

BALANCING AGREEMENT
(For Use at Points of Delivery)

This Agreement is dated 03/27/2014 by and between East Tennessee Natural Gas, LLC, a Tennessee limited liability company, hereinafter referred to as "Transporter" and NAVITAS UTILITY CORPORATION, a _____ Corporation, hereinafter referred to as "Balancing Party". Transporter and Balancing Party shall be referred to collectively herein as "Parties".

W I T N E S S E T H:

WHEREAS, Transporter transports natural gas to the delivery point(s) specified in Exhibit "A" attached hereto ("Delivery Points") and Balancing Party receives such gas from Transporter;

WHEREAS, the gas actually received at the Delivery Point(s) is at times different than the quantities scheduled to be transported by Transporter to those points;

WHEREAS, Transporter and Balancing Party desire to aggregate all quantities delivered at all of the Delivery Points for balancing purposes and to allocate the transportation of natural gas to Delivery Point(s) based upon Scheduled Quantities and to allocate any difference between such Scheduled Quantities and actual deliveries at the Delivery Point(s) (Operational Imbalance) to this Agreement;

WHEREAS, Transporter and Balancing Party desire to correct the Operational Imbalances in subsequent periods in accordance with the provisions of Rate Schedule LMS-MA of Transporter's FERC Gas Tariff, unless the Parties mutually agree otherwise;

WHEREAS, Transporter and Balancing Party desire to implement operating rules designed to encourage conduct that maintains Transporter's system balance in a manner that facilitates the movement of gas for transportation purposes.

NOW, THEREFORE, Transporter and Balancing Party covenant and agree as follows:

ARTICLE I
DEFINITIONS

The definitions found in Section 1 of Transporter's General Terms and Conditions are incorporated herein by reference.

ARTICLE II
NOMINATIONS AND CONFIRMATIONS

- 2.1 Confirmation of Nominations - Prior to the beginning of the Month in which service is to commence, Balancing Party shall confirm the quantities nominated to be transported by Transporter at the Delivery Point(s) commencing on the first Day of the Month following the Confirmation. The quantities confirmed through this process shall become the "Scheduled Quantities". Any modification to such Scheduled Quantities shall be re-confirmed by Transporter and Balancing Party prior to the commencement of the revised service. Transporter shall notify Balancing Party of any problems regarding the scheduling of gas in accordance with Confirmation hereunder within one Business Day after such Confirmation, unless mutually agreed to otherwise. Balancing Party shall notify Transporter of any errors in the quantity scheduled pursuant to its Confirmations within one Business Day of receipt of such information from Transporter. If Balancing Party fails to confirm the quantities to be transported at any Delivery Point(s) in accordance with the above, and such failure continues for two Business Days or more, whether or not such Days are consecutive, after 24 hour written notice to Balancing Party by Transporter for each occurrence of Balancing Party's failure to confirm, then the affected Delivery Points shall be deleted from Exhibit A upon

written notice from Transporter at the end of that calendar month.

- 2.2 Allocations Based on Scheduled Quantities - The Parties intend that the quantity actually delivered at the Delivery Point(s) will be equal to the Scheduled Quantities. Balancing Party shall use all reasonable efforts to ensure that the quantities actually delivered at the Delivery Point(s) are equal to the Scheduled Quantities. Unless prohibited by applicable law or regulation, all transportation services by Transporter shall be allocated each Day based upon the Scheduled Quantities or by such other methods as may be mutually agreed to by both Parties.
- 2.3 Allocation of Variances - The difference on any Day between the Scheduled Quantities and the actual quantity delivered at the Delivery Point(s) shall be the Daily Variance and shall be allocated to this Agreement. The difference between the sum of the Scheduled Quantities during a calendar month and the total actual quantity delivered at the Delivery Point(s) during the calendar month shall be the Monthly Operational Imbalance. Any Monthly Operational Imbalances will be resolved in accordance with Article III.
- 2.4 Deliveries in Excess of Daily Limit - On any Day which Balancing Party takes gas in excess of the daily variance tolerance for the delivery point as established in an Operational Flow Order issued pursuant to Transporter's General Terms and Conditions, the Balancing Party shall be subject to an Action Alert Penalty or a Balancing Alert Penalty, as applicable, for all such excess volumes in accord with Section 14.9 of the General Terms and Conditions of Transporter's FERC Gas Tariff.
- 2.5 Reports on Actual Deliveries - Should Transporter not have the ability to monitor actual deliveries at any Delivery Point on a daily basis, Balancing Party shall provide to Transporter the best available information compiled on a daily basis on the actual deliveries at such Delivery Point(s) within two Business Days after the date of delivery. Nothing in this section will require Balancing Party to install metering devices where none currently exist.

ARTICLE III CORRECTION OF OPERATIONAL IMBALANCES

- 3.1 Corrections in Flow Rates During a Day - Balancing Party will be able to request adjustments to actual deliveries at its Delivery Points at any time during the Gas Day by coordinating with Transporter's gas dispatchers. Transporter will use reasonable efforts to accommodate those changed quantities when the operating conditions on Transporter's system permits, taking into consideration the nominations made by firm customers on Transporter's system.
- 3.2 Corrections During the Month - Estimated metered quantities, or actual metered quantities where available, may be used by Transporter for purposes of adjustments under this section on a daily basis during the production month to determine the estimated Operational Imbalance at all of the Delivery Point(s). Transporter shall make the estimated Daily Variances and Monthly Operational Imbalance at each Delivery Point available to Balancing Party on or before the third Business Day after each Gas Day. Adjustments in nominations and actual deliveries will be made by Balancing Party during the production month to adequately control imbalance levels. If Balancing Party fails to take such corrective action, Transporter may, upon 48 hours' notice, adjust the Scheduled Quantities and actual deliveries during the remainder of the production month to adequately control imbalance levels. Any such adjustments will be incorporated in the daily nominations confirmed between Transporter and Balancing Party.
- 3.3 Corrections in Subsequent Periods - As soon as practicable following the close of each Month, Transporter will send Balancing Party a statement setting forth the Monthly Operational Imbalance existing at the end of the prior Month. Any Monthly Operational Imbalance shall be corrected in accordance with the provisions of Section 7 of Rate Schedule LMS-MA of Transporter's FERC Gas Tariff, unless the Parties mutually agree otherwise.
- 3.4 Measurement of Operational Imbalance - Measurement of gas for all purposes shall be in

accordance with Transporter's FERC Gas Tariff.

- 3.5 Operational Integrity - Nothing in this Article III shall limit Transporter's right to take action as may be required to adjust deliveries of gas in order to alleviate conditions that threaten the integrity of its system.

ARTICLE IV TERM

- 4.1 Duration of Agreement - Subject to the other termination rights provided herein, this Agreement shall be in full force from April 1, 2014 and shall continue thereafter on a month-to-month basis unless canceled by either Party upon thirty days' prior written notice with the termination to be effective at the end of a calendar month. Notwithstanding the above, if any material problems arise as a result of the provisions of this Agreement, then the Parties will enter into good faith negotiations to amend this Agreement to resolve such problems. If the Parties are unable to resolve such problems as a result of such negotiations, then either Party may terminate this Agreement upon forty-eight (48) hours' prior written notice, with the termination to be effective at the end of a calendar month.
- 4.2 Continuing Obligations - Following the termination of this Agreement, any remaining Operational Imbalance shall be corrected in cash in accordance with Rate Schedule LMS-MA of Transporter's FERC Gas Tariff, unless the Parties mutually agree otherwise; provided, however, that Transporter has notified Balancing Party of such imbalance no later than twelve months after the termination of this Agreement.
- 4.3 This Agreement will terminate automatically upon written notice from Transporter in the event that Balancing Party fails to pay all of the amount of any bill for service rendered by Transporter hereunder in accord with the terms and conditions of Section 16 of the General Terms and Conditions of Transporter's FERC Gas Tariff.

ARTICLE V IMBALANCE CHARGES

- 5.1 Current Charges - Commencing upon the date of execution, the rates, charges, and surcharges to be paid by Balancing Party to Transporter shall be in accordance with Transporter's Rate Schedule LMS-MA and the General Terms and Conditions of Transporter's FERC Gas Tariff.
- 5.2 Incidental Charges - Balancing Party agrees to reimburse Transporter for any filing or similar fees, which have not been previously paid for by Balancing Party, which Transporter incurs in rendering service hereunder.
- 5.3 Changes in Rates and Charges - Balancing Party agrees that Transporter shall have the unilateral right to file with the appropriate regulatory authority and make effective changes in (a) the rates and charges applicable to service pursuant to Transporter's Rate Schedule LMS-MA, (b) the rate schedule(s) pursuant to which service hereunder is rendered, or (c) any provision of the General Terms and Conditions applicable to those rate schedules. Transporter agrees that Shipper may protest or contest the aforementioned filings, or may seek authorization from duly constituted regulatory authorities for such adjustment of Transporter's existing FERC Gas Tariff as may be found necessary to assure Transporter just and reasonable rates.

ARTICLE VI MISCELLANEOUS

- 6.1 Warranties - Balancing Party warrants (i) that as to any gas which it delivers or causes to be delivered to Transporter hereunder to correct an Operational Imbalance that it will have good title to such gas, free and clear of all liens, encumbrances and claims whatsoever; (ii) that it will at the time

of delivery have the right to deliver or cause to be delivered such gas; (iii) that it has the right to allocate all deliveries from the Delivery Points in accordance with this Agreement; and (iv) that it will indemnify and save Transporter harmless from suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any or all persons to said gas or to royalties, overriding royalties, taxes, or other charges thereon or with regard to the allocation of gas hereunder. Balancing Party represents and warrants to Transporter that all requisite authorizations, if any, have been obtained as to any gas which Balancing Party delivers or causes to be delivered hereunder.

- 6.2 Governing Bodies - This Agreement shall be subject to all applicable laws, federal or state, and to all applicable rules and regulations of any duly authorized federal, state or other government agency having jurisdiction over the transactions described herein.

THE INTERPRETATION AND PERFORMANCE OF THIS CONTRACT SHALL BE IN ACCORDANCE WITH AND CONTROLLED BY THE LAWS OF THE STATE OF TENNESSEE, WITHOUT REGARD TO THE DOCTRINES GOVERNING CHOICE OF LAW.

- 6.3 Waivers - No waiver by either Party of any one or more defaults by the other in the performance of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or of different character.
- 6.4 Billings and Payments - Transporter shall bill and Balancing Party shall pay for the correction of Operational Imbalances in cash in accordance with Section 16 of the General Terms and Conditions specified in Transporter's FERC Gas Tariff.
- 6.5 Incorporation of Tariff - Unless otherwise stated herein, the General Terms and Conditions specified in Transporter's FERC Gas Tariff are incorporated as part of this Agreement.
- 6.6 Notices - Except as otherwise expressly provided in this Agreement or the General Terms and Conditions applicable to this Agreement, any notice under this Agreement shall be in writing and mailed to the Party's address shown on Exhibit A hereto or such other address as either party may designate by written notice to the other.
(With regard to operational matters, Balancing Party shall have the right to designate different personnel or locations to receive notices from Transporter for different periods of the week.)
- 6.7 Conflicts - If there is any conflict or discrepancy between this Agreement and any other Agreement between Transporter and Balancing Party with regard to allocations of deliveries at Delivery Points, the terms of this Agreement shall govern and control.
- 6.8 Unless otherwise expressly provided in this Agreement or Transporter's FERC Gas Tariff, no modification of or supplement to the terms and provisions stated in this Agreement shall be or become effective until Balancing Party has submitted a request for change via LINK® and Balancing Party has been notified via LINK® of Transporter's agreement to such change.

The Parties' signatures below will evidence their agreement to this Balancing Agreement.

East Tennessee Natural Gas, LLC

By: Executed Online by GEORGE SNYDER

BALANCING PARTY: NAVITAS UTILITY CORPORATION

By: Executed Online by JOSEPH M IRWIN JR

TITLE: _____

**EXHIBIT A, DATED 03/27/2014
TO THE BALANCING AGREEMENT
DATED 03/27/2014, BETWEEN
NAVITAS UTILITY CORPORATION (Balancing Party) AND
EAST TENNESSEE NATURAL GAS, LLC (Transporter)**

Exhibit A Effective Date: 04/01/2014

Delivery Point

59157 MORGAN CO 3 DELIVERY- NAVITAS UTILITIES

Notices not made via LINK® shall be made to:

Transporter

As provided for in Section 37.2 of Transporter's General Terms and Conditions.

Shipper

NAVITAS UTILITY CORPORATION
3186-D AIRWAY AVE
COSTA MESA CA 92626
Notices

NAVITAS UTILITY CORPORATION
3186-D AIRWAY AVE
COSTA MESA CA 92626
Billings

With regard to operational matters, Balancing Party shall have the right to designate different personnel or locations to receive notices from Transporter for different periods of the week.

EAST TENNESSEE NATURAL GAS, LLC

By: Executed Online by GEORGE SNYDER

Title: _____

NAVITAS UTILITY CORPORATION

**EXHIBIT A, DATED 03/27/2014
TO THE BALANCING AGREEMENT
DATED 03/27/2014, BETWEEN
NAVITAS UTILITY CORPORATION (Balancing Party) AND
EAST TENNESSEE NATURAL GAS, LLC (Transporter)**

Executed Online By: JOSEPH M IRWIN JR

Title: _____

(This Exhibit A supersedes and cancels Exhibit A dated N/A to the Operational Balancing Agreement dated N/A .)