

GAS SERVICE CONTRACT

THIS GAS SERVICE CONTRACT made and entered into this 7th day of March, 1997, by and between ORBIT GAS COMPANY, a Kentucky Corporation, 600 Barrett Boulevard, Henderson, Kentucky 42420, hereinafter referred to as "Orbit" and the CITY OF WHITE PLAINS, KENTUCKY, 135 South Bob Bruce Drive, Drawer G, White Plains, Kentucky 42464, hereinafter referred to as "White Plains".

W I T N E S S E T H:

WHEREAS, White Plains has taken such steps as required to create and install a natural gas distribution system for the city and its environs, the purpose of which to bring to the various residents of the White Plains area natural gas service, and

WHEREAS, Orbit has transmission facilities in the neighborhood of White Plains and will agree to supply natural gas to the White Plains area to be delivered through the new White Plains gas distribution system, and

WHEREAS, the parties hereto desire to set forth those certain terms and conditions to which they have agreed and upon which Orbit shall supply natural gas to White Plains for distribution and redelivery by White Plains.

NOW THEREFORE, in consideration of the premises, the parties hereto agrees as follows:

ARTICLE I

DEFINITIONS

The following terms shall respectively have the meanings set forth below:

(a) The term "gas" as used herein shall mean natural gas produced from gas wells meeting the quality defined in Article VII hereof.

(b) The term "day" shall mean the 24-hour period commencing at eight o'clock (8:00) A.M. Central Standard Time.

(c) The term "month" shall mean a period beginning at 8:00 A.M. on the first day of a calendar month and ending at 8:00 A.M. on the first day of the next succeeding calendar month.

(d) The term "contract year" shall mean each consecutive period of twelve (12) months during the term of this agreement commencing with the effective date of this contract if on the first day of the month, otherwise commencing the first day of the month following the effective date of this contract.

(e) The term "cubic foot" shall mean the volume of gas which occupies one (1) cubic foot when such gas is at a temperature of sixty (60) degrees Fahrenheit and at a pressure of fourteen and seventy-three hundredths (14.73) pounds per square inch absolute.

(f) The term "MCF" shall mean one thousand (1,000) cubic feet of gas.

(g) The term "British Thermal Unit" shall mean the amount of heat required to raise the temperature of one (1) pound of water one (1) degree Fahrenheit at sixty (60) degrees Fahrenheit.

(h) The term "total heating value" when applied to a cubic foot of gas shall mean the number of British Thermal Units produced by the combustion at constant pressure of the amount of

gas which would occupy a volume of one (1) cubic foot at a temperature of sixty (60) degrees Fahrenheit, if saturated with water vapor, and under a pressure equal to that of thirty (30) inches of mercury at thirty-two (32) degrees Fahrenheit and under a standard gravitational force (acceleration of 980.655 cm. per second) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of the gas in air, and when the water formed by combustion is condensed to the liquid state.

(i) "Daily Demand" means the maximum daily amount of gas Buyer is entitled to receive.

ARTICLE II

DAILY DEMAND

A. The Daily Demand is two hundred (200) MCF per day. If White Plains does not use the daily demand on any day for a twelve-month period, Orbit, on thirty (30) days written notice, may adjust the daily demand to one hundred and ten (110%) percent of the largest daily usage during said twelve-month period.

B. Orbit shall not be obligated to deliver hourly quantities of gas in excess of ten (10%) percent of Daily Demand per hour.

ARTICLE III

POINT OF DELIVERY

A. Two points of delivery shall be constructed by Orbit for Orbit's meter and regulator station. They will be located as follows:

1. Primary Delivery Point shall be located on Ed Sullivan Road past Concord Church Road. - -
2. Secondary Delivery Point shall be located on Highway 62, west of White Plains between mile marker 17 and 18.

ARTICLE IV

TITLE OF POSSESSION

Orbit shall have title to the gas deliverable hereunder and shall be in control and possession of and responsible for the safe transmission thereof until the same shall have been delivered at the point of delivery to White Plains, after which delivery, title to such gas shall pass to White Plains and White Plains shall be deemed to be in exclusive control and possession thereto.

ARTICLE V

PRICE AND PAYMENT

A. The price for gas delivered hereunder shall be composed of two (2) parts, the first being Orbit's cost of gas and the second being a commodity rate which shall be \$1.25/MCF.

(a) For the purpose of this agreement, the cost of gas shall be the sum of the following components:

1. The monthly posted price for natural gas as published in Inside F.E.R.C. on the first Friday of the month immediately preceding the month in which the gas is to be billed to White Plains \$_____
2. All ACA, GRI, fuel and additional approved pipeline charges (if any) made by the interstate pipeline transporting the gas \$_____

3. The transportation charge assessed by the interstate pipeline transporting the gas \$
4. Third party storage charges together with injection and withdrawal charges, if incurred \$
5. A pipeline charge of \$0.25/Mcf for transportation of the gas from storage to Orbit's system \$
- THE COST OF GAS \$

(b) The commodity rate is as specified above in Section

A.

B. Payment is due and payable on the tenth (10th) day after receipt of invoice. Invoices will be rendered monthly.

C. Should White Plains fail to pay any amount due on the tenth (10th) day after receipt of invoice, as hereinabove provided, such payment shall become delinquent and interest thereon shall accrue at the rate of twelve (12%) percent annum from the due date. In the event that any payment continues in default more than thirty (30) days, Orbit may, at its option, cancel and terminate this contract on thirty (30) days written notice to White Plains of such termination.

ARTICLE VI

TERM

Subject to the other provisions hereof, this contract shall be effective as of March 7, 1997 and shall continue and remain in full force and effect through March 7, 2001, and shall thereafter be automatically renewed for successive five-year periods subject only to renegotiation of Article V herein, unless written notice of

written notice of cancellation is given by either party not less than three (3) months prior to the beginning of any renewal term. There may be a total of seven (7) 5 year renewals of this contract.

ARTICLE VII

QUALITY

A. The gas delivered by Orbit will be merchantable and will conform to the following quality specifications:

(a) Heating value - The gas shall have a total heating value of not less than nine hundred fifty (950 BTU's) British Thermal Units per cubic foot when burned with air and when saturated with water vapor at a temperature of sixty (60) degrees Fahrenheit and under a pressure of fourteen and seventy-three hundredths (14.73) pounds per square inch absolute, and with the products of combustion condensed to the liquid state.

(b) Solids - The gas shall be free from solid matter, dust, objectionable odors, gum forming constituents and other solids which interfere with the merchantability of the gas, or cause injury, or interfere with proper operation of pipelines, meter, regulators or other appliances through which it flows.

(c) Total Sulphur - The gas shall not contain more than twenty (20) grains of total sulphur per one hundred (100) cubic feet.

(d) Liquids - The gas shall be free of hydrocarbon liquids which interfere with combustibility. Dehydration of the gas furnished by Orbit shall be at the sole discretion and expense of White Plains. Orbit agrees to operate any dehydration

facilities installed by White Plains, provided such facilities are installed at or in the vicinity of the points of delivery. --

(e) Oxygen - The gas shall not contain more than two-tenths of one percent (0.2 of 1%) percent by volume of oxygen and the party delivering gas shall make every effort to keep the gas free of oxygen.

(f) Carbon Dioxide and Nitrogen - The gas shall not contain more than four (4%) percent of volume of combined total of carbon dioxide and nitrogen; provided that the total carbon dioxide content shall not exceed three (3%) percent by volume.

(g) Temperature - The gas shall have a temperature of less than one hundred twenty (120) degrees Fahrenheit.

B. If gas delivered hereunder fails to conform to the quality specifications set out in Paragraph A of this Article VII, White Plains shall have the right, in addition to its other remedies at law and in equity, to terminate this contract upon Orbit's failure to correct the gas quality within thirty (30) days of White Plain's written notice to do so.

ARTICLE VIII

MEASUREMENT

A. The measurement and test for quantity of gas delivered hereunder shall be governed by the following:

(a) The volume shall be measured by mutually agreeable measuring devices installed and operated, and computations made, as prescribed in the Gas Measurement Committee Report Number Three, dated April 1955, of the American Gas Association and as such report may be amended or revised from time to time.

(b) The unit of volume for purposes of measurement shall be one (1) cubic foot of gas at a temperature of sixty (60) degrees Fahrenheit and at a pressure of fourteen and seventy-three hundredths (14.73) pounds per square inch absolute.

(c) The arithmetical average of the hourly temperature recorded during each day, the specific gravity according to the latest test or the arithmetical average of the hourly specific gravity during each day if a recording gravitometer is installed, the factors for the average hourly temperature and specific gravity, and the correction factor for deviation from Boyle's Law corrected for carbon dioxide and nitrogen, applicable during each day shall be used to make proper computations of volumes hereunder. Chart integration and volume computations shall be made by Orbit as accurately as possible.

(d) Orbit shall preserve all original test data, charts and other similar records for a period of at least three (3) years.

(e) Specific gravity shall be determined with accuracy to the nearest one thousandth (.001) by taking samples of the gas at the point of measurement at such times as may be designated by either party and having the specific gravity determined by use of the Acme Senior Gravity Balance or any other instrument mutually agreed upon. Should the gravity vary more than five thousandths (0.005), either party may request the use of a recording gravitometer of a type acceptable to both parties properly installed so as to accurately record the specific gravity of the gas being measured.

(f) Deviation from Boyle's Law at the pressures, specific gravities and temperatures upon delivery shall be determined by joint test soon after initial delivery. The apparatus and method recommended by the U. S. Bureau of Mines (Burnett type) or as otherwise mutually agreed upon, shall be used in making such tests. This test shall determine the corrections to be used in computing volumes. Gas analysis shall be run once each year to determine if sufficient change in the composition of the gas has taken place to warrant retesting for deviation. Either party may request an analysis more often or a resumption of deviation testing at any time.

(g) The accuracy of the measuring and testing equipment shall be verified at least once each year and at other times upon request of either party. Tests for quality of the gas may be made at time of testing equipment or at other times. Notice of the time and nature of each test made at the request of White Plains shall be given sufficiently in advance to permit convenient arrangement for representatives of both parties to be present. Measuring and testing equipment shall be tested by means and methods approved by both parties (which approval shall not be unreasonably withheld). Tests and adjustments shall be made in the presence of and observed by representatives of both parties, if present. If, after proper notice, White Plains fails to have a representative present, the results of the tests shall nevertheless be considered accurate until the next tests are made. All tests of measuring equipment shall be made at Orbit's expense, except that White Plains shall

bear the expense of tests made at its request if the inaccuracy found is two (2%) percent or less. --

(h) If at any time any of the measuring or testing equipment is found to be out of service or registering inaccurately in any percentage, it shall be adjusted at once to read accurately within the limits prescribed by the manufacturer. If such equipment is out of service or inaccurate by an amount exceeding two (2%) percent at a reading corresponding to the average rate of flow for the period since the least preceding tests, the previous readings of such equipment shall be disregarded for any period definitely known or agreed upon, or if not so known or agreed upon, for a period of sixteen (16) days or one-half of the elapsed time since the last test, whichever is shorter. The volume of gas delivered during such period shall be estimated by (i) using the data recorded by any check measuring equipment if installed and accurately registering, or if not installed or registering accurately, (ii) by correcting the error if the percentage of error is ascertainable by calibration test or mathematical calculation, or if neither such method is feasible, (iii) by estimating the quantity or quality delivered based upon deliveries under similar conditions during a period when the equipment was registering accurately. No correction shall be made for recorded inaccuracies of two (2%) or less.

B. The measurement installation and test for quality of the gas delivered hereunder shall be governed by the following:

(a) All measuring and testing equipment, housing devices and materials shall be of standard manufacture and type approved by Orbit and shall, with all related equipment, appliances and buildings, be installed, maintained and operated, or furnished by Orbit at its expense. White Plains may install and operate check measuring and testing equipment which shall not interfere with the use of Orbit's equipment. .

(b) Both parties shall have the right to inspect equipment installed or furnished by the other and the charts and other measurement or testing data or the other at all times during business hours; but the reading, calibration and adjustment of such equipment and changing of charts shall be done only by the party installing and furnishing the same.

(c) White Plains shall, at its option, furnish and install drips, separator, heaters or other mechanical devices as may be desirable or necessary to remove solids and liquids that might become separated from the gas in Orbit's pipeline. This installation shall be at White Plains expense. Orbit shall, however, operate and maintain such facilities provided, however, that all such devices are installed at or in the vicinity of the point of delivery.

(d) The total heating value of the gas shall be determined by joint tests made by taking samples of the gas at the delivery point at such time as may be designated by either party, but not more often than once each month, and not less than once per year, and having the British Thermal content per cubic foot

determined by chromatographic analysis or by periodically running a spot sample on a recording calorimeter. The gas total heating value content for a cubic foot shall be determined when burned with air and saturated with water vapor at a temperature of sixty (60) degrees Fahrenheit and under a pressure of fourteen and seventy-three hundredths (14.73) pounds per square inch absolute and with the products of combustion condenses to the liquid state.

(e) Tests to determine total sulphur, hydrogen sulphide, oxygen, carbon dioxide and nitrogen shall be made by approved standards methods in general use by the gas industry. Such tests shall be made at the request of either party hereto and the requesting party will pay the costs of such testing.

ARTICLE IX

SUBJECT TO REGULATION

This contract shall be subject to the valid laws, orders, rules and regulations of all duly constituted authorities having jurisdiction over either or both Orbit and White Plains and should at any time during the term of this contract, either party, by force of any such law or regulation imposed, be ordered or required to do any act inconsistent with the provisions of this contract, the contract shall, subject to the provisions of Article VI hereof, continue nevertheless, but shall be deemed modified to conform with the requirements of such law or regulation.

ARTICLE X

PRESSURE

The gas to be delivered hereunder shall be delivered by Orbit

into White Plains' pipeline at the delivery point at a pressure of at least thirty-five (35) PSIG. --

ARTICLE XI

FORCE MAJEURE AND REMEDIES

A. Neither White Plains nor Orbit shall be liable in damages to the other for any act, omission or circumstances occasioned by or in consequence of any acts of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightening, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, accidental breakage or damage to machinery or lines of pipe, line freeze-ups, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means and any other cause, whether of the kind herein enumerated, or otherwise caused or occasioned by (or) happening on account of the act or omission of some person or concern not a party hereto, not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. A failure to settle or prevent any strike or other controversy with employees or with anyone purporting or seeking to represent employees shall not be considered to be a matter within the control of the party claiming suspension.

B. Such causes or contingencies affecting the performance of this contract by either party, however, shall not relieve it of liability in the event of its concurring negligence or in the event

of its failure to use due diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting the performance of said contract relieve either party from its obligations to make payments of amounts then due thereunder nor shall such causes or contingencies relieve either party or liability unless such party shall give notice and full particulars of the same in writing or by telegraph to the other party as soon as possible after the occurrence relied on.

C. Orbit shall not be liable in damages to White Plains for loss of profits, cost of shut-down and start-up, loss to property or persons, by reason of failure to deliver gas pursuant to the terms of this contract.

ARTICLE XII

CURTAILMENTS

Orbit shall have the right to curtail or to discontinue the delivery of gas, on a pro-rata basis with Orbit's other customers, for any period of time upon notice only for reason of force majeure as defined in Article XI of this Agreement or when such curtailment or discontinuance is necessary to comply with any restriction or curtailment as may be imposed by any governmental agency having jurisdiction over Orbit or its suppliers. Whenever possible Orbit will give eight (8) hours notice to White Plains for fifty (50%) percent curtailment and twelve (12) hours notice for full curtailment.

ARTICLE XIII

MISCELLANEOUS

A. No waiver by either party of any one or more defaults by the other party in the performance of this contract shall operate or be construed as a waiver of any future default or defaults, whether of a like or different character.

B. Any notice, request, demand, statement or bill provided for in this contract shall be in writing and shall be addressed to the post office address of each of the parties hereto, as the case may be as follows:

White Plains:	City of White Plains 135 South Bob Bruce Drive Drawer G White Plains, Kentucky 42464
---------------	---

Orbit:	Orbit Gas Company 600 Barrett Boulevard P.O. Box 2100 Henderson, Kentucky 42420
--------	--

or to such other address as either party shall from time to time designate for the purpose of this agreement by a certified letter addressed to the other party. The date of service and receipt of such notice, request, demand, statement or bill shall be deemed to be the date the same is deposited in the United States mail, postage prepaid by the party giving same.

C. All the terms, covenants and agreements hereof shall run in favor of and be binding upon the parties hereto and their successors and assigns.

D. This contract may be executed in duplicate, each of which shall be considered an original.

E. The writing is intended by the parties as a final expression of their agreement and is intended also as a complete and exclusive statement of the terms of their agreement. No course of prior dealings between the parties shall be relevant to supplement or explain any term used in this contract. Acceptance or acquiescence in a course of performance rendered under this contract shall not be relevant to determine the meaning of this contract even though the accepting or acquiescing parties have knowledge of the nature of the performance and opportunity for objection.

F. This contract may be modified, amended, rescinded or terminated only by a writing signed by both White Plains and Orbit as provided in Article VI.

G. This contract and any dispute arising hereunder shall be interpreted under the laws of the State of Kentucky.

H. This contract has been duly approved and executed by the City of White Plains, acting by and through its duly elected Mayor and after authorization and approval first having been obtained at a duly constituted meeting of the City Council of White Plains on the 6th day of March, 1997.

IN WITNESS WHEREOF, this instrument is executed as of the date first hereinabove written.

ORBIT GAS COMPANY

By 
Benjamin C. Cabbage, Jr.
President

ATTEST:

Jeannette M. Henderson

CITY OF WHITE PLAINS

By

Ronnie D. Lewis
Ronnie D. Lewis, Mayor

ATTEST:

Kenneth W. Thompson