency and financial capacity; (v) Purchaser acknowledges that the Request for Proposals is generally sufficient to indicate and convey sufficient facts for Purchaser to make an informed decision to submit a proposal for the Assets; (vi) Purchaser is entering into this transaction on its own behalf and not for the benefit of any undisclosed person, firm or entity; (vii) Purchaser has not directly or indirectly induced or solicited any other third party to submit a false or sham proposal with respect to the Request for Proposals; (viii) Purchaser has not solicited or induced any other third party to refrain from submitting a proposal with respect to the Request for Proposals; and (ix) Purchaser, pursuant to all of the terms and conditions of its executed "**Noncollusion Affidavit**" dated July 19, 2007, has not sought by collusion or otherwise to obtain for itself any advantage over any other third party with respect to the Request for Proposals. All representations, warranties and covenants of Purchaser shall be effective as of, and shall survive the Effective Date.

10. **Remedies.** Both parties expressly reserve the right to pursue any and all remedies at law and equity, to be cumulatively enforced, including the right of specific performance in the

event of any breach of any conditions, representations, provisions or warranties of either party contained herein.

11. **Closing.** Closing shall occur on or before thirty (30) calendar days after Public Service Commission approval of Kentucky Frontier's application for financing and transfer of the affected utilities and their respective loan portfolios.

12. **Choice of Law; Successors and Assigns.** This Agreement shall be governed by the laws of the Commonwealth of Kentucky without regard to its choice of law provisions. This Agreement shall be binding upon the respective parties' successors, assigns, heirs and/or representatives. Nothing in this Agreement shall prevent or preclude Purchaser from transferring, selling or otherwise disposing of the Acquired Assets at any time without the knowledge, consent or agreement of Seller.

13. **Entire Agreement; Modification; Waiver.** This Agreement constitutes the entire agreement among the parties pertaining to the subject matter of this Agreement and supersedes all prior and contemporaneous agreements, representations and understandings of the parties. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by all parties hereto. No waiver of any of the provisions of this Agreement will be deemed, or will constitute, a waiver of any other provision, whether or not similar, nor will any waiver constitute a continuing waiver. No waiver will be binding unless executed in writing by the party making the waiver.

14. **Notices.** All notices, demands, requests, offers, counteroffers or other communications required or permitted under this Agreement shall be in writing and either (i) delivered by personal delivery to such intended recipient, which personal delivery shall be evidenced by a written receipt there for signed by such recipient or (ii) sent by United States certified, registered or express mail, return receipt requested, postage prepaid, or by reputable express delivery service (such as Federal Express, UPS, Airborne, Purolator, or DHL), fees prepaid, addressed to the intended recipient thereof, at the address listed for such party in the preamble of this Agreement.

15. **Further Assurances.** Each of the parties hereby agrees to execute and deliver all of the agreements, documents and instruments required to be executed and delivered by such party under this Agreement and to execute and deliver such additional instruments and documents and to take such additional actions as may reasonably be required from time to time in order to effectuate the transactions contemplated by this Agreement.

16. **Severability of Provisions.** The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

The parties hereto recognize the possibility that one or more of the five (5) loans referenced in Exhibit A could be paid in full or part on or before the date of closing. Should a payoff be received prior to closing, the parties recognize that Seller may not decline to accept the "cure" amount as per the loan documents. Paragraph 2 notwithstanding, once this Agreement is

executed, if a full or partial payoff is received prior to closing then the funds would be held in escrow. Should Seller receive a payoff in full or part of one or more of the loans, it then becomes Purchaser's option to either accept the loan proceeds and become the holder of the remaining loans or elect to withdraw from the contract without penalty.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

PURCHASER

KENTUCKY FRONTIER GAS, LLC

By: 
Robert J. Oxford, its Member/Manager

SELLER:

KENTUCKY DEPARTMENT FOR LOCAL GOVERNMENT:

By: _____
Tony Wilder, its Commissioner and GSRP, Board Chairman

EXHIBITS TO BE ATTACHED AND MADE PART OF THIS AGREEMENT:

EXHIBIT A: Non-Performing Loan Portfolios Regarding Five Natural Gas Systems

LIST AND ATTACH ALL LOAN DOCUMENTS BEING ACQUIRED AND TRANSFERRED AND VERIFIED STATEMENT OF PAYMENTS AND DEFAULT

EXHIBIT B: Allocation of Purchase Price

GSRP Non-performing Loans and Bonds
Schedule of Arrearages:

B&H Gas Company (Floyd County, Kentucky)

Term	Rate	Principal	Principal Pd.	Balance	Interest Pd.	Last payment date
30	4%	\$407,588.90	\$1827.73	\$405,761.17	\$3,240.02	06/05/2000

Elam Utility Company (Wolfe County, Kentucky)

Term	Rate	Principal	Principal Pd.	Balance	Interest Pd.	Last payment date
30	4%	\$797,425	\$22,720.63	\$774,704.37	\$49,910.68	06/18/2003

Floyd County Gas System (Floyd County, Kentucky)

Term	Rate	Principal	Principal Pd.	Balance	Interest Pd.	Last payment date
30	6.25%	\$288,774.96	\$73,658.90	\$215,116.06	\$237,509.40	01/05/2005

Johnson County Gas System (Floyd County, Kentucky)

Term	Rate	Principal	Principal Pd.	Balance	Interest Pd.	Last payment date
30	5.125%	\$1,321,374	\$66,216.50	\$1,255,157.50	\$197,861.81	04/05/2001

Mike Little Gas Company (Floyd County, Kentucky)

Term	Rate	Principal	Principal Pd.	Balance	Interest Pd.	Last payment date
30	4%	\$130,411.66	\$0	\$130,411.66	\$0	NA

EXHIBIT B:

Allocation of Purchase Price

1.	B&H Gas Company (Floyd County, Kentucky)	\$160,000
2.	Elam Utility Company (Wolfe County, Kentucky)	\$160,000
3.	Floyd County Gas System (Floyd County, Kentucky)	\$160,000
4.	Johnson County Gas System (Johnson County, Kentucky)	\$160,000
5.	Mike Little Gas Company (Floyd County, Kentucky)	\$160,000



P.O. Box 2947
Pikeville, Kentucky 41502-2947
606-432-1111

building communities... build on trust

346 North Mayo Road
Pikeville, Kentucky 41501-1492

COMMERCIAL LOAN COMMITMENT

September 15, 2008

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

Industrial Gas Services, Inc.
4891 Independence St. # 200
Wheat Ridge, CO 80033-6714

RE: Acquisition of six gas utilities in the eastern Kentucky market
(herein, the "Acquisition")

Gentlemen:

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

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

Industrial Gas Services, Inc.
4891 Independence St. # 200
Wheat Ridge, CO 80033-6714
2. **AMOUNT:** \$1,700,000.00 to be evidenced by the promissory note of the Borrower.
3. **TERM:** 10 Years
4. **INTEREST RATE:** Wall Street Journal Prime + .50% which is a variable rate.
5. **REPAYMENT:** The loan shall have monthly interest and principal payments based on a 10-year amortization. The initial monthly payment is projected at \$18,500.00.
6. **SKIP PAYMENTS:** The borrower may exercise two (2) monthly interest only payments during each calendar year.

7. GUARANTOR: The unconditional personal guaranty of payment of:

Robert J. Oxford
4862 McIntyre Ct.
Golden, CO 80403

Steven E. Shute
P.O. Box 1054
Glenwood Springs, CO 81602

Larry Rich
104 Sand Castle Dr.
Emerald Island, NC 28594

8. SBA FEE: Approximately \$46,437.50, which fee shall be deemed duly earned upon acceptance of this Commitment by the Borrower and shall be paid at loan closing.

9. PURPOSE: Acquisition of six gas utilities in Eastern Kentucky. The funds will be used as follows:

Purchase GOLD Loans	\$800,000
Purchase Floyd County Gas	700,000
Purchase Mike Little Gas	222,000
Purchase Elam Utilities	175,000
Purchase B & H Gas	50,000
Purchase Belfry Gas	500,000
Purchase Alert Gas	<u>250,000</u>

Total: \$2,699,000

The amount above are approximate and may vary 20%.

10. COLLATERAL: SBA Guaranty of not less than 75%
First lien on all assets of Kentucky Frontier now owner or hereafter acquired, including but not limited to:
Gas lines, meters, easements, and accounts receivable
Assignment of Certificate from PSC
Assignment of Rents & Income
Assignment of Stock if applicable
Assignment of Gas supply contracts

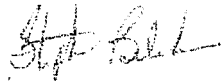
11. FEES AND COSTS: Borrower will pay all fees and costs related to the loan or otherwise incurred by the Bank, even in the event the loan does not close for any reason including, but not limited to: title opinions, document preparation, mortgage and security interest perfection.

12. INSURANCE: Physical Damage Insurance acceptable to the Bank and naming the Bank as Lender's Loss Payable/mortgagee, with a 30-day minimum cancellation notice provision shall be in full force and effect prior to the loan closing.
13. PERMITS: All certification, operating, occupancy, and any permits or licenses required for operating the property for its intended uses shall be in full force and effect.
14. LOAN AGREEMENT: Subject to the negotiation of a definitive loan agreement satisfactory to the Bank, and all other loan documents as approved by the Bank's counsel.
15. Acceptable Assignment of Certificate From PSC.
16. FINANCIAL CONDITION: Provided no substantial adverse changes have occurred in the financial positions of the Borrower or the Guarantors since their application for this loan and that the financial statements the Bank has already received are complete and accurate.
17. ATTORNEY'S FEES AND LEGAL FEES: Borrower shall pay all attorneys' fees and other legal fees and costs, at loan closing, required to perfect or provide the Bank with a first lien securing its interest in the collateral required for the loan and for the preparation of all documents related to the loan.
18. This commitment is contingent upon:
 - a). SBA loan guaranty approval of not less than 75%
 - b). Approval by PSC for the purchase of:
 - Floyd County Gas
 - Mike Little Gas
 - Elam Utilities
 - B & H Gas
 - Belfry Gas
 - Alert Gas
19. This Commitment Letter shall terminate on **September 20, 2008**, unless accepted by the Borrower. If this commitment is accepted, the loan closing must occur by **December 1, 2008**. If the loan does not close by that date, the commitment shall expire.

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

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

Sincerely,



Stephen Belcher
Senior Vice President

SB/sks

c. File

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

"BORROWER"

KENTUCKY FRONTIER GAS, LLC

BY: *Robert H. Hurd*

TITLE: *member*

DATE: *Sept. 15, 2008*

INDUSTRIAL GAS SERVICES, INC.

BY: *Robert H. Hurd*

TITLE: *Chairman, CEO*

DATE: *Sept. 15, 2008*

"GUARANTORS"

Robert J. Oxford

ROBERT J. OXFORD

DATE: Sept. 15, 2008

STEVEN E. SHUTE

DATE: _____

LARRY RICH

DATE: _____

State of Colorado
County of Jefferson

The foregoing instrument was acknowledged before me this 15th day of September, 2008 by Robert J Oxford, as member of Kentucky Frontier Gas, LLC.

Pamella A. Oxford
Notary Public
My Commission Expires: _____



State of Colorado
County of Jefferson

The foregoing instrument was acknowledged before me this 15th day of September, 2008 by Robert J Oxford, as Chairman of Industrial Gas Services, Inc.

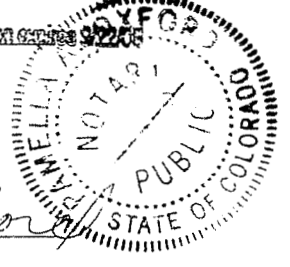
Pamella A. Oxford
Notary Public
My Commission Expires: _____



State of Colorado
County of Jefferson

The foregoing instrument was acknowledged before me this 15th day of September, 2008 by Robert J. Oxford.

Pamella A. Oxford
Notary Public
My Commission Expires: _____



State of _____
County of _____

The foregoing instrument was acknowledged before me this _____ day of _____, 2008 by Steven E. Shute.

Notary Public
My Commission Expires: _____

State of _____
County of _____

The foregoing instrument was acknowledged before me this _____ day of _____, 2008 by Larry Rich.

Notary Public
My Commission Expires: _____