

KENTUCKY FRONTIER GAS, LLC

CASE NO. 2021-00408 DATED NOV 29, 2021

RESPONSE to Staff Data Request 1:

Witness for all responses: Steven Shute

1. Refer to Kentucky Frontier's Farm Tap Gas Cost Adjustment Clause in its Tariff, Sheet No. 24, regarding the filing requirements for a change in a supplier's wholesale gas rate.

a. Provide a copy of the contract or wholesale supplier notification effecting the change in rate and a statement relative to the effective date of such proposed change.

b. Provide a statement setting out gas sales for the most recent 12 months.

c. Provide a statement setting out the details of gas purchased for the most recent 12 months, showing billing from the supplier under the most recent rate and under the proposed supplier rate.

Response:

a. See #11. Frontier farm taps are mainly off Kinzer and Nytis pipelines. Frontier has no current gas supply contract with Kinzer-Quality-AOG, but their charge per mcf has remained stable for several years. The Nytis gas cost is based on TCO Appalachian Index per the original agreement with Interstate in 2010. The TCO index fluctuates daily and monthly, without any notice from the supplier. Both of these gas costs are higher than the present base gas cost in the Frontier tariff.

b. attached

c. attached

1 a. contracts

Exhibit A

1) For gas delivered via a Gas Gatherer and/or Transmission Company (Gas GTC):

Gas shall be sold by Seller and purchased by Buyer at 80% of Platt's Inside FERC Columbia Gas Transmission Corporation Appalachia Index ("Index Rate") (or successor index in event the named index is discontinued) at the first of the month calculated at purchaser's Gas GTC delivery meter including transportation and fuel fees established by the Gas GTC. The Index Rate as published in \$ per MMBTU (or Dth) shall be converted to \$ per MCF by multiplying by a fraction the numerator of which is the saturated (or wet basis) heating value of the gas in BTU per CF and the denominator of which is 1,000.

2) For gas delivered into the Alert pipeline system :

Gas shall be sold as set forth in **Farm Tap Sale Agreement, dated December 19, 2008**

Article I.

63.63% (7/11ths) of the of gross gas sales receipts from Alert's customers. KFG shall, as soon as practical file with the Kentucky Public Service Commission for a rate change for the Alert system. The proposed rate structure will include an Index Rate based on 100% of Platt's Inside FERC Columbia Gas Transmission Corporation Appalachia Index ("Index Rate") (or successor index in event the named index is discontinued) at the first of the month plus an initial target of \$4.00 per MCF for KFG's cost of service portion.

The Index Rate as published in \$ per MMBTU (or Dth) shall be converted to \$ per MCF

by multiplying by a fraction the numerator of which is the saturated (or wet basis) heating value of the gas in BTU per CF and the denominator of which is ,000. After the Alert rate has reached the Index Rate plus the target cost of service, or three years from the date of the Asset Sale Agreement, whichever occurs first, the sale and purchase of gas shall be at the Index Rate as adjusted for saturated heating value, as set forth above.

3) For gas delivered into the Belfry pipeline system

Gas shall be sold and purchased at 100% of Platt's Inside FERC Columbia Gas Transmission Corporation Appalachia Index ("Index Rate") (or successor index in event the named index is discontinued) at the first of the month plus \$.10 per MCF calculated at the delivery meter. The Index Rate as published in \$ per MMBTU (or Dth) shall be converted to \$ per MCF by multiplying by a fraction the numerator of which is the saturated (wet basis) heating value of the gas in BTU per CF and the denominator of which is ,000.

THIS AGREEMENT IS SUBJECT TO MANDATORY AND BINDING ARBITRATION

FARM TAP SALE AGREEMENT

THIS AGREEMENT is made as of this 19th, day of December, 2008, by and between Kentucky Frontier Gas, LLC, ("Purchaser") and J.W. Kinzer, Quality Natural Gas, LLC, KLC, LLC, Thermal Resources, SB Martin, Hueysville Gas, Inc, Alert Oil and Gas Development, Inc, and Kinzer Business Realty, Ltd ("Seller").

This Agreement sets forth the terms and conditions pursuant to which Purchaser will purchase from Seller and Seller will sell and convey to Purchaser, farm taps and royalty gas customers on lines belonging to the Seller both current and to be placed in the next ten years ("Farm Taps").

In consideration of the representations, warranties, covenants, and agreements contained herein, intending to be legally bound, the parties agree as follows:

ARTICLE I. TRANSFER OF FARM TAPS.

1.01. Farm Taps to be Sold. Subject to the terms and conditions of this Agreement, Seller will at the closing provided for in Section 1.03 (the "Closing") sell, convey, assign, transfer and deliver to Purchaser all of the Farm Taps and royalty gas customers belonging to the Sellers (a list is attached hereto as Exhibit A). All meters shall become the property of Purchaser.

Under this agreement, Seller may choose to sell and Purchaser agrees to purchase the Future Farm Taps for one dollar (\$1.00). All transfers shall be for the life of the lease.

1.02. Consideration. Purchaser shall pay Seller as consideration for the Sale of the Farm Taps the amount of two hundred and fifty thousand dollars \$250,000.00 at Closing via wired funds or certified funds.

1.03. Closing. The closing of the transaction contemplated in this Agreement shall take place at the offices of Seller, or at such other place as the parties shall agree, on or before December 31, 2008. The date on which the Closing occurs is referred to as the Closing Date. Purchaser shall be entitled to possession and to begin operating the Farm Taps on the Closing Date.

(a) After the closing, if Seller receives any payments or invoices from any third parties relating to the operations of the System and attributable to the period after the Closing, Seller shall promptly make delivery thereof to the Purchaser.

(b) In the same manner, if Purchaser receives any payments or invoices from any third parties relating to the operations of the System and attributable to the period before the Closing, Purchaser shall promptly make delivery thereof to Seller.

1.04. Deliveries by Seller. At the Closing, Seller will deliver the following to the Purchaser:

(a) All documents as may be reasonably necessary to effect the transactions contemplated including rates, billing records, and billing addresses for customers.

(b) A resolution by the proper governing Board of Sellers indicating authority on behalf of the signatory below to effectuate the purchase on behalf of the Seller.

1.05. Deliveries by Purchaser. At the Closing, Purchaser will deliver the following to Seller:

(a) A resolution by the proper governing Board of Purchaser indicating authority on behalf of the signatory below to effectuate the purchase on behalf of the Purchaser.

(b) Such other documents as may be necessary to effect the transactions contemplated (including proof of insurance and bonding).

1.06. Existing Farm Taps. Beginning the day of closing and continuing for the life of the lease, Purchaser shall be responsible for maintaining and reading all Farm Tap meters, tracking the usage, and billing all Farm Tap customers. Purchaser shall notify the customers of any changes to billing or payment procedures or rates. Seller and their employees shall direct all calls from customers to Purchaser. Additional procedures may be listed on Exhibit B.

1.07 Future Farm Taps. Seller may choose to sell any or all of the farm taps or royalty owner gas customers placed on any of Sellers' lines or leases ("Future Farm Taps") for ten years following the date of this Agreement. All sales shall be held by the Purchaser for the life of the underlying lease.

1.08 Statutory Responsibilities. By Purchasing the Farm Taps, Purchaser assumes the responsibilities of Sellers under KRS § 278.485 (and any related or successor statutes) including but not limited to the responsibility to provide, install, and maintain gas meters to an owner of real estate and furnish gas to a property owner whose property is located within one-half mile of said company's producing gas well or gas gathering pipeline.

1.09 Assignment of Rights of Way. Seller shall assign to Purchaser a concurrent right to access the meters pursuant to Seller's Rights of Way. Purchaser agrees to use care in accessing meters so as not to cause damage to the surface and shall be liable for any damage to the property.

1.10 Sale of Gas. Parties shall, as soon as practical upon closing, file with the Kentucky Public Service Commission for rate changes for all gas sold, most notably for the "Alert" rate. The proposed rate structure will include an Index Rate for gas based on Platt's Inside FERC Columbia Gas Transmission Corporation Appalachia Index rate at the first of the month (or successor index in the event this index is discontinued) plus a Cost of Service with an initial target of \$4.00 per mscf (one thousand standard cubic feet). The published rate is per Mmbtu (million btu) and must be adjusted to the mscf rate by multiplying the published rate by the average btu factor (currently 1.2 for 1200 btu). An example of this calculation would be; Appalachia Index of \$6/mmbtu x 1.2 btu factor equals \$7.20/mscf. Parties shall cooperate to update and make PSC rate filings quarterly or as often as is reasonable.

MAO
J.W. K

RJE
JST

From the Closing Date until such time as the "Alert" rate is changed to include Index Rate and Cost of Service or three (3) years from the date of sale, whichever occurs first, Seller shall receive a monthly payment for gas from Purchaser in the amount of 63.63% (7/11) of gross sales of gas (calculated as mcf sold at the customer meter multiplied by the Farm Tap rate) from all meters subject to this Agreement.

RJE
JST

After the Alert rate has reached Index Rate plus target Cost of Service as explained above, or three (3) years from the date of sale, whichever occurs first, Seller shall receive a monthly payment from Purchaser for the sale of gas in the amount of Index Rate and adjusted for average BTU per mscf, multiplied by the mcf sold from all meters subject to this agreement.

For payments to Purchaser, "mcf sold" herein means gas volume delivered to paying customers and to Free Gas customers who have used more than their annual allotment of free gas. All monthly payments shall be made by Purchaser to one designated entity among Seller entities, and allocated by that entity between all the Seller entities.

ARTICLE II. REPRESENTATIONS AND WARRANTIES OF SELLER.

Seller represents, covenants and warrants to Purchaser the following:

2.01. Billing. To the best of Seller's knowledge, Seller currently bills customers according to the terms of the underlying leases or agreements or as provided under statute.

2.02. Consents and Approvals; No Violations. To the best of Seller's knowledge, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated will violate or conflict with, or constitute a default (or constitute an event which, with notice or lapse of time or both, would constitute a default) under, or give rise to any right of termination, cancellation or acceleration under, any note, bond, mortgage, indenture, license, agreement, lease or other instrument or obligation to which Seller is a party or by which it may be bound, or violate any statute of law of any judgment, decree, order, regulation or rule of any court or governmental authority applicable to Seller. This representation is subject to Purchaser's duty to obtain the proper consent to transfer a utility in section 6.01.

2.03. Litigation. At the date of execution of this Agreement, continuing through the Closing, Seller has not received notice that it is or may be in violation of any material order, writ, injunction, rule, regulation or decree of any court or of any federal, state, municipal or other governmental authority or agency having jurisdiction with respect to Seller or the System. Seller is neither engaged in nor threatened with, any legal action or other proceeding which would have an adverse effect on the Purchaser or Sellers.

2.04. Brokers and Finders. The Seller has not taken any action with respect to any broker or finder which would give rise to any liability on the part of Purchaser or incurred any liability for any brokerage fees, commissions or finder's fees in connection with the

transactions contemplated by this Agreement which would give rise to any liability on the part of Purchaser.

2.05. Rate Sheets. Attached as Exhibit C are the current rates of Seller.

2.06. Condition of System. The taps and meters will be in good working order and condition to the best of Seller's knowledge as of the Closing Date; however, Seller has the duty to inspect all Farm Taps; the sale will be "as is."

ARTICLE III. REPRESENTATIONS AND WARRANTIES OF PURCHASER.

Purchaser represents, covenants and warrants to Seller the following:

3.01. No Defaults. The execution, delivery and performance at the closing of this Agreement by the Purchaser will not (i) result in a breach of any of the terms or provisions of, or constitute a default under, any agreements of Purchaser or any indenture or other agreement or instrument to which Purchaser is a party or by which it is bound; (ii) constitute a default under any mortgage, deed of trust or encumbrance to which Purchaser is a party; or (iii) conflict with, or result in a breach of, any law, order, judgment, decree or regulation binding on Purchaser.

3.02. Brokers and Finders. The Purchaser has not taken any action with respect to any broker or finder which would give rise to any liability on the part of Seller or incurred any liability for any brokerage fees, commissions, or finder's fees in connection with the transactions contemplated by this Agreement which would give rise to any liability on the part of the Seller.

3.03. Consents and Approvals. Except for the approval of the Kentucky Public Service Commission (KPSC) as described in Section 6.01 and the filings with the PSC required under KAR section 807, no consent, approval or authorization of, or declaration, filing or registration with, any governmental or regulatory authority is required by Purchaser in connection with the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby.

3.04. Litigation. At the date of the execution of this Agreement, Purchaser has not received notice that it is or may be in violation of any material order, writ, injunction, rule, regulation or decree of any court or of any federal, state, municipal or other governmental authority or agency having jurisdiction over Purchaser. There is no decree or judgment of any kind in existence enjoining or restraining Purchaser from taking any action required or contemplated by this Agreement. Purchaser is not engaged in nor, to the best knowledge of Purchaser, threatened with, any legal action or other proceeding, nor has Purchaser incurred or been charged with nor, to the best knowledge of Purchaser, is Purchaser under investigation with respect to any violation of any federal, state or local law or administrative regulation with respect to which, if adversely determined, there is a reasonable probability of a material adverse effect on Purchaser's ability to acquire any of the System or to conduct or own the business being conducted and owned by the Seller in substantially the same manner as owned and conducted by the Seller.

3.05. Knowledge. Purchaser has no knowledge of any present facts or circumstances relating to Purchaser which would materially adversely affect the ability of it to perform its obligations under this Agreement.

ARTICLE IV. COVENANTS OF THE PARTIES.

4.01. Purchaser's Rights of Inspection. Seller will provide Purchaser and the authorized representatives of Purchaser with full access during normal business hours to all properties, Farm Taps, books records, contracts, operating statements and documents of Seller and will allow Purchaser and the authorized representatives of Purchaser to perform such audit work as may be deemed appropriate. Seller will provide such access from the date of the execution of this Agreement until the Closing Date.

4.02. Cooperation. Parties acknowledge that this Agreement contemplates an ongoing relationship between the parties and agree to make good faith efforts to cooperate and communicate regarding future discontinuation of pipeline usage or temporary shut offs or other matters giving Purchaser as much notice as practicable.

4.03. Sales and Transfer Taxes and Fees. All sales, ad valorem, and transfer, recording, filing and similar taxes and fees (including any penalties or interest), including but not limited to, any sales or use taxes assessed for the purchase of the System, incurred in connection with this Agreement and the transactions contemplated will be borne solely by Purchaser. The parties will assist each other in the filing of all necessary tax returns and other documentation, with respect to all such sales, ad valorem, transfer and recording taxes and fees and, if required by applicable law, will join in the execution of any such tax returns or other documentation.

4.04. Expenses. All legal fees, costs and expenses of any hearing or administrative filing with any governmental agency required for the approval of the transactions contemplated by this Agreement, shall be borne by the Purchaser. Expenses of maintenance of the meters shall be borne by Purchaser.

4.05. Notices. Each party shall immediately inform the other party in writing of the occurrence of any events or the existence of any circumstances the effect of which would affect the other parties' duties or obligations.

4.06. Conduct of Business of the Farm Taps Pending Closing. Seller agrees that from the date of the execution of this Agreement until the Closing Date, unless otherwise consented to by Purchaser in writing, Seller will carry on the business of the Farm Taps in the ordinary course in substantially the same manner as normally conducted including, without limitation, all sales, purchases, contractual dealings, management of stocks and employee relations, and will not enter into any agreement or make any commitment relating to the business conducted in the Farm Taps except in the ordinary course of business and consistent with past practice.

4.07. "As Is" Sale. Seller accepts the Farm Taps in their condition as of the date of

Closing.

ARTICLE V. RIGHT OF FIRST REFUSAL

5.01 Right to Sale of Gas. Purchaser shall grant to Kinhag, LLC, Quality Natural Gas, LLC and Kinzer Business Realty, Ltd the right of first refusal to sell gas to Purchaser at a price and terms that match any other offer received by Purchaser. This right shall extend to all gas purchased by Purchaser in the state of Kentucky. The above-mentioned companies shall have ten business days from the time an offer is presented to match the offer. If Purchaser does not receive a response within ten business days, it may assume that the companies have elected not to sell.

5.02 Right to Purchase of Gathering Lines. Seller grants to Purchaser the right of first refusal to purchase any gathering lines used to service Farm Taps when the underlying leases have expired and if they are no longer needed by Seller.

ARTICLE VI. CONDITIONS TO OBLIGATIONS OF PARTIES

6.01. Regulatory Approval. Upon execution of this Agreement, and if necessary under applicable law, Purchaser will file with the KPSC a petition (the "Petition") requesting approval of the acquisition and transfer of the System. Purchaser shall pay all filing fees, attorney fees, costs and expenses of the Purchaser and the Seller incurred as a result of filing the Petition or seeking the regulatory approval of the KPSC. It is anticipated that KPSC approval will take sixty days.

6.02. No Injunction, Etc. on the Closing Date. There shall be no effective injunction, writ, preliminary restraining order or any order of any nature issued or threatened by a court or other governmental authority of competent jurisdiction directing that the transactions not be consummated as so provided or imposing any conditions on the consummation of the transactions contemplated; and (b) no action, suit or proceeding shall be pending before any such court, or other government authority seeking such relief.

ARTICLE VII. CONTINUING OBLIGATIONS; INDEMNIFICATION.

7.01. Continuing Obligations. The obligations made by Seller and Purchaser under this Agreement shall survive the Closing.

7.02. Agreement of Purchaser to Indemnify and hold Seller Harmless. Subject to the terms and conditions of this Agreement, Purchaser agrees to indemnify, defend and hold Seller harmless, at any time after consummation of the Closing, from and against all Damages asserted against, resulting to, imposed upon or incurred by Seller, directly or indirectly, by reason of or resulting from the following items after the closing Date (a) liabilities, obligations or claims (whether absolute, accrued, contingent or other) arising from and after the Closing Date relating to or arising out of the sale of gas to customers, the possession or use of the Farm Taps, or the conduct of its business by Purchaser and/or Seller

following the Closing Date.

7.03. Procedures Relating to Indemnification. The obligations and liabilities of the party making the indemnity pursuant to Sections 7.02 (the "Indemnitor") with respect to claims made by third parties against the party or parties being indemnified pursuant to such Sections (the "Indemnitee") shall be subject to the following terms and conditions:

(a) The Indemnitee will give the Indemnitor prompt notice of any such claim, and Indemnitor shall have the right to undertake (at the Indemnitor's sole cost and expense) the defense by representatives chosen by it and reasonably acceptable to the Indemnitee;

(b) If the Indemnitor, within a reasonable time after notice of any such claim, fails to defend the Indemnitee against which such claim has been asserted, the Indemnitee will (upon further notice to the Indemnitor) have the right to undertake the defense, compromise or settlement of such claim on behalf of and for the account and risk of the Indemnitor, subject to the right of the Indemnitor to assume the defense of such claim at any time prior to settlement, compromise or final determination thereof;

(c) In connection with all claims defended, the Indemnitee will give the Indemnitor prompt written notice of all material developments in connection with all claims, will promptly supply the Indemnitor with all the papers, documents and evidence in the Indemnitee's possession and such other information within the Indemnitee's knowledge pertinent to such claims, and will produce at the appropriate place or places, at reasonable times, such witnesses under the Indemnitee's control as may reasonably be requested by the Indemnitor or its representatives.

7.04 Insurance. Purchase is required to obtain and maintain liability and pollution insurance in an amount not less than one million dollars (\$1,000,000.00) single occurrence, two million dollars (\$2,000,000) aggregate and name the appropriate owners of the pipelines as additional insureds.

7.05 Escrow Funds. Seller shall hold two hundred and fifty thousand dollars (\$250,000.00) of funds paid by Purchaser in escrow as a guarantee of performance of this contract. In the event that Purchaser does not fulfill its obligations under this contract, the escrow funds shall be released to Seller in the amount needed by Seller to remedy Purchaser's breach.

When the "Alert" rate has been changed to the "Index Rate" plus Cost of Service as described in 1.10 above, the balance of the escrow funds shall be released to Purchaser.

Seller may choose the escrow agent and is entitled to keep any interest earned.

7.06 Cooperation. The parties agree to make a good faith effort to cooperate with each other in making quarterly rate increases and on any other necessary projects which arise following closing.

ARTICLE VIII. TERMINATION AND DEFAULT.

8.01 Methods of Termination. This Agreement may be terminated prior to the Closing:

(a) By mutual written agreement of Purchaser and Seller;

(b) By Purchaser if the Closing has not occurred by December 31, 2008 provided that a default by Purchaser is not responsible for the Closing not having occurred;

(c) By Seller if the Closing has not occurred by December 31, 2008, provided that a default by Seller is not responsible for the Closing not having occurred.

8.02 Default. In the event that Purchaser fails to satisfy its obligations under this Agreement, Buyer may undertake to fulfill any statutory obligations to any customer or to remedy any situation which requires immediate attention. Seller shall give Purchaser notice of any other defaults and allow ten (10) days for Purchaser to cure. Purchaser shall remain liable for the acts of Seller in furtherance of Purchaser's duties and at Purchaser's expense. In the event that Purchaser fails to cure a default after ten (10) days notice, Seller has the right to rescind this Agreement and regain possession of the customers and meters subject to this Agreement.

ARTICLE IX. MISCELLANEOUS PROVISIONS.

9.01. Amendment and Modification. Subject to applicable law, this Agreement may be amended, modified and supplemented only by written agreement of the parties at any time prior to the Closing with respect to any of the terms contained herein.

9.02. Waiver of Compliance. Any failure of Purchaser or Seller to comply with any obligation, covenant, agreement or condition may be expressly waived in writing by the Purchaser or Seller, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

9.03. Notices. All notices, requests, demands and other communications required or permitted shall be in writing and shall be deemed to have been given if delivered by hand or mailed, certified or registered mail with postage prepaid:

(a) If to Purchaser, to:

Robert J. Oxford
4891 Independence St., Suite 200
Wheat Ridge, CO 80033

With photocopy to:

John Hughes, Esq.
124 West Todd St.
Frankfort, KY 40601

(b) If to Seller, to:

Mr. J.W. Kinzer
Kinzer Business Realty, Ltd
P.O. Box 155
Allen, KY 41601

With photocopy to:

Curtis Bostic, Esq
Bostic Law Firm, PA
834 Wappoo Road
Charleston, SC 29407

or to such person or address as Seller shall furnish to Purchaser in writing.

9.04. Assignment. No Assignment of the Farm Taps may be made by Purchaser without the consent of Seller. This Agreement and all of its provisions shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

9.05. Governing Law. This Agreement and the legal relations among the parties shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky and in the Commonwealth of Kentucky.

9.06 Arbitration. This Agreement is subject to Mandatory and Binding Arbitration. All disputes arising between the parties in any way related to this Agreement or the Farm Taps sold hereinunder whether transferred at Closing or transferred in the future, shall be resolved through Arbitration under the rules of the AAA. Both parties agree to keep the dispute and related facts and circumstances confidential to the best of their abilities understanding that any unnecessary publication could cause undue economic hardship to the other party.

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

9.08. Headings. The Headings of the Sections and Articles of this Agreement are inserted for convenience only and shall not constitute a part or affect in any way the meaning or interpretation of this Agreement.

9.09. Entire Agreement. This Agreement, including the Exhibits, and the other documents and certificates delivered pursuant to the terms of or referred to, set forth the entire agreement and understanding of the parties, and supersedes all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee or representative of any party.

9.10. Third Parties. Except as specifically set forth, nothing expressed or implied is intended or shall be construed to confer upon or give to any person or corporation other than

the parties and their successors or assigns, any rights or remedies under or by reason of this Agreement.

9.11. Cooperation. Seller and Purchaser agree to cooperate in effecting the lawful transfer of all licenses, distributorship agreements, leases and other contracts as are necessary to permit Purchaser to operate the System in substantially the same manner as it is now being conducted and to increase PSC rates. The primary responsibility for the foregoing is that of the Purchaser.

9.12. Risk of Loss. Seller assumes all risk of destruction, loss or damage due to fire, storm, or any other casualty prior to the Closing Date. Upon such destruction, loss, or damage of the facility, or a substantial part of the Farm Taps, Purchaser shall have the option to terminate this Agreement and, in the event of the exercise of such option, all rights of Purchaser and Seller shall terminate without liability to any party. Purchaser shall notify Seller within seven (7) days after receiving written notice of said destruction, loss or damage of the decision to terminate this Agreement. If Purchaser does not timely notify Seller of termination, this Agreement shall remain in full force and effect, provided, however, that the Purchase Price shall be adjusted to reflect such destruction, loss or damage, and if Purchaser and Seller are unable to agree upon the amount of such adjustment, the contract will stand terminated.

9.13. Survival. This Agreement shall survive the execution and delivery of all documents of conveyance contemplated..

9.14. Full Disclosure. No representation or warranty made by the Seller contained in this Agreement nor any statement or certificate furnished or to be furnished contains or will contain any untrue statements of a material fact, or omits or will omit to state any material fact known to the Seller.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the day and year first above written.

SELLER:



J.W. Kinzer on behalf of all Sellers

PURCHASER:

Kentucky Frontier Gas, LLC.

By: 

EXHIBIT A

List of Farm Taps

EXHIBIT B

Additional Procedures

23.000

EXHIBIT C

Rates



12/26/2013

Gas Purchase Agreement between Kentucky Frontier Gas, LLC ("Frontier"), purchaser, and Nytis Exploration, LLC ("Nytis"), seller

Nytis and Frontier herewith agree to confirm extend and clarify existing agreements between them:

- 1) The agreement to purchase gas from Evan 104 , originally agreed with Auxier Road remains in force and unaltered
- 2) Other agreements between the parties, originating with Interstate Natural Gas and related parties remain in force and unaltered
- 3) The price paid to Nytis under the Interstate agreements will remain, as negotiated, at 80 % of Columbia Appalachia Index per dth
- 4) Gas delivered into the DLR system and purchased by Frontier or related parties will be subject to Frontier's actual DLR system shrink up to a maximum of 10%
- 5) Gas delivered into the DLR system and not purchased by Frontier or related parties, but redelivered into lines of 3rd parties will be subject to a fee of \$0.50/mcf (being \$0.25/mcf for gathering plus \$0.25/mcf for compression).

This agreement shall have a term of 1 year from the date above, and for so long thereafter as it is mutually acceptable to the signatory parties.


Richard Finucane
Nytis Exploration, LLC

Accepted:

Kentucky Frontier Gas, LLC

FARM TAP SALE AGREEMENT

THIS AGREEMENT is made as of this 8th day of February, 2010, by and between Kentucky Frontier Gas, LLC, ("Purchaser") and Interstate Natural Gas Company ("Seller").

This Agreement sets forth the terms and conditions pursuant to which Purchaser will purchase from Seller and Seller will sell and convey to Purchaser, farm taps and royalty gas customers on gas pipelines belonging to the Seller, both existing and to be placed in the next ten years by Interstate Natural Gas Company. The 10 year provision does not bind future buyers of well, pipelines, and leases held by Seller ("Farm Taps").

In consideration of the representations, warranties, covenants, and agreements contained herein, intending to be legally bound, the parties agree as follows:

ARTICLE I. TRANSFER OF FARM TAPS.

1.01. Farm Taps to be Sold. Subject to the terms and conditions of this Agreement, Seller will at the closing provided for in Section 1.03 (the "Closing") sell, convey, assign, transfer and deliver to Purchaser all of the Farm Taps and royalty gas customers belonging to the Seller included on a list attached hereto as Exhibit A. All meters and related facilities shall become the property of Purchaser.

1.02. Consideration. This Agreement is contingent on the concurrent sale to Purchaser of Cow Creek Gas, Inc. ("Cow Creek"), Dema Gas, Inc. ("Dema"), of certain pipeline assets of DLR Enterprises, Inc. as agreed in separate Agreements each dated February 8, 2010. Purchaser shall pay Seller as consideration for the Sale of the Farm Taps an amount included in various Agreements. Should the sale under this Agreement, or any of these related sales not occur more or less concurrently, then this Agreement shall be terminated.

1.03. Closing and Effective Date. The closing of the transaction contemplated in this Agreement shall take place at the offices of Seller, or at such other place as the parties shall agree, on or before March 15,, 2010. The date on which the Closing occurs is referred to as the Closing Date. Purchaser shall be entitled to possession and to begin operating the Farm Taps on the Closing Date. The Effective Date for accounting purposes shall be March 1, 2010.

(a) After the closing, if Seller receives any payments or invoices from any third parties relating to the operations of the Farm Taps and attributable to the period after the Effective Date, Seller shall promptly make delivery thereof to the Purchaser.

(b) In the same manner, if Purchaser receives any payments or invoices from any third parties relating to the operations of the Farm Taps and attributable to the period before the Effective Date, Purchaser shall promptly make delivery thereof to Seller.

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1.04. Deliveries by Seller. At the Closing, Seller will deliver the following to the Purchaser:

(a) All documents as may be reasonably necessary to effect the transactions contemplated including rates, billing records, and billing addresses for customers.

(b) A resolution by the proper governing Board of Seller indicating authority on behalf of the signatory below to effectuate the purchase on behalf of the Seller.

1.05. Deliveries by Purchaser. At the Closing, Purchaser will deliver the following to Seller:

(a) A resolution by the proper governing Board of Purchaser indicating authority on behalf of the signatory below to effectuate the purchase on behalf of the Purchaser.

(b) Such other documents as may be necessary to effect the transactions contemplated (including proof of insurance and bonding).

1.06. Existing Farm Taps. Beginning the day of Closing and continuing for the life of the respective leases, Purchaser shall be responsible for maintaining and reading all Farm Tap meters, tracking the usage, and billing all Farm Tap customers. Purchaser shall notify the customers of any changes to billing or payment procedures or rates. Seller and their employees shall direct all calls relating to Farm Tap service to Purchaser.

1.07 Future Farm Taps. Seller may choose to transfer any or all of the farm taps of royalty owner gas customers placed on any of Seller's pipelines or leases ("Future Farm Taps") located in Floyd, Pike, Magoffin, Perry, Leslie, Breathitt, Lawrence, Martin, Knott, and Johnson Counties for ten years following the date of this Agreement. Purchaser agrees to accept responsibility for future Farm Taps in the general area. All sales shall be held by the Purchaser for the life of the respective underlying leases.

1.08 Statutory Responsibilities. By Purchasing the Farm Taps, Purchaser assumes the responsibilities of Seller under KRS § 278.485 (and any related or successor statutes) including but not limited to the responsibility to provide, install, and maintain gas meters to an owner of real estate and furnish gas to a property owner whose property is located within one-half mile of said company's producing gas well or gas gathering pipeline.

1.09 Assignment of Access. Seller shall assign to Purchaser a concurrent right to access the meters pursuant to Seller's leases and Rights of Way agreements. Purchaser agrees to use care in accessing meters so as not to cause damage to the surface and shall be liable for any damage to the property. Purchaser will at all times protect, indemnify and save and keep harmless the Seller against and from any and all loss, damage or expense, including any injury to any person or property whomsoever or whatsoever arising out of or caused by any negligence of the Purchaser or those holding under Purchaser.

1.10 Difficult to Read and Free Gas Meters. Seller agrees to furnish meter readings to Purchaser for Farm Taps located in areas that are remote or difficult to reach. This may also include Free Gas meters that are not close to paying Farm Tap customers. Purchaser

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shall furnish a list to Seller in writing soon after Closing, and shall update from time to time. Such readings will be made no less often than twice a year and relayed to Purchaser by phone, fax or email. Additional procedures may be listed on Exhibit B.

1.11 Sale of Gas.

(a) Purchaser will adopt the existing Kentucky Public Service Commission tariffs which set the price and terms of gas service to Farm Taps covered under this Agreement.

(b) In due time as warranted in its other utility operations, Purchaser will file with the KPSC for rate changes for all gas sold to Farm Tap customers. The proposed rate structure will include an Index Rate plus a Cost of Service. Parties shall cooperate to update and make PSC rate filings quarterly or as approved by KPSC.

(c) From the Closing Date until such time as the current rate is changed, Purchaser shall charge the rates approved by KPSC. Seller shall receive a monthly payment for gas from Purchaser in the amount of \$7.00 or more per mcf sold from all paying meters subject to this Agreement. This provision rate per MCF shall be adjusted annually to reflect gas pricing within 20% (twenty percent) of Platt's Index FERC Columbia Appalachia Index Rate.

(d) Upon approval of a new KPSC rate tariff, parties shall negotiate a gas supply contract in keeping with Section 5.01.

(e) Payments to Purchaser based on "mcf sold" means gas volume delivered and measured through meters to paying Farm Tap customers and to Free Gas customers who have used more than their individual annual allotment of free gas. All monthly payments shall be made by Purchaser to Seller.

(f) Gas delivered to Free Gas customers who have not yet used their individual annual allotment of gas shall be accounted for in a periodic report to the Seller in a manner and frequency agreed by the parties. There is no payment due for this gas.

ARTICLE II. REPRESENTATIONS AND WARRANTIES OF SELLER.

Seller represents, covenants and warrants to Purchaser the following:

2.01. Billing. To the best of Seller's knowledge, Seller currently bills customers according to the terms of the underlying leases or agreements or as provided under statute.

2.02. Consents and Approvals; No Violations. To the best of Seller's knowledge, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated will violate or conflict with, or constitute a default (or constitute an event which, with notice or lapse of time or both, would constitute a default) under, or give rise to any right of termination, cancellation or acceleration under, any note, bond, mortgage, indenture, license, agreement, lease or other instrument or obligation to which Seller is a party or by which it may be bound, or violate any statute of law of any judgment,

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decree, order, regulation or rule of any court or governmental authority applicable to Seller. This representation is subject to Purchaser's duty to obtain the proper consent to transfer a utility in section 6.01.

2.03. Litigation. At the date of execution of this Agreement, continuing through the Closing, Seller has not received notice that it is or may be in violation of any material order, writ, injunction, rule, regulation or decree of any court or of any federal, state, municipal or other governmental authority or agency having jurisdiction with respect to Seller or the System. Seller is neither engaged in nor threatened with, any legal action or other proceeding which would have an adverse effect on the Purchaser or Seller.

2.04. Brokers and Finders. The Seller has not taken any action with respect to any broker or finder which would give rise to any liability on the part of Purchaser or incurred any liability for any brokerage fees, commissions or finder's fees in connection with the transactions contemplated by this Agreement which would give rise to any liability on the part of Purchaser.

2.05. Rate Sheets. Attached as Exhibit C are the current rates of Seller.

2.06. Condition of System. The taps and meters will be in good working order and condition to the best of Seller's knowledge as of the Closing Date; however, Seller has the duty to inspect all Farm Taps; the sale will be "as is."

ARTICLE III. REPRESENTATIONS AND WARRANTIES OF PURCHASER.

Purchaser represents, covenants and warrants to Seller the following:

3.01. No Defaults. The execution, delivery and performance at the closing of this Agreement by the Purchaser will not (i) result in a breach of any of the terms or provisions of, or constitute a default under, any agreements of Purchaser or any indenture or other agreement or instrument to which Purchaser is a party or by which it is bound; (ii) constitute a default under any mortgage, deed of trust or encumbrance to which Purchaser is a party; or (iii) conflict with, or result in a breach of, any law, order, judgment, decree or regulation binding on Purchaser.

3.02. Brokers and Finders. The Purchaser has not taken any action with respect to any broker or finder which would give rise to any liability on the part of Seller or incurred any liability for any brokerage fees, commissions, or finder's fees in connection with the transactions contemplated by this Agreement which would give rise to any liability on the part of the Seller.

3.03. Consents and Approvals. Except for the approval of the Kentucky Public Service Commission (KPSC) as described in Section 6.01 and the filings with the PSC required under KAR section 807, no consent, approval or authorization of, or declaration, filing or registration with, any governmental or regulatory authority is required by Purchaser in connection with the execution, delivery and performance of this Agreement or the



consummation of the transactions contemplated hereby.

3.04. Litigation. At the date of the execution of this Agreement, Purchaser has not received notice that it is or may be in violation of any material order, writ, injunction, rule, regulation or decree of any court or of any federal, state, municipal or other governmental authority or agency having jurisdiction over Purchaser. There is no decree or judgment of any kind in existence enjoining or restraining Purchaser from taking any action required or contemplated by this Agreement. Purchaser is not engaged in nor, to the best knowledge of Purchaser, threatened with, any legal action or other proceeding, nor has Purchaser incurred or been charged with nor, to the best knowledge of Purchaser, is Purchaser under investigation with respect to any violation of any federal, state or local law or administrative regulation with respect to which, if adversely determined, there is a reasonable probability of a material adverse effect on Purchaser's ability to acquire any of the System or to conduct or own the business being conducted and owned by the Seller in substantially the same manner as owned and conducted by the Seller.

3.05. Knowledge. Purchaser has no knowledge of any present facts or circumstances relating to Purchaser which would materially adversely affect the ability of it to perform its obligations under this Agreement.

ARTICLE IV. COVENANTS OF THE PARTIES.

4.01. Purchaser's Rights of Inspection. Seller will provide Purchaser and the authorized representatives of Purchaser with full access during normal business hours to all properties, Farm Taps, books records, contracts, operating statements and documents of Seller and will allow Purchaser and the authorized representatives of Purchaser to perform such audit work as may be deemed appropriate. Seller will provide such access from the date of the execution of this Agreement until the Closing Date.

4.02. Cooperation. Parties acknowledge that this Agreement contemplates an ongoing relationship between the parties and agree to make good faith efforts to cooperate and communicate regarding future discontinuation of pipeline usage or temporary shut offs or other matters giving Purchaser as much notice as practicable.

4.03. Sales and Transfer Taxes and Fees. All sales, ad valorem, and transfer, recording, filing and similar taxes and fees (including any penalties or interest), including but not limited to, any sales or use taxes assessed for the purchase of the System, incurred in connection with this Agreement and the transactions contemplated will be borne solely by Purchaser. The parties will assist each other in the filing of all necessary tax returns and other documentation, with respect to all such sales, ad valorem, transfer and recording taxes and fees and, if required by applicable law, will join in the execution of any such tax returns or other documentation.

4.04. Expenses. All legal fees, costs and expenses of any hearing or administrative filing with any governmental agency required for the approval of the transactions

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contemplated by this Agreement, shall be borne by the Purchaser. Expenses of maintenance of the meters shall be borne by Purchaser.

4.05. Notices. Each party shall immediately inform the other party in writing of the occurrence of any events or the existence of any circumstances the effect of which would affect the other parties' duties or obligations.

4.06. Conduct of Business of the Farm Taps Pending Closing. Seller agrees that from the date of the execution of this Agreement until the Closing Date, unless otherwise consented to by Purchaser in writing, Seller will carry on the business of the Farm Taps in the ordinary course in substantially the same manner as normally conducted including, without limitation, all sales, purchases, contractual dealings, management of stocks and employee relations, and will not enter into any agreement or make any commitment relating to the business conducted in the Farm Taps except in the ordinary course of business and consistent with past practice except the Purchaser understands that the Seller is actively marketing its wells, pipelines, and leases for the sale thereof.

4.07. "As Is" Sale. Purchaser accepts the Farm Taps in their condition as of the date of Closing.

ARTICLE V. RIGHT OF FIRST REFUSAL

5.01 Right to Sale of Gas. Upon approval by KPSC of a new rate tariff as contemplated in Section 1.11.b, Purchaser shall grant to Seller the right of first refusal to sell gas to Purchaser at the Farm Taps at a price and terms generally consistent with gas transactions in the area.

5.02 Right to Purchase of Gathering Lines. Seller grants to Purchaser the right of first refusal to purchase any gathering lines used to service Farm Taps when the underlying leases have expired and if they are no longer needed by Interstate Natural Gas Company. This provision does not bind future buyers of wells, pipelines, and leases held by Seller.

ARTICLE VI. CONDITIONS TO OBLIGATIONS OF PARTIES

6.01. Regulatory Approval. Upon execution of this Agreement, and if necessary under applicable law, Purchaser will file with the KPSC a petition (the "Petition") requesting approval of the acquisition and transfer of the Farm Taps. Purchaser shall pay all filing fees, attorney fees, costs and expenses of the Purchaser and the Seller incurred as a result of filing the Petition or seeking the regulatory approval of the KPSC. It is anticipated that KPSC approval will take sixty days.

6.02. No Injunction, Etc. on the Closing Date. There shall be no effective injunction, writ, preliminary restraining order or any order of any nature issued or threatened by a court or other governmental authority of competent jurisdiction directing that the transactions not be consummated as so provided or imposing any conditions on the consummation of the



transactions contemplated; and (b) no action, suit or proceeding shall be pending before any such court, or other government authority seeking such relief.

ARTICLE VII. CONTINUING OBLIGATIONS; INDEMNIFICATION.

7.01. Continuing Obligations. The obligations made by Seller and Purchaser under this Agreement shall survive the Closing.

7.02. Agreement of Purchaser to Indemnify and hold Seller Harmless. Subject to the terms and conditions of this Agreement, Purchaser agrees to indemnify, defend and hold Seller harmless, at any time after consummation of the Closing, from and against all Damages asserted against, resulting to, imposed upon or incurred by Seller, directly or indirectly, by reason of or resulting from the following items after the closing Date (a) liabilities, obligations or claims (whether absolute, accrued, contingent or other) arising from and after the Closing Date relating to or arising out of the sale of gas to customers, the possession or use of the Farm Taps, or the conduct of its business by Purchaser and/or Seller following the Closing Date.

7.03. Procedures Relating to Indemnification. The obligations and liabilities of the party making the indemnity pursuant to Sections 7.02 (the "Indemnitor") with respect to claims made by third parties against the party or parties being indemnified pursuant to such Sections (the "Indemnitee") shall be subject to the following terms and conditions:

(a) The Indemnitee will give the Indemnitor prompt notice of any such claim, and Indemnitor shall have the right to undertake (at the Indemnitor's sole cost and expense) the defense by representatives chosen by it and reasonably acceptable to the Indemnitee;

(b) If the Indemnitor, within a reasonable time after notice of any such claim, fails to defend the Indemnitee against which such claim has been asserted, the Indemnitee will (upon further notice to the Indemnitor) have the right to undertake the defense, compromise or settlement of such claim on behalf of and for the account and risk of the Indemnitor, subject to the right of the Indemnitor to assume the defense of such claim at any time prior to settlement, compromise or final determination thereof;

(c) In connection with all claims defended, the Indemnitee will give the Indemnitor prompt written notice of all material developments in connection with all claims, will promptly supply the Indemnitor with all the papers, documents and evidence in the Indemnitee's possession and such other information within the Indemnitee's knowledge pertinent to such claims, and will produce at the appropriate place or places, at reasonable times, such witnesses under the Indemnitee's control as may reasonably be requested by the Indemnitor or its representatives.

7.04 Insurance. Purchaser is required to obtain and maintain liability and pollution insurance in an amount not less than one million dollars (\$1,000,000.00) single occurrence, two million dollars (\$2,000,000) aggregate and name the appropriate owners of the pipelines as additional insureds.

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7.05 Cooperation. The parties agree to make a good faith effort to cooperate with each other in making quarterly rate increases and on any other necessary projects which arise following closing.

ARTICLE VIII. TERMINATION AND DEFAULT.

8.01 Methods of Termination. This Agreement may be terminated prior to the Closing:

- (a) By mutual written agreement of Purchaser and Seller;
- (b) By Purchaser if the Closing has not occurred by March 15, 2010 provided that a default by Purchaser is not responsible for the Closing not having occurred;
- (c) By Seller if the Closing has not occurred by March 15, 2010, provided that a default by Seller is not responsible for the Closing not having occurred.

8.02 Default. In the event that Purchaser fails to satisfy its obligations under this Agreement, Seller may undertake to fulfill any statutory obligations to any customer or to remedy any situation which requires immediate attention. Seller shall give Purchaser notice of any other defaults and allow ten (10) days for Purchaser to cure. Purchaser shall remain liable for the acts of Seller in furtherance of Purchaser's duties and at Purchaser's expense. In the event that Purchaser fails to cure a default after ten (10) days notice, Seller has the right to rescind this Agreement and regain possession of the customers and meters subject to this Agreement.

ARTICLE IX. MISCELLANEOUS PROVISIONS.

9.01. Amendment and Modification. Subject to applicable law, this Agreement may be amended, modified and supplemented only by written agreement of the parties at any time prior to the Closing with respect to any of the terms contained herein.

9.02. Waiver of Compliance. Any failure of Purchaser or Seller to comply with any obligation, covenant, agreement or condition may be expressly waived in writing by the Purchaser or Seller, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

9.03. Notices. All notices, requests, demands and other communications required or permitted shall be in writing and shall be deemed to have been given if delivered by hand or mailed, certified or registered mail with postage prepaid:

- (a) If to Purchaser, to:



Robert J. Oxford
Kentucky Frontier Gas
4891 Independence St., Suite 200
Wheat Ridge, CO 80033

(b) If to Seller, to:

Jerry Kanney
Interstate Natural Gas Company
347 Thompson Road
Pikeville, KY 41501

or to such persons or addresses as Seller or Purchaser shall furnish to the other in writing.

9.04. Assignment. No Assignment of the Farm Taps may be made by Purchaser without the consent of Seller. This Agreement and all of its provisions shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

9.05. Governing Law. This Agreement and the legal relations among the parties shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky and in the Commonwealth of Kentucky.

9.06. Arbitration. This Agreement is subject to Mandatory and Binding Arbitration. All disputes arising between the parties in any way related to this Agreement or the Farm Taps sold hereinunder whether transferred at Closing or transferred in the future, shall be resolved through Arbitration under the rules of the AAA. Both parties agree to keep the dispute and related facts and circumstances confidential to the best of their abilities understanding that any unnecessary publication could cause undue economic hardship to the other party.

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

9.08. Headings. The Headings of the Sections and Articles of this Agreement are inserted for convenience only and shall not constitute a part or affect in any way the meaning or interpretation of this Agreement.

9.09. Entire Agreement. This Agreement, subject to the contingencies described in 1.02, including the Exhibits, and the other documents and certificates delivered pursuant to the terms of or referred to, set forth the entire agreement and understanding of the parties, and supersedes all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee or representative of any party.

9.10. Third Parties. Except as specifically set forth, nothing expressed or implied is intended or shall be construed to confer upon or give to any person or corporation other than the parties and their successors or assigns, any rights or remedies under or by reason of this Agreement.

9.11. Cooperation. Seller and Purchaser agree to cooperate in effecting the lawful transfer of all licenses, distributorship agreements, leases and other contracts as are necessary to permit Purchaser to operate the System in substantially the same manner as it is now being conducted and to increase PSC rates. The primary responsibility for the foregoing is that of the Purchaser.

9.12. Risk of Loss. Seller assumes all risk of destruction, loss or damage due to fire, storm, or any other casualty prior to the Closing Date. Upon such destruction, loss, or damage of the facility, or a substantial part of the Farm Taps, Purchaser shall have the option to terminate this Agreement and, in the event of the exercise of such option, all rights of Purchaser and Seller shall terminate without liability to any party. Purchaser shall notify Seller within seven (7) days after receiving written notice of said destruction, loss or damage of the decision to terminate this Agreement. If Purchaser does not timely notify Seller of termination, this Agreement shall remain in full force and effect, provided, however, that the Purchase Price shall be adjusted to reflect such destruction, loss or damage, and if Purchaser and Seller are unable to agree upon the amount of such adjustment, the contract will stand terminated.

9.13. Survival. This Agreement shall survive the execution and delivery of all documents of conveyance contemplated..

9.14. Full Disclosure. No representation or warranty made by the Seller contained in this Agreement nor any statement or certificate furnished or to be furnished contains or will contain any untrue statements of a material fact, or omits or will omit to state any material fact known to the Seller.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the day and year first above written.

SELLER:

Interstate Natural Gas Company



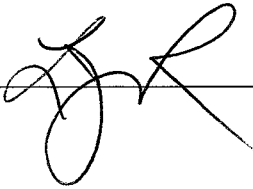
Jerry Kanney, General Partner



Dennis Rohrer, General Partner

PURCHASER:


Kentucky Frontier Gas, LLC.

By: 

STATE OF KENTUCKY

COUNTY OF PIKE

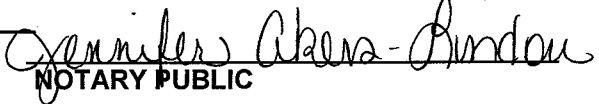
This foregoing document was subscribed and sworn to before me by Jerome A. Kanney, General Partner, of **INTERSTATE NATURAL GAS COMPANY, SELLER**, on this the 8th day of February, 2010.

My Commission Expires: 9/16/2013

NOTARY PUBLIC

STATE OF KENTUCKY

COUNTY OF PIKE


This foregoing document was subscribed and sworn to before me by Dennis L. Rohrer, General Partner, of **INTERSTATE NATURAL GAS COMPANY, SELLER**, on this the 8th day of February, 2010.

My Commission Expires: 9/16/2013

NOTARY PUBLIC

STATE OF KENTUCKY

COUNTY OF Pike

This foregoing document was subscribed and sworn to before me by Larry J. Rich, of Kentucky Frontier Gas, LLC, Purchaser, on this the 8th day of February, 2010.

My Commission Expires: 9/16/2013

NOTARY PUBLIC

Base Wells

WELL#	WELL NAME	TENDER	SP5
242	EAST KY NET DBA APP. WIRELESS	ING	MORGAN
1118	DAVID CARTER	ING	
8030	TONI CLARK-F	ING	FLOYD
8054	JOE GARRETT-F	ING	FLOYD
9042	SUE LITTLE	ING	FLOYD
8052	CLINNON MARTIN-F	ING	FLOYD
8040	KENNETH HALL-F	ING	FLOYD
8038	BILL REED # 1-F	ING	FLOYD
9024	GENEVA SARTIN-KITNAR-F	ING	FLOYD
8032	CARL MITCHELL-F	ING	FLOYD
8072	JACK JOHNSON	ING	FLOYD
8094	BRENDA HOWELL-F	ING	FLOYD
8028	GEORGINA CECIL-F	ING	FLOYD
8022	DATHAN JOHNSON 3-F	ING	FLOYD
9060	GARY TACKETT-F	ING	FLOYD
8036	BURMAN NEWMAN-F	ING	FLOYD
9061	COALFIELDS TELEPHONE	ING	FLOYD
8070	BILL CRIDER-F	ING	FLOYD
8024	KENNETH MEADE-F	ING	FLOYD
8076	BETH CLEMONS-F	ING	FLOYD
8078	BILL REED # 2-F	ING	FLOYD
8082	ALLEY WICKER	ING	FLOYD
8207	IMOGENE MITCHELL-F	ING	FLOYD
8084	TAYLOR MITCHELL-F	ING	FLOYD
8124	LARRY & GLENNA TACKETT # 2-F	ING	FLOYD
8122	LARRY & GLENNA TACKETT #1-F	ING	FLOYD
8119	PAUL FRASURE	ING	FLOYD
8118	JOHNNY O'BRIEN	ING	FLOYD
8090	GRADY TACKETT-F	ING	FLOYD
8092	EDWARD HOWELL-F	ING	FLOYD
8068	JOHN CRIDER-F	ING	FLOYD
970	MARGO BARBER-F	ING	FLOYD
5496	TIVIS NEWSOME-F	ING	FLOYD
8019	DATHAN JOHNSON 2-F	ING	FLOYD
1115	CLEVELAND DYE	ING	FLOYD
5369	ORVISSIE SHEPHERD-F	ING	FLOYD
993	HAROLD GREENE-F	ING	FLOYD
1143	ELSIE DOTSON-F	ING	FLOYD
8002	PATRICIA & EARL MARTIN	ING	FLOYD
8004	RAYMOND MARTIN-F	ING	FLOYD
9076	ADIS CLARK-F	ING	FLOYD
1222	JOHN SAMMONS	ING	FLOYD
8006	RANDY HAYES	ING	FLOYD
8008	FRANK SLONE-F	ING	FLOYD
1223	HARRY & GWEN ARNETT	ING	FLOYD
8016	DEWAYNE SCALF-F	ING	FLOYD

8018	DATHAN JOHNSON 1-F	ING	FLOYD
1110	WOODROW JARRELL # 2	ING	FLOYD
961	MARJORIE PELPHREY-F	ING	JOHNSON
915	WILLIAM BARKER-F	ING	JOHNSON
1208	KEVIN PELPHREY-F	ING	JOHNSON
991	BOBBY STURGILL-F	ING	JOHNSON
982	BUDDY FERRELL-F	ING	JOHNSON
3005	ROBERT VARNEY #2-F	ING	JOHNSON
3004	ROBERT VARNEY-F	ING	JOHNSON
9036	GLENN R. BUTCHER-F	ING	JOHNSON
1910	BILLY LEWIS-F	ING	JOHNSON
1900	SAMUEL BURKE-F	ING	JOHNSON
7602	PAUL REFFIT-F	ING	JOHNSON
963	ED REINTHALER (SON)-F	ING	JOHNSON
962	ED REINTHALER-F	ING	JOHNSON
253	CARL THOMAS HAYES-F	ING	JOHNSON
1167	LUTHER VANHOOSE-F	ING	JOHNSON
8058	NELSON/FRAZIER	ING	KNOTT
3326	GARLAND KIDD-F	ING	KNOTT
3321	ELLIS HALL-F	ING	KNOTT
8064	KELLY HALL-F	ING	KNOTT
8066	DAVID HUGHES-F	ING	KNOTT
8086	GLENNIS COOK-F	ING	KNOTT
8088	JAMES CAUDILL-F	ING	KNOTT
8108	CORDIE SLONE-F	ING	KNOTT
9033	JESSICA COMBS-F	ING	KNOTT
1215	JAMES E. HAYWOOD-F	ING	KNOTT
8102	THOMAS HAYES-F	ING	KNOTT
9082	LYLE ADAMS-F	ING	KNOTT
8096	JOYCE FIELDS-F	ING	KNOTT
9034	MIKE BUSH-F	ING	KNOTT
9032	JERRY COMBS-F	ING	KNOTT
8098	WILMA HAMILTON-F	ING	KNOTT
8106	GLEN HAYES-F	ING	KNOTT
1112	ALTA MARCUM-F	ING	LAWRENCE
419	GEORGE ADKINS #1-F	ING	LAWRENCE
418	DAN RATLIFF-F	ING	LAWRENCE
354	BERT HAYES	ING	LAWRENCE
1165	DOUG GREEN-F	ING	LAWRENCE
356	WILLIAM RAY WEBB	ING	LAWRENCE
362	ROBERT FANNIN	ING	LAWRENCE
363	CHARLES CLARK	ING	LAWRENCE
364	DANIEL LEE FANNIN	ING	LAWRENCE
1116	MARTIN CO. REACT-F	ING	LAWRENCE
372	RICHARD FUGITT	ING	LAWRENCE
368	JOHN T O'DANIEL	ING	LAWRENCE
413	BILLY BURKE-F	ING	LAWRENCE
370	MATTHEW CAUDILL	ING	LAWRENCE

204	CHARLES BOWEN	ING	LAWRENCE
414	NEW FRIENDSHIP CHURCH-F	ING	LAWRENCE
223	DELLMA BURKE-F	ING	LAWRENCE
1002	DONALD MARCUM	ING	LAWRENCE
376	JAMES M FRALEY	ING	LAWRENCE
407	RALPH ENDICOTT-F	ING	LAWRENCE
408	MALCOMB BLACKBURN-F	ING	LAWRENCE
409	JACKIE WHITT-F	ING	LAWRENCE
410	THELMA WHITT-F	ING	LAWRENCE
411	JONATHAN FLETCHER-F	ING	LAWRENCE
412	CLARENCE HARLESS-F	ING	LAWRENCE
366	JEFFEREY O'DANIEL	ING	LAWRENCE
278	TIM & FRANCIS JUSTICE	ING	LAWRENCE
420	GEORGE ADKINS #2-F	ING	LAWRENCE
425	SAM DHEEL-F	ING	LAWRENCE
306	STERLING MARCUM	ING	LAWRENCE
304	LEROY MARCUM	ING	LAWRENCE
302	JAMES MARCUM	ING	LAWRENCE
294	FAYE MOORE-F	ING	LAWRENCE
326	JOHN MULLINS	ING	LAWRENCE
292	MAY KIRK	ING	LAWRENCE
290	JOEY KIRK	ING	LAWRENCE
288	JAMES KIRK	ING	LAWRENCE
286	CHARLES H. KIRK	ING	LAWRENCE
346	SIMPSON STACY	ING	LAWRENCE
280	DENVER MOORE #1-F	ING	LAWRENCE
208	KERMIT BOWEN-F	ING	LAWRENCE
274	MARVIN RAY HORN-F	ING	LAWRENCE
270	TIVIS HINKLE	ING	LAWRENCE
266	STEVE GOBLE	ING	LAWRENCE
264	JOHN GOBLE	ING	LAWRENCE
254	ELLA FARLEY	ING	LAWRENCE
244	PAUL ENDICOTT	ING	LAWRENCE
336	LONNIE & PATSY RATLIFF	ING	LAWRENCE
236	GEORGE ENDICOTT	ING	LAWRENCE
228	CLAUDE DALTON	ING	LAWRENCE
226	MIKE DALTON	ING	LAWRENCE
210	KELLY & BRENDA BARNSCOME	ING	LAWRENCE
348	GLEAN EDITH WARD	ING	LAWRENCE
281	DENVER MOORE #2-F	ING	LAWRENCE
424	DAVID MEADE-F	ING	LAWRENCE
422	BOB POLOVOSKI-F	ING	LAWRENCE
9064	KEVIN FISHER-F	ING	LAWRENCE
434	BILLY BURKE-#3-F	ING	LAWRENCE
421	JOHN O'DANIELS-F	ING	LAWRENCE
433	BILLY BURKE-#2-F	ING	LAWRENCE
9050	GWENDOLYN ADCOCK-F	ING	LETCHER
431	MAE CAUDILL-F	ING	LETCHER

9052	JOE DIXON-LINE FORK-F	ING	LETCHER
9048	MAY WATTS-F	ING	LETCHER
9062	COLEMAN CAMPBELL-F	ING	LETCHER
5710	HERLIS COLE-F	ING	MAGOFFIN
9078	DANNY ARNETTE-F	ING	MAGOFFIN
965	DOROTHY PATRICK-F	ING	MAGOFFIN
9080	DAVID JACKSON-F	ING	MAGOFFIN
1144	ANNA MAE ARNETTE-F	ING	MAGOFFIN
1202	SILAS COLE JR.	ING	MAGOFFIN
1014	ROBERT ARNETTE-F	ING	MAGOFFIN
430	BILLY J. ROWE-F	ING	MAGOFFIN
1331	TERRY MILLER-F	ING	MAGOFFIN
817	LARRY CARTY-F	ING	MAGOFFIN
9056	RAY ALLEN-F	ING	MAGOFFIN
1333	TEDDY MANNS-F	ING	MAGOFFIN
1335	BRIAN CUMBO-F	ING	MARTIN
276	CRAIG JUSTICE	ING	MARTIN
9072	ODELL MOORE-F	ING	MARTIN
9070	PAM LAFFERTY-F	ING	MARTIN
310	EDDY HORN	ING	MARTIN
314	MICHAEL MAYNARD #1	ING	MARTIN
317	DANNY WHITT	ING	MARTIN
200	HARVEY BLACKBURN	ING	MARTIN
318	MICHAEL MAYNARD #2	ING	MARTIN
202	CHESTER BLACKBURN	ING	MARTIN
9068	RICK CORNETT-F	ING	MARTIN
321	WALTER FITCH	ING	MARTIN
222	GLENN CARTER	ING	MARTIN
332	GREG PRESTON	ING	MARTIN
272	INIS A. COFFEY-F	ING	MARTIN
268	CLYDE HAMMOND	ING	MARTIN
224	MORGAN GT CARTER	ING	MARTIN
257	ELOISE MAYNARD	ING	MARTIN
256	BENNY JOE FITCH	ING	MARTIN
252	JOE M OR BRENDA FANNIN	ING	MARTIN
250	ESTELLE FANNIN	ING	MARTIN
243	JOHN ENDICOTT	ING	MARTIN
230	MARY ETTA MAYNARD	ING	MARTIN
426	GRETA MAYNARD #1-F	ING	MARTIN
1001	ALTA MAE LIFESEAY-F	ING	MARTIN
405	CHARLES JUDE-F	ING	MARTIN
404	MARSHA MAYNARD-F	ING	MARTIN
403	DAVID JUDE-F	ING	MARTIN
402	MACARTHER JUDE-F	ING	MARTIN
432	KIRL FITCH JR.	ING	MARTIN
322	APRIL LOVINS	ING	MARTIN
429	GLEN DEAN PACK-F	ING	MARTIN
428	GRETA MAYNARD #3-F	ING	MARTIN

427	GRETA MAYNARD #2-F	ING	MARTIN
415	WAYNE FITCH-F	ING	MARTIN
406	LORRAINE JUDE-F	ING	MARTIN
417	EDSEL HORN	ING	MARTIN
401	SHARLENE JUDE-F	ING	MARTIN
423	DAVE COMPTON-F	ING	MARTIN
7816	ROBBIE WHITT-F	ING	MARTIN
344	MARGARET SPAGUE	ING	MARTIN
340	CLAUDINE SWEENEY	ING	MARTIN
9074	EARL CASSADY-F	ING	MARTIN
8056	JIM JUDE-F	ING	MARTIN
1230	JACK HAMMOND	ING	MARTIN
284	CARROLL KIRK	ING	MARTIN
325	ERIC FLETCHER	ING	MARTIN
232	GLENN CORNETTE-F	ING	MARTIN
416	KIRL FITCH-F	ING	MARTIN
1235	BILLY CHAFFIN-F	ING	MINGO
9058	DELMER WHITELY-F	ING	MORGAN
996	EARL SALYERS-F	ING	MORGAN
3022	MARGIE ELAM-F	ING	MORGAN
9065	CECIL SLONE JR	ING	PIKE
967	JUDITH HALL-F	ING	PIKE
9067	KELLY CAUDILL	ING	PIKE
966	SHELBY DIALS-F	ING	PIKE
1120	STEPHANIE BREWER	ING	PIKE
964	MAYNARD LEWIS-F	ING	PIKE
9084	DON THACKER-F	ING	PIKE
2262	RONALD COMPTON	ING	PIKE
1181	ROBERT J. SULLIVAN	ING	PIKE
9059	HELEN HILL-F	ING	PIKE
9999	KINZER- ALERT OIL & GAS	ING	PIKE
221	DOUG HIGGINS # 2-F	ING	PIKE
6017	CHRISTINE JONES	ING	PIKE
231	DOUG HIGGINS # 1-F	ING	PIKE
8074	LESLIE LOWE-F	ING	PIKE
9028	DENNIS LOVE-F	ING	PIKE
8026	JOE DOTSON	ING	PIKE
8012	DAVID WRIGHT-F	ING	PIKE
8009	DORTON FIRE DEPT.	ING	PIKE
9004	BOBBY SWINEY	ING	PIKE
6621	PAUL BENTLEY	ING	PIKE
9002	OLIVER SLONE	ING	PIKE
5390	LARRY LOWE #2	ING	PIKE
5380	LARRY LOWE-F	ING	PIKE
4790	MARGIE JUSTICE	ING	PIKE
4610	KEVIN GARRETT	ING	PIKE
4060	PATRICIA POTTER	ING	PIKE
4192	CECIL HOWELL	ING	PIKE

7301	LEAHDANE RAY	ING	PIKE
9049	JACKIE ADKINS	ING	PIKE
234	BURT D. KINNEY-F	ING	PIKE
235	ROCKHOUSE CHURCH-F	ING	PIKE
9057	STEPHEN HUNT	ING	PIKE
8062	JASON BAKER	ING	PIKE
2670	SCOTTY DERRY	ING	PIKE
9008	ROCKY HAMILTON	ING	PIKE
9047	MICHAEL BOGGS-C	ING	PIKE
9038	STELLA GAULKE	ING	PIKE
9030	ALLEN RADTKE	ING	PIKE
9022	VIVIAN SNODGRASS-I-F	ING	PIKE
9020	CARTER HALL	ING	PIKE
9018	DEBRA BRYANT	ING	PIKE
9014	MARY L. HAMILTON	ING	PIKE
296	BILLY JOE GIBSON-F	ING	PIKE
9012	TROY HAMILTON	ING	PIKE
9055	CLINARD BENTLEY	ING	PIKE
380	DON CLARK-F	ING	WAYNE
381	WAYNE CLARK-F	ING	WAYNE
382	CLIFFORD CORNS-F	ING	WAYNE
1003	JANICE CORNS-F	ING	WAYNE
1007	HAROLD SMITH-F	ING	WOLFE

EXHIBIT B

Additional Procedures

None

Exhibit C

FOR Pike, Floyd, Leslie, Perry, Lawrence, Johnson, Knott, Letcher, Lee, Morgan, Magoffin, Martin, and other counties in Kentucky

Community, Town or City

P.S.C. KY. NO. _____

SHEET NO. _____

Interstate Natural Gas Company
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

SHEET NO. _____

CONTENTS

INTERSTATE NATURAL GAS COMPANY

Of

347 Thompson Road
P.O. Box 3385
Pikeville, KY 41502

RATES, RULES, AND REGULATIONS FOR FURNISHING

Natural Gas

In

Pike, Floyd, Leslie, Perry, Lawrence, Johnson, Knott, Letcher, Lee, Morgan, Magoffin, Martin and other counties in Kentucky

DATE OF ISSUE _____

Month / Date / Year

DATE EFFECTIVE _____

Month / Date / Year

ISSUED BY James A. Harvey _____

(Signature of Officer)

TITLE General Partner _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 2004-00356 DATED 6-20-2005

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
2/4/2006
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

By [Signature]
Executive Director

FOR Pike, Floyd, Leslie, Knott, Johnson, Letcher,
Lee, Morgan, Magoffin, Martin, and other counties
Community, Town or City

P.S.C. KY. NO. 1

SHEET NO. 2

Interstate Natural Gas Company
(Name of Utility)

CANCELLING P.S.C. KY. NO. 1

SHEET NO. 2

RATES AND CHARGES

APPLICABLE:

Available to applicants along the gas lines of Interstate Natural Gas Company.

AVAILABILITY OF SERVICE:

Available to all classes of customers.

RATES: Monthly

Minimum Bill \$14.44

All additional MCF \$14.44

DATE OF ISSUE December 31, 2006
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY *June A. Glanville*
(Signature of Officer)

TITLE General Partner

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2006-00122 DATED December 20, 2006

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
12/20/2006
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

By *[Signature]*
Executive Director

FOR Pike, Floyd, Leslie, Perry, Lawrence, Johnson, Knott, Letcher, Lee, Morgan, Magoffin, Martin, and other counties in Kentucky

Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

Interstate Natural Gas Company
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

1. Bills for service will be rendered monthly, the term "month" shall mean the period between consecutive meter readings which shall be taken, as nearly as possible, every thirty (30) days.
2. Bills are rendered on or about the 1st day of the month for service furnished during the previous month and are due on that date. Bills not paid by the 12th of the month shall be subject to a 10 percent penalty on the monthly amount due. A penalty will not be charged on an existing penalty.
3. A charge of \$150 shall be charged for each new service tap, including saddle and first shutoff valve that Interstate Natural Gas Company must furnish and install.
4. A reconnection charge of \$25 shall be paid before service is restored following disconnection of service for nonpayment of bills.
5. A deposit of 2/12 of the average annual bill will be required for each new account. This will be refundable upon disconnection of service and payment of any balance due for gas service. Otherwise, the deposit will be applied toward the outstanding balance and the remainder, if any will be refunded.
6. A reconnection charge of \$25 shall be paid by customers, which request a disconnection and subsequently re-establish service at the same premises within 12 months.
7. A service charge of \$25 will be imposed on any customer whose check is returned from the bank due to insufficient funds. Such account will be considered in arrears, subject to penalty and possible

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY James A. Harvey
(Signature of Officer)

TITLE General Partner

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 2004-00356 DATED 6-20-2005

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
2/4/2006
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

By [Signature]
Executive Director

FOR Pike, Floyd, Leslie, Perry, Lawrence, Johnson, Knott, Letcher, Lee, Morgan, Magoffin, Martin, and other counties in Kentucky

Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

Interstate Natural Gas Company
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

termination after notice pursuant to 807 KAR 5:006, Section 11.

8. A charge of \$15 will be levied when a trip is made to collect a delinquent bill after proper notice.
9. Service will not be discontinued for non-payment of bills without first having made a reasonable effort to induce the customer to pay the balance due. A 10 day written notice of cut-off will be given to the customer but the cut-off shall not be effective before 27 days after the mailing date of the original bill. This notice is separate from the bill and will include notification of state, local, and federal programs, if any, and their addresses, which provide assistance in payment of utility bills under certain conditions.
10. Any service call that is made by Interstate Natural Gas Company for the customer side of the meter there will have \$30 charge.
11. For matters not addressed herein, Interstate Natural Gas Company adopts the applicable rules of the Public Service Commission.

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY Jane a Harvey
(Signature of Officer)

TITLE General Partner

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 2004-00356 DATED 6-20-2005

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
2/4/2006
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

By [Signature]
Executive Director

1 b.

Kentucky Frontier Gas, LLC - Farm Taps

Gas Sales 12 months ended 10/31/21

Supplier	Mcf	Rate	Sales
Quality	12,375	\$5.0400	\$62,370
AOG	11,247	\$7.5800	\$85,252
KLC	8,192	\$7.4200	\$60,785
Nytis	3,958	\$7.6000	\$30,081
ING	693	\$7.6000	\$5,267
Slone Energy	790	\$9.2600	\$7,315
Tackett	259	\$7.8000	\$2,020
Sonny Hall	69	\$7.5900	\$524
Totals	37,583	\$6.7481	\$253,614

1 c.

Kentucky Frontier Gas, LLC - Farm Taps

Gas Purchases 12 months ended 10/31/21

Supplier	Mcf	Recent Rate	Cost	Proposed Rate	Proposed Cost
Quality	12,375	\$5.0400	\$62,370	\$ 6.3186	\$78,193
AOG	11,248	\$4.1200	\$46,342	\$ 4.0730	\$45,813
KLC	8,192	\$4.7300	\$38,748	\$ 5.6186	\$46,028
Nytis	3,958	\$4.2200	\$16,703	\$ 4.6253	\$18,307
ING	692	\$4.2200	\$2,920	\$ 5.0911	\$3,523
Slone Energy	791	\$5.2500	\$4,153	\$ 5.6249	\$4,449
Tackett	260	\$3.5000	\$910	\$ 3.7608	\$978
Sonny Hall	69	\$4.9300	\$340	\$ 5.5440	\$383
Totals	37,585	\$4.5892	\$172,486	\$ 5.2594	\$197,673

2. Provide the history of Kentucky Frontier's provision of farm tap service beginning with its earliest provision of gas to customers served pursuant to KRS 278.485.

Response:

In December 2008, Frontier purchased and consolidated 3 tiny gas utilities (Belfry, EKU and Mike Little Gas) to start operations under the Frontier brand.

As part of the transaction to purchase the assets of Belfry Gas from the Kinzer organization, Frontier also acquired the rights to serve farm taps on Kinzer pipelines.

In May 2010, Frontier purchased utility assets (Cow Creek & Sigma) and farm tap rights from Interstate Gas. These and the Kinzer FTs were consolidated in Case 2011-00513 for uniform rates and operating tariffs. Most of the Interstate system was sold to Nytis Exploration now Diversified.

In December 2015, Frontier purchased the assets of Public Gas, with about 1600 customers in Jackson, Campton and scattered small communities along the Jefferson Gas transmission pipeline system. Some of these customers are technically Farm Taps directly off Jefferson (now East Kentucky Midstream), but were treated as utility customers by Public Gas and never had a separate tariff.

Frontier has a few farm taps on small producer gathering lines in the Auxier, BTU and Sigma systems.

3. Provide either a listing of locations or a map showing where farm tap services are being provided by Kentucky Frontier, and the associated source and ownership of gas supply and transmission for each. The information provided should indicate the proximity to Kentucky Frontier's regulated utility system.

Response:

Frontier does not have a map of farm taps, but is preparing one, which will be filed soon. Attached is a listing of all farm taps with latitude/longitude locations.

4. State whether any farm tap customers are supplied from wells in which Kentucky Frontier has ownership interest. If yes, provide details.

Response:

No. Frontier has no ownership interest in production assets or wells in Kentucky or elsewhere.

5. Describe the quality of gas supplied to farm tap customers. The response should include but not be limited to the following: whether any dehydration equipment is used, whether the gas is odorized, and whether compression equipment is used for the purpose of delivering gas to farm tap customers.

Response:

The gas supply for nearly all Frontier customers, utility or farm taps, comes from gathering systems or lightly-conditioned transmission pipelines. Gas quality is quite different from typical "city gas". Virtually all gas is dehydrated, but most sources have little or no gas liquid processing and much higher BTU content. For nearly all customers, gas quality can vary slightly with changing wells and seasons and conditions, but is fairly stable over time to ensure that appliances stay tuned for their specific gas supply.

Sour gas or H₂S is a significant problem in shallow wells mostly in Magoffin County (BTU and Sigma systems), where Frontier must be diligent in holding producers to spec. Frontier has not found this issue on its farm taps.

Frontier has no compressors.

The locally produced gas has a natural heavy petroleum smell and will pass the "readily detectable" criteria in DOT §192.625 for Odorization. To supplement this natural odor, Frontier operates gas odorizers in locations that feed most of its utility systems, particularly off the TC Energy P-20 line that has been lightly processed. Jefferson EKM odorizes all gas off CGT.

6. State whether the character of service to any farm tap customers has changed over time. The response should include but not be limited to the following: whether any previous farm tap customer lost service due to inadequate gas supply or for any other reason related to availability of gas or transmission service, whether Kentucky Frontier has contracted for gas to supply farm tap customers because of a loss of previous supply, and whether Kentucky Frontier has changed the designation of any customer from farm tap to regulated utility customer.

Response:

Frontier customers have seen little change to the character of service from previous operators. Under Case No. 2011-00443, Frontier installed Automated Meter Reading or AMR radio readers on all farm tap and utility meters. Each FT customer pays \$1.00 per month for the AMR program, as do all utility customers. The AMR project also has updated virtually all customer meters with a testing & replacement program.

In July 2021, more than 100 Frontier farm tap customers along Hurricane Creek near Pikeville were shut off without notice (including to Frontier). The Kinzer gathering system feeding these customers was judged by the new Kinzer administrator to be leaky and unsafe, although this segment is much the same as many of their other lines (and the Belfry Gas system sold to Frontier in 2008). After huge public outcry, Frontier helped to resolve the issue assistance with leak surveys and triage. The Hurricane pipeline was eventually restored to service. A similar abandonment plan for lines with 15 customers along Robinson Creek was canceled.

Kinzer had previously abandoned a gathering line in August 2019, near Elkhorn City off US 23 south of Pikeville. Frontier had 7 farm taps off this line about 1 mile long, threading through a creek and roads. Frontier evaluated the cost of replacement at \$100,000 for \$2500 annual revenue, and a new source of gas supply wasn't readily available, so those customers lost service.

Frontier has not converted a farm tap customer to a utility customer. One such request was made, where a FT customer on a foreign pipeline could be served from a Frontier utility system, but the producer paying the customer's bills refused to pay any cost of the Frontier extension.

7. Explain whether Kentucky Frontier believes its farm tap customers receive a relatively comparable level of gas supply and service as its regulated utility customers, and why.

Response:

Frontier farm tap customers receive a comparable level of gas service as utility customers. Frontier uses the same billing system and offers the same payment features such as Budget Billing and online-ACH-credit card payments. Emergency response for leak calls is the same for all customers, with Frontier responding as quickly as possible, with 24/7 call center and on-call operators. Response time varies with how far-flung the customer is from the nearest available technician, which isn't necessarily different for farm taps or remote utility systems.

Frontier responds to reports of leaks and line hits for all customers, and often discovers and reports leaks on non-Frontier pipelines, including the foreign pipelines that feed Frontier farm taps.

The stability of gas supply is about the same for all Frontier customers. As stated herein, some farm tap customers have been lost through abandonments by the foreign pipeline. Several pipelines and producers have changed hands, with (so far) no significant effect on Frontier gas deliveries.

Gas supply is a significant concern in some areas, especially Magoffin County for BTU and Sigma systems where production is thin and there are no other pipelines but Jefferson Gas. The gas supply on Jefferson Gas (now EKM) has grown less secure, now with virtually no local gas production and sketchy pipelines. Jefferson dramatically escalated transport cost to subsidize pipeline improvements, which increased the gas cost to *all* Frontier utility customers by 40%. Because Jefferson remains unregulated by the Commission, Frontier has no recourse to the high cost of gas or security of supply.

All of these challenges are part of the enterprise of providing gas off remote pipelines in production areas. Frontier treats the farm taps virtually the same as utility customers. With the next general rate proceeding, Frontier plans to combine all small volume customers into a single rate class.

8. Provide the number of farm tap customers Kentucky Frontier has served annually for the last ten years and the number it is currently serving.

Response:

Farm taps served at December billing:

2011	539 including Free FTs*
2012	597
2013	644
2014	632
2015	579
2016	746
2017	648
2018	632
2019	620
2020	611
2021	470 October billing*

*Annual totals include aprx 180 Free FTs through 2020. In July 2021, Frontier changed the Kinzer Free FTs to bill (and include in meter count) only those customers that go over the annual free gas allotment. Only about 40 of these 180 routinely go over, and 37 were included in October totals.

In October 2021, Frontier billed 433 paying and 37 free farm taps. In 2013-2021 the annual average meter count included 454 paying FTs.

9. State whether Kentucky Frontier serves any “free gas” customers who receive gas in exchange for pipeline crossing their property. If so, state how many and where they are located.

Response:

Frontier serves about 180 farm taps that receive an annual allocation of Free Gas from the producer operating the supply pipeline. These are all attributed to Kinzer pipelines, mostly the Quality entities. Interstate and Nytis have free FTs but Frontier doesn't service those.

10. State whether Kentucky Frontier contracts for any gas to serve farm tap customers. If yes, explain why Kentucky Frontier considers those customers to be farm tap customers.

Response:

Frontier has no gas supply contracts for farm taps outside of the ongoing supply by the owner of the foreign pipeline.

11. State who owns the lines from which Kentucky Frontier's farm tap customers are served.

Response:

Frontier serves farm tap customers mostly off Kinzer pipelines (various entities), with about 20 taps off Interstate Gas and small local producers. Nytis Exploration (recently purchased by Diversified O&G) runs the supply lines for about 120 FTs acquired by Frontier in the 2010 Interstate transaction.

12. Describe the transactions involved in the provision of farm tap gas supply and transmission service to the individual Kentucky Frontier's delivery points.

Response:

Farm taps: see also #10. Frontier is billed monthly by each producer for the gas volume supplied through the farm tap meters off their pipeline.

Utility delivery points: Frontier has 40 or more delivery points to small and large distribution systems. These are supplied in order of volume by EKM or East Ky Midstream (formerly Jefferson Gas); TC Energy (formerly Columbia or TCO P-20); Kentucky West Virginia (formerly EQT now Diversified); Kinzer entities, Columbia of Ky and a few others.

EKM (Jefferson) buys virtually all gas off Columbia Gulf Transmission, marks it up by about \$6.50 per MCF and distributes and resells gas to Frontier in dozens of locations. For these 1600 customers (formerly Public Gas) there is no alternative physical supply source.

TCE and KVV systems are supplied through a gas marketer including transportation service on the pipelines (at \$0.50 to \$0.90 over Index). The marketer bills monthly.

Columbia of Kentucky supplies 2 small systems and considers Frontier to be a commercial customer at retail rates, like a school or a restaurant.

Several Frontier systems receive small volumes of gas from local producers like Kinzer entities, who bill Frontier directly without a marketer.

13. Describe any differences in Kentucky Frontier's actions in responding to an 811 locate request for an underground facility considered to be a farm tap, and an underground facility operated by Kentucky Frontier that is not considered to be a farm tap.

Response:

Frontier doesn't generally get 811 locate requests for farm taps. The 811 database has the location and alignment of the supply pipeline that is attributed to the pipeline operator, but not the specific location of any meters such as farm taps.

14. Explain whether Kentucky Frontier separately accounts for farm tap revenues, expenses, and utility plant in a way that enables Kentucky Frontier to produce financial statements that exclude farm tap activities.

Response:

No, farm tap revenues and expenses are not separately accounted for on KFG financial statements.

15. Explain whether Kentucky Frontier includes revenues or expenses from farm tap customers in its annual financial report filed with the Commission.

Response:

Yes, farm tap revenues and expenses are included on the PSC Annual Report.

16. Explain whether Kentucky Frontier includes farm tap revenues in the gross revenue report filed with the Commission. If so, explain whether Kentucky Frontier's PSC assessment fees include farm tap revenues.

Response:

Yes, farm tap revenues are reported on the Gross Revenues report for the annual PSC Assessment.