

RECEIVED

FEB 22 2010

PUBLIC SERVICE COMMISSION

FILED

FEB 22 2010

PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY FRONTIER GAS COMPANY, LLC FOR APPROVAL OF TRANSFER OF STOCK OF COW CREEK GAS, INC., DEMA GAS COMPANY, INC., PURCHASE OF FARM TAP AND ROYALTY GAS CUSTOMERS OF INTERSTATE NATURAL GAS COMPANY AND TRANSFER OF A PORTION OF DLR ENTERPRISES, INC. PIPELINE TO COW CREEK GAS, INC.)

)CASE NO. 2010-0076

PETITION FOR TRANSFER OF STOCK AND PIPELINE FACILITIES; PURCHASE OF FARM TAP CUSTOMERS; AND APPROVAL OF FINANCING

Kentucky Frontier Gas Company, LLC (Frontier), by counsel, petitions for an order approving the transfer of stock of Cow Creek Gas, Inc., Dema Gas Company, Inc., the purchase of the farm tap and royalty gas customers of Interstate Natural Gas Company and the purchase of a portion of pipeline from DLR Enterprises, pursuant to KRS 278.020(5). This petition also requests approval of financing of the acquisitions pursuant to KRS 278.300.

In support of its petition the following information is provided.

1. The companies involved in the transactions for which approval is sought are:

a. Cow Creek Gas Inc., which is a Kentucky corporation with a mailing address of Box 3385, Pikeville, KY 41502. It is regulated by the Commission.

b. Dema Gas, Company, Inc. which is a Kentucky corporation with a mailing address of Box 3385, Pikeville, KY 41502. It is regulated by the

Commission.

c. DLR Enterprises, Inc. which is a Kentucky corporation with a mailing address of Box 3385, Pikeville, KY 41502. It is not a regulated company pursuant to the order in Case No. 2007-00419 dated November 21, 2007.

d. Interstate Natural Gas Company which is a Kentucky corporation with a mailing address of Box 3385, Pikeville, KY 41502. It is regulated by the Commission as a farm tap gas utility.

e. Industrial Gas Services, Inc. which is a Colorado corporation with a mailing address of 4891 Independence St., Wheat Ridge CO 80033. It is a related company to Kentucky Frontier Gas, LLC. It is not regulated by the PSC.

f. Kentucky Frontier Gas, LLC is a Colorado company authorized to do business in Kentucky. Its address is 4891 Independence St., Wheat Ridge CO 80033. Managing partners are Robert Oxford and Steven Shute. A copy of its articles organization and its certificate to operate in Kentucky were filed in Case No. 2008-00394. It owns and operates East Kentucky Gas (Floyd County Gas), Belfry Gas, Alert Gas Farm Tap System, and Mike Little Gas Company pursuant to the order in Case No. 2008-00394 issued on November 25, 2008. An application for the transfer of stock of Auxier Road Gas Company to Frontier is pending with the Commission - Case No. 2009-00442.

2. Frontier seeks approval of a series of acquisitions that will result in the consolidation of several natural gas operations into a unified system that closely resembles the former Sigma Gas Company that operated in and adjacent to Salyersville, KY.

3. Frontier proposes to acquire the stock of Cow Creek Gas, Inc. An agreement for sale is attached as exhibit 1. The purchase price of the stock is \$320,000. PSC approval of this acquisition is required by KRS 278.020.

4. Frontier proposes that Cow Creek Gas/Frontier acquire approximately

32.6 miles of pipeline owned by DLR Enterprises. These segments of pipeline were once part of the Sigma Gas system and will become part of the Cow Creek Gas system. The remaining 10.1 miles of DLR pipeline will be retained by DLR. All gas users currently on the DLR system are considered Cow Creek customers, and will remain as such. The consideration for this acquisition is \$230,000. The agreement for sale is attached as exhibit 2. This agreement is contingent on all other transactions being approved, so the agreement will not be executed until closing of the related transactions and payment of funds. This is a regulated transaction that requires PSC approval.

5. Frontier proposes to acquire the stock of Dema Gas Company, Inc. An agreement for sale is attached as exhibit 3. The consideration of this acquisition is the related purchase of Cow Creek. No additional consideration is being paid for Dema. PSC approval of this acquisition is required by KRS 278.020.

6. Frontier proposes to acquire from Interstate Natural Gas Company its farm tap customers. There is no additional consideration paid by Frontier to Interstate for this transaction. This is a regulated transaction that requires PSC approval. The agreement for sale is attached as exhibit 4.

7. Industrial Gas Services, Inc. proposes to purchase the stock of DLR Enterprises, Inc. Both of these companies are unregulated and PSC approval of this transaction is not required, but it is an integral part of the consolidation of the former Sigma system. No approval of this transaction is being sought. The agreement for sale is attached as exhibit 5.

8. Upon transfer of these facilities, Frontier will own the stock of Cow Creek and Dema, and the farm tap customers of Interstate Natural Gas Company. Cow Creek will restore 32.6 miles of gas pipeline segments that were formerly part of the Sigma system and now held by DLR. The systems involved in the transactions are shown on the maps attached as exhibit 6, which are also provided on two disks.

The total consideration for these acquisitions is \$550,000, which has been secured through a loan from Community Trust Bank of Pikeville, KY.

9. A copy of the financing agreement from the CTB is attached as exhibit 7. This is the same financing that will be used to acquire Auxier Road Gas Company stock.

10. Pursuant to KRS 278.020, Frontier requests authorization to transfer the stock and customers of the target companies to Frontier.

11. The transfer will have no effect on the ability of Frontier or the acquired companies to continue to operate or finance the operations of their natural gas service in Kentucky. Frontier's present office and field personnel will operate the facilities of the companies, with the addition of one field employee. Frontier has adequate gas supply agreements to continue to purchase gas and to assure continued adequate supply. The transfers will have no impact on the current financial, managerial or technical ability of any of the companies to operate. Frontier's operating procedures, personnel and management qualifications were included in Case No. 2008-00394 and are incorporated by reference.

12. No rate change is being requested at this time. Frontier proposes to adopt the currently approved General Rates and tariffs of the acquired companies. Frontier anticipates these rates will stay in effect until the companies are consolidated with its other gas utilities. Adoption notices are attached as exhibit 8.

13. Frontier has the technical, managerial and financial ability to operate the target companies as reflected in its current Kentucky gas operations. Its current financial activities are reflected on the attached Complex Loan Presentation, which was submitted to Community Trust Bank as part of the loan application, exhibit 7 and its current financial operating statements attached as exhibit 9.

14. The transfer of the stock and customers is in accord with law, is in the public interest and is for a proper purpose.

15. Kentucky Frontier's debt to acquire the companies has been secured through a commercial bank loan with Community Trust Bank of Pikeville, KY. The terms are expected to be \$550,000 at WSJ prime plus 1% APR with a floor of 6% APR, amortized over 15 years. The allocation of debt to equity for the acquisition of the stock will be 80/20% debt/equity. See exhibit 7. Approval of this financing is required by KRS 278.300.

16. The proceeds of the financing will be used to acquire stock, facilities and customers reflected in the agreements.

17. The proceeds of the financing are not being used to refund any outstanding obligations.

18. Kentucky Frontier's business plan is generally reflected in the loan statements, description of proposed operations and other information provided in exhibit 7.

19. A description of the original cost of the property to be acquired by Frontier can be found in the PSC Annual Reports, which are incorporated by reference. The cost to Kentucky Frontier of the property is described above.

20. Kentucky Frontier is an LLC and has no stock.

21. No stock is to be issued in conjunction with this financing.

22. The other debt to be issued and debt outstanding, amount, interest rate and security are described in exhibit 7.

23. The proceeds of the financing are not being used to refund any outstanding obligations.

24. There is no preferred stock issued.

25. There are no mortgages.

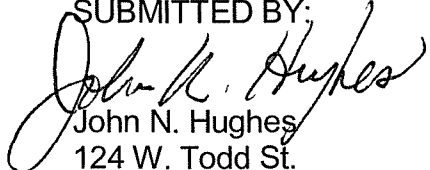
26. There are no bonds issued or to be issued by Kentucky Frontier.

27. Notes are described in exhibit 7.
28. There are no other debts.
29. No dividends have been paid by Kentucky Frontier in the last five years.
30. A balance sheet and income statement is attached as exhibit 9.
31. USoA accounts and journal entries will be provided after closing.

Frontier has the financial, technical and managerial ability to continue to operate these facilities. It is in the public interest for this transfer of stock, customers and facilities and related financing to be approved.

For these reasons, Frontier requests that the transfer be approved pursuant to KRS 278.020 and the financing be approved pursuant to KRS 278.300.

SUBMITTED BY:



John N. Hughes
124 W. Todd St.
Frankfort, KY 40601
502-227-7270

Attorney for
Applicant


AFFIDAVIT

Affiant, Robert J. Oxford, after being first sworn, deposes and says he is authorized on behalf of Kentucky Frontier Gas, LLC to file this application, that the statements are true and correct to the best of his knowledge and belief except as to those matters that are based on information provided to him and as to those he believes to be true and correct.



Robert J. Oxford

This instrument was produced, signed and sworn by Robert Oxford to be his act and deed the 15th day of February, 2010.



Notary Public

My Commission expires: 10/25/10



EXHIBIT 1

STOCK PURCHASE AGREEMENT
COW CREEK GAS, INC.

THIS AGREEMENT is made as of this 8TH, day of February, 2010, by and between Kentucky Frontier Gas, LLC, ("Purchaser") and Jerome A. Kanney and Dennis L. Rohrer, ("Seller" or "Sellers").

This Agreement sets forth the terms and conditions pursuant to which Purchaser will purchase from Sellers and Sellers will sell and convey to Purchaser, the stock of Cow Creek Gas, Inc. ("Cow Creek") owned by Sellers.

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 STOCK.

1.01. Stock and Assets 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 Sellers' shares of stock in Cow Creek, which stock consists of One Hundred (100) shares of capital stock.

1.02. Consideration. Subject to the terms and conditions of this Agreement in consideration of the transfer, conveyance and assignment of the stock, Purchaser will at the Closing pay to Sellers the amount of Three Hundred Twenty Thousand Dollars (\$320,000) (the "Purchase Price"). Concurrently at Closing, Sellers shall pay off the total balance of the loan that Cow Creek has with Citizens National Bank of Pikeville.

1.03. Closing and Effective Date. The closing of the transaction contemplated in this Agreement shall take place at the offices of Sellers, 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 of the stock and to begin operating Cow Creek 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 System 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 System and attributable to the period before the Effective Date, including invoices for property taxes or other fees based on ownership through the Effective Date, except as provided in Section 3.04. Purchaser shall promptly make delivery thereof to Seller. In the case of an invoice attributable to Seller, Seller shall pay timely to avoid any penalty or adverse impact to Cow Creek or Purchaser.

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

- (a) The opinion of counsel referred to in Section 8.06;
- (b) The Corporate Books;
- (c) The written resignation of all Officers of Cow Creek;
- (d) Evidence of the Citizen Bank loan payoff as provided in Section 1.02.
- (e) Such other documents as may be reasonably necessary to effect the transactions contemplated.

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

- (a) Good funds in the amount of the Purchase Price.
- (b) The opinion of counsel referred to in Section 7.05;
- (c) A resolution by the proper governing Board of Purchaser indicating authority on behalf of the signatory below to effectuate this purchase on behalf of the Purchaser.
- (d) Such other documents as may be necessary to effect the transactions contemplated.

ARTICLE II. COMPANY ASSETS.

2.01. Company Assets. For Purchaser's information, a fixed asset schedule of Cow Creek is shown in Exhibit A.

ARTICLE III. REPRESENTATIONS AND WARRANTIES OF SELLER.

Sellers represent, covenant and warrant to Purchaser the following:

3.01. Organization. Sellers represent that Cow Creek is a Kentucky utility in good standing under the laws of the Commonwealth of Kentucky and is duly qualified and authorized to do business as a utility in good standing in the Commonwealth of Kentucky.

3.02. Authority. Sellers represent that Sellers have full power and authority to sell stock in Cow Creek and that their interest constitutes one hundred percent (100%) of the issued stock. To the best of Sellers' knowledge, Cow Creek has good and marketable title to all fixed assets listed in Exhibit A.

3.03. Consents and Approvals; No Violations. Subject to the provisions of section 3.09, below, 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 Sellers are a party or by which they may be bound, or violate any statute of law or any judgment, decree, order, regulation or rule of any court or governmental authority applicable to Sellers. This representation is also subject to Purchaser's duty to obtain the proper consent to transfer a utility in section 4.03.

3.04. Litigation. With the exception of a 2008 PSC property tax claim made against Cow Creek by the City of Salyersville, Kentucky, and which is currently being disputed by Cow Creek, at the date of execution of this Agreement, continuing through the Closing, Sellers have not received notice that they are 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 Sellers or Cow Creek. Sellers are neither engaged in nor threatened with, any legal action or other proceeding which would have an adverse effect on the Purchaser or Cow Creek.

3.05. Brokers and Finders. The Sellers have 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.

3.06. Seller's Financial Statement. Attached as Exhibit B is the November 30, 2009, Financial Statement of Cow Creek. Sellers will deliver to the Purchaser prior to or at closing a letter from the President of Cow Creek certifying that there has been no material adverse change or variation in its sales, royalties, rents, property taxes and utility costs since November 30, 2009.

3.07. Condition of Systems and Absence of Undisclosed Liabilities. The Cow Creek system will be in good working order and condition to the best of Sellers' knowledge as of the Closing Date and except as provided in Sections 3.04, above, and 3.08 and 3.09, below, has no debts, liabilities or obligations (whether absolute, accrued, contingent or otherwise) of any nature whatsoever, including, without limitation, any other debts, liabilities or obligations relating to or arising out of any act, omission, transaction, circumstance, sale of goods or services, state of facts or other condition, except those incurred in the ordinary course of business. Sellers know of no condition or event or any threatened or prospective condition or event, which could materially and adversely affect Cow Creek, or the operation of Cow Creek's business, with the exception of certain plastic distribution pipelines which may be buried at a lesser depth than required by regulation, the location of which has been disclosed to Purchaser.

3.08. Payment of Existing Notes Secured by Cow Creek's Common Stock. At Closing, Seller shall pay off in full a Note to Citizens National Bank, Pikeville, Kentucky, Loan No. 25763 (with balance due as of December 31, 2009, of \$317,454) which Note is secured in part by certain fixed assets of Cow Creek. Seller warrants that there are no other notes or loans which are secured by assets or stock of Cow Creek.

3.09 Customer Deposits It is understood that the Sellers have retained customers deposits and that such deposits upon the execution of this sale shall be the liability of the Purchaser. A list of Customer Deposits is shown in Exhibit C

3.10. Sale of Interstate Natural Gas Company Production Properties. It is understood by the Parties to this Agreement that Sellers are currently negotiating the sale of certain natural gas production properties belonging to Interstate Natural Gas Company ("Interstate"), a Kentucky partnership comprised of Sellers. The parties hereto agree that should Sellers execute a binding sale agreement for all or any of Interstate's production properties prior to the closing of the transaction contemplated by this Agreement, the prospective purchaser of said Interstate production properties shall be notified of this Agreement.

ARTICLE IV. REPRESENTATIONS AND WARRANTIES OF PURCHASER.

Purchaser represents, covenants and warrants to Sellers the following:

4.01. 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.

4.02. 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 Sellers 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.

4.03. Consents and Approvals. Except for the consent of the Kentucky Public Service Commission (KPSC) as described in Section 8.03, 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.

4.04. 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 Cow Creek or to conduct or own the business being conducted and owned by the Sellers in substantially the same manner as owned and conducted by the Sellers.

4.05. 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 V. COVENANTS OF THE PARTIES.

5.01. Purchaser's Rights of Inspection. From and after the date of the execution of this Agreement, Sellers shall, from time to time, on business days, during business hours, make the Cow Creek system available to Purchaser or Purchaser's representatives for inspection. Sellers may have a representative or employee of Sellers accompany the Purchaser or the Purchaser's representative during any such inspection.

5.02. 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 Cow Creek, 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.

5.03. Expenses. If Purchaser fails to satisfy any of the "Conditions to Obligations of Purchaser" in Article VII, all legal fees, costs and expenses incurred by the Sellers shall be borne by the Purchaser. In addition, 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.

5.04. Notices. The parties shall immediately inform the other parties in writing of the occurrence of any events or the existence of any circumstances the effect of which would constitute a breach of any covenant or warranty in this Agreement, or which would result in any representation in this Agreement being or becoming untrue or misleading.

5.05. Conduct of Business at Cow Creek Pending Closing. Sellers agree that from the date of the execution of this Agreement until the Closing Date, unless otherwise consented to by Purchaser in writing, Sellers will carry on the business of Cow Creek 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 Cow Creek except in the ordinary course of business and consistent with past

practice. Purchaser may, at Sellers' election, assume operation of the system on March 1, 2010, under the terms of a Service Agreement similar to the Service Agreement attached as Exhibit C hereto.

5.06. Removal of Assets. Sellers will not enter into any agreement or contractual arrangement providing for, or requiring the sale of, any of Cow Creek's assets.

5.07. Licenses. Sellers will not enter into any agreement or contractual arrangement, nor will Sellers take any action or forbear from taking any action, which would result in the termination of any license, franchise or other distribution agreement, contract or insurance policy which Sellers hold, own or to which it is a party and which are necessary or efficacious to the operation of Sellers' business in the ordinary course.

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

Sellers have already provided Purchaser and the authorized representatives of Purchaser with access, and will continue to do so during normal business hours, commencing upon the execution date of this Agreement and ending on the Closing Date, to examine the title and condition of Cow Creek's assets; provided, however that Purchaser's examination will not disrupt the operation of Cow Creek. Purchaser shall notify Sellers in writing prior to closing of any defects known to it, and Sellers shall have a reasonable time to cure such defects.

5.09. Notification to Customers; Signage. Immediately after Closing, Purchaser shall notify Cow Creek customers of the change of ownership of Cow Creek, providing customers with the address and telephone number of Purchaser. Purchaser shall likewise amend all current Cow Creek signage to reflect correct post-Closing information.

ARTICLE VI. GAS SALES TO PURCHASER

6.01 Right to Sell Gas. Purchaser, its successors, agents and assigns shall, and hereby do, grants to Interstate Natural Gas Company and its successors and assigns, the right to sell gas to Purchaser for Cow Creek's system only, up to the total monthly requirement, each month for twelve months from the Closing Date. If Seller is unable to supply gas in the quantity required for the Cow Creek system, then Purchaser may purchase the deficient quantity from another supplier for each month that there is a deficiency during the twelve month period.

(a) After the initial 12-month gas supply period, parties shall negotiate the terms and prices of further gas sales or gas transportation to or through the Cow Creek system.

Cow Creek agrees to purchase or transport at reasonable terms Seller's gas from wells which are captive to the Cow Creek system.

(b) As a material element to this contract, Purchaser covenants it will not resell, assign or in any manner convey any of the assets (including customers) contemplated under this agreement until said successor in ownership has expressed in writing acceptable to Sellers its contractual obligation to honor the terms of this paragraph.

6.02. Price of Gas. The price of all gas delivered hereunder by Seller in accordance with paragraph 6.01 shall be equal to \$7.00 per MCF, subject to KPSC approval. After the 12 month period the gas rate shall be adjusted to reflect gas pricing within 20% (twenty percent) of Platt's Index FERC Columbia Appalachia Index Rate.

ARTICLE VII. CONDITIONS TO OBLIGATIONS OF SELLERS.

Each and every obligation of Sellers under this Agreement to be performed at the Closing shall be subject to the satisfaction, on or before the Closing Date, of each of the following conditions, unless waived in writing by Sellers:

7.01. Representations and Warranties True. The representations and warranties of Purchaser shall be true, complete and accurate in all material respects as of the date when made and as of the Closing Date as though such representations and warranties were made at and as of such date.

7.02. Performance. Purchaser shall have performed and complied with all agreements, obligations and conditions required by this Agreement to be performed or complied with by it on or prior to the Closing Date.

7.03. Purchaser's Certificate. Purchaser shall have delivered to Sellers a certificate, dated the Closing Date, certifying to the fulfillment of the conditions specified in Sections 7.01 and 7.02.

7.04. No Injunction, Etc. On the Closing Date, (a) 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 provided for or any of them 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 governmental authority seeking such relief.

7.05. Opinion of Purchaser's Counsel. Purchaser shall have delivered to Sellers an opinion of counsel to Purchaser, dated as of the Closing Date, to the effect that:

(a) This Agreement has been duly executed and delivered by Purchaser and is the valid and binding obligations of Purchaser.

(b) Neither the execution and delivery of this Agreement, nor the consummation of the transaction contemplated, will violate or conflict with, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or give rise to any termination, cancellation or acceleration, under, any note, bond, mortgage, indenture, license, agreement, lease or other instrument to which Purchaser is bound.

7.06. Regulatory Approval. The Kentucky Public Service Commission shall have granted to the Purchaser the right to purchase and the right to operate Cow Creek; and Purchaser shall have satisfied all terms, conditions and requirements pertaining to the granting of said right to operation.

7.07. Sale of Related Properties. This Agreement is contingent on the concurrent sale to Purchaser of Dema Gas, Inc. ("Dema"), of certain pipeline assets of DLR Enterprises, Inc., and Interstate Natural Gas Company ("ING") Farm Taps as agreed in separate "Stock Purchase Agreement" for Dema, a "Bill of Sale" for DLR assets and a "Farm Tap Sale Agreement" for ING farm taps between the parties each dated February 8, 2010. Should the sale under this Agreement, or any of these related sales not occur more or less concurrently, then this Agreement shall be terminated.

ARTICLE XIII. CONDITIONS TO OBLIGATIONS OF PURCHASER.

Each and every obligation of Purchaser under this Agreement to be performed at the Closing shall be subject to the satisfaction, on or before the Closing Date, of each of the following conditions, unless waived in writing by Purchaser:

8.01. Representations and Warranties True. The representations and warranties of Sellers contained shall be true, complete and accurate in all material respects as of the date when made and as of the Closing Date as though such representations and warranties were made at and as of such date, except for changes expressly permitted by the terms of this Agreement.

8.02. Pay Off of Seller's Loans. On or before the Closing the Sellers shall pay off any loans secured by assets or stock of Cow Creek, for the purpose of removing any liability of the Purchaser for the payment of or guaranty of performance of payment of such loans.

8.03. Regulatory Approval. Upon execution of this Agreement Purchaser will file with the KPSC a petition (the "Petition") requesting approval of the acquisition and transfer of Cow Creek. Purchaser shall pay all filing fees, attorney fees, costs and expenses of Purchaser and Sellers 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. Should approval of this transaction be denied, this transaction and all related transactions shall be terminated. Should such termination occur, neither Party hereto shall have any claim for costs, expenses, damages of any nature whatsoever or any continuing liability of any nature to the other Party.

8.04. Performance. Seller shall have performed and complied with all agreements, obligations and conditions required by this Agreement to be performed or complied with by it on or prior to the Closing Date.

8.05. No Injunction, Etc. on the Closing Date.

(a) 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.

8.06. Opinion of Sellers' Counsel. Sellers shall have delivered to Purchaser an opinion of its counsel, dated as of the Closing Date, in form and satisfactory to Purchaser, to the effect that:

(a) Cow Creek is a Kentucky utility in good standing under the laws of the Commonwealth of Kentucky and is duly qualified and authorized to do business in the Commonwealth of Kentucky;

(b) Cow Creek has the authority to carry on its business as it is now being conducted and to own the properties used in such business;

(c) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated will violate any provision of the Kentucky Revised Statutes governing utilities or conflict with, or constitute a default (or 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 known to Sellers to which Sellers are a party;

(d) To the best knowledge of Sellers' counsel, there are no lawsuits pending or threatened which would in any way effect or impede the ability of the Seller to consummate this transaction or which would in any way effect the value of Cow Creek.

ARTICLE IX. SURVIVAL OF REPRESENTATIONS.

9.01. Survival of Representations. The representations and warranties made by Sellers and Purchaser under this Agreement shall survive the Closing.

ARTICLE X. TERMINATION.

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

- (a) By mutual written agreement of Purchaser and Sellers;
- (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 Sellers 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; or
- (d) By Purchaser if any condition precedent to its obligation to perform has not occurred or been satisfied as of the Closing Date;
- (e) By Sellers if any conditions precedent to its obligation to perform has not occurred or been satisfied as of the Closing Date.
- (f) By the occurrence of any of the events of termination described elsewhere in this Agreement.

ARTICLE XI. MISCELLANEOUS PROVISIONS.

11.01. 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.

11.02. Waiver of Compliance. Any failure of Purchaser or Sellers to comply with any obligation, covenant, agreement or condition may be expressly waived in writing by the Purchaser or Sellers, 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.

11.03. 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

(b) If to Seller, to:

Jerome A. Kanney
Dennis L. Rohrer
P.O. Box 3385
Pikeville, KY 41502

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

11.04. Assignment. 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.

11.05. 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 applicable to contracts made and to be performed in the Commonwealth.

11.06. 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.

11.07. 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.

11.08. 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 as to the sale of Cow Creek stock. It is understood that separate agreements exist between the parties for the sale and purchase of Dema Gas, Inc., DLR Enterprises, and Interstate Natural Gas Farm Taps ("Related Transactions"), and that this transaction shall not close unless the Related Transactions close simultaneously.

11.09. 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.

11.10. Cooperation. Sellers 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 Cow Creek in substantially the same manner as it is now being conducted. The primary responsibility for the foregoing is that of the Purchaser.

11.11. Waiver. Any party may waive in writing compliance by another party with any of the covenants or conditions contained in this Agreement, except those conditions imposed by law.

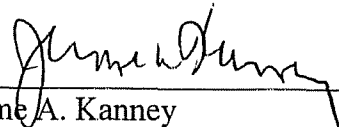
11.12. Risk of Loss. Sellers assume all risk of destruction, loss or damage due to fire, storm, or any other casualty prior to the, Closing Date. Upon such destruction, loss, or damage of the facility, or a substantial part of Cow Creek or its inventory, Purchaser shall have the option to terminate this 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.

11.13. No Merger. This Agreement shall survive the execution and delivery of all documents of conveyance contemplated and no merger shall occur.


11.14. 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:



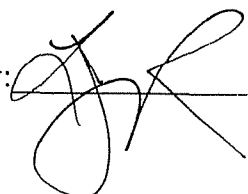
Jerome A. Kanney



Dennis L. Rohrer

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, **SELLER**, on this the 8th day of February, 2010.

My Commission Expires: 9/16/2013
Jennifer Akers-Hindon
NOTARY PUBLIC

STATE OF KENTUCKY

COUNTY OF PIKE

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

My Commission Expires: 9/16/2013
Jennifer Akers-Hindon
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
Jennifer Akers-Hindon
NOTARY PUBLIC

EXHIBIT A

COW CREEK GAS CO INC Equipment List 11/30/2009

<u>DATE PURCHASED</u>	<u>DESCRIPTION</u>	<u>COST</u>
1/1/1995	Utility Plant	12,725
1/14/2003	Shop Building	3,151
	Subtotal	<u>15,876</u>
1/11/2008	House Regulators	33,833
1/11/2008	Mains - Purchase from Sigma	759,707
11/15/2007	American AC250 Meter 1" 20LT	5,082
12/21/2007	American 1833B2 1x1 NPT Orifice	2,905
1/11/2008	Meters - Purchase from Sigma	73,901
1/11/2008	Meters Installations -Sigma	10,833
2/20/2008	YZ DTEX Odorant Level Detector & Software	3,112
3/26/2008	Meters-Index 2" 4C TC Odometer	1,904
5/30/2008	American AC250 Meter 1" 20LT	1,617
7/28/2008	American 1833B2 1x1 NPT Orifice	2,638
7/30/2008	American AC250 Meter 1" 20LT	1,525
11/4/2008	American 1833B2 1x1 NPT Orifice	1,728
11/10/2008	American AC250 Meter 1" 20LT	1,220
	Subtotal	<u>106,463</u>
	TOTAL	<u><u>915,879</u></u>

EXHIBIT B

COW CREEK GAS, INC.
Balance Sheet
November 30, 2009

ASSETS

Current Assets:

Cash	\$	12,710
Accounts Receivable		38,804
Prepaid Insurance		<u>3,476</u>

Total Current Assets 54,991

Fixed Assets:

Shop Building		15,876
Meters		106,463
House Regulators		33,833
Mains		759,707
Less: Accumulated Depreciation		<u>(495,727)</u>

Total Fixed Assets 420,153

TOTAL ASSETS \$ 475,143

LIABILITIES

Accounts Payable	\$	195,202
Interest Payable		1,588
Customer Deposits		10,337
Loans from Shareholders		8,000
Notes Payable-CNB 25763		<u>319,909</u>

Total Liabilities 535,037

STOCKHOLDERS' EQUITY (DEFICIT)

Capital Stock		1,000
Retained Earnings (DEFICIT)		<u>(60,894)</u>

Total Stockholders' Equity (DEFICIT) (59,894)

TOTAL LIABILITIES & STOCKHOLDERS' EQUITY (DEFICIT) \$ 475,143

COW CREEK GAS, INC.
STATEMENT OF OPERATIONS
FOR THE ELEVEN MONTHS ENDED NOVEMBER 30, 2009

	Nov-09
REVENUES:	
Gas Income	\$ 475,842
Contract Service Fees	<u>0</u>
Total Revenue	475,842
OPERATING EXPENSES	
Gas Purchases	234,595
State Severance taxes	16,293
Sales, Ad Valorem, and use tax	29,514
Lease Operating Expense	14,545
Employee Leased	94,367
Depreciation Expense	<u>30,723</u>
Total Operating Expenses	<u>420,037</u>
Gross Profit from Operations	55,806
GENERAL & ADMINISTRATIVE EXPENSES	
Parts & Supplies	14,386
Parts & Supplies-Wells	1,434
Parts & Supplies-House Customers	4,232
Freight	506
Accounting & Legal Services	3,022
Advertising and Promotions	320
Bank Service Fees	542
Licenses and Permits	15
Office Supplies & Expenses	144
Rent Expense	9,443
Rental-Equipment & Tools	599
Miscellaneous Expenses	36
Interest Expense	13,659
Insurance: Equipment	<u>3,909</u>
Total General and Administrative Expense	52,248
NET INCOME (LOSS)	\$ <u>3,557</u>

COW CREEK GAS, INC.
STATEMENT OF CASH FLOWS
FOR THE ELEVEN MONTHS ENDED NOVEMBER 30, 2009

BOOK INCOME	3,557
PLUS CHARITABLE CONTRIBUTIONS	0
PLUS DEPLETION	0
PLUS DEPRECIATION	30,723
PLUS INTEREST EXPENSE	13,659
<hr/>	
EARNINGS BEFORE DEPLETION, DEPRECIATION, AMORTIZATION AND INTEREST EXPENSE	47,939

EXHIBIT C

**COW CREEK GAS COMPANY, INC
CUSTOMER DEPOSITS
12/31/2009**

<u>Date</u>	<u>Customer</u>	<u>Deposit</u>	<u>Reimbursement</u>	<u>Date</u>	<u>Customer</u>	<u>Deposit</u>	<u>Reimbursement</u>
11/9/2004	Carol Butte	\$100.00		10/1/2008	Bobby Ousley	\$100.00	
6/5/2005	Jimmy Brown	\$100.00	(100.00)	10/1/2008	Delorse Collins	\$100.00	
11/3/2005	Maxie Woods	\$100.00	(41.92)	10/1/2008	Gregory Porter	\$100.00	
11/3/2005	Donald Woods	\$100.00	(33.80)	10/1/2008	Ida Wright	\$100.00	
12/5/2005	Jennifer Collins	\$100.00	(86.82)	10/1/2008	James Back	\$100.00	
5/19/2006	Gina Pearce	\$100.00		10/1/2008	Jessica Francis	\$100.00	
10/26/2008	Darrell Curtis	\$100.00		10/1/2008	Lela Collins	\$100.00	
11/7/2008	Phyllis Kilgore	\$100.00		10/1/2008	Patty Minix	\$100.00	(\$100.00)
6/25/2007	Jeffery Ward	\$100.00		10/1/2008	Rick Howard	\$100.00	
10/10/2007	Dale Mullins	\$100.00		10/1/2008	Tamara Holbrook	\$100.00	
10/16/2007	Huey Darby	\$100.00		10/1/2008	Tina Ousley	\$100.00	
1/17/2008	Olin Andy Elliot II	\$100.00		10/1/2008	Blake Arnett	\$100.00	
1/17/2008	Bobby Helton	\$100.00		10/1/2008	Dorothy Ward	\$100.00	
1/24/2008	Martha McCarty	\$100.00		10/1/2008	Doug DeRossett	\$100.00	
1/31/2008	Gregory Allen	\$100.00		10/1/2008	MaLoyal Borders	\$100.00	
2/12/2008	Regina Walters	\$100.00	(\$100.00)	10/1/2008	Dusty Stephens	\$100.00	
2/19/2008	Lois Montgomery	\$100.00		11/1/2008	Billie Stevens	\$100.00	
2/21/2008	James Fults	\$100.00		11/1/2008	Chalmer Rowe	\$100.00	
2/22/2008	Jessie Hicks	\$100.00		11/1/2008	Frank Gant	\$100.00	
3/12/2008	Earl Marshall	\$100.00		11/1/2008	Helen Bailey	\$100.00	
3/19/2008	Samuel Stephens	\$100.00		11/1/2008	James C. Gullett	\$100.00	
3/27/2008	Gardner Landscaping Inc #2	\$100.00		11/1/2008	Jarrod Bentley	\$100.00	
4/30/2008	Kristy Hamilton	\$100.00	(\$100.00)	11/1/2008	Jerold Howard #2	\$100.00	
5/31/2008	Johnnie Nelson	\$100.00		11/1/2008	Jerold Howard #3	\$100.00	
5/31/2008	Wanda Felber	\$100.00		11/1/2008	M&R Trucking	\$100.00	
5/31/2008	Traci Rudd	\$100.00		11/1/2008	Mike Salyer	\$100.00	
6/30/2008	Salyersville Water Works	\$100.00		11/1/2008	Robert Arnett	\$100.00	
7/31/2008	Darrell Crace	\$100.00		11/1/2008	Stephanie Goff	\$100.00	
7/31/2008	Johnny Cole	\$100.00		11/1/2008	Steven Frasure #2	\$100.00	
7/31/2008	Lan Schindler	\$100.00		12/1/2008	Bobby Watkins	\$100.00	
7/31/2008	MR Metal Recycling, Inc.	\$100.00		12/1/2008	Elmer Arnett	\$100.00	
7/31/2008	Robin Lemaster	\$100.00		12/1/2008	Gerald Pennington	\$100.00	
7/31/2008	Homer Harmon	\$100.00		12/1/2008	Marigrace Cole	\$100.00	
9/30/2008	Ricky Prater	\$100.00		12/1/2008	Pallsteen Prater	\$100.00	
9/30/2008	James Powers	\$100.00		12/1/2008	Ransil Howard	\$100.00	
9/30/2008	Jason Mann	\$100.00					
9/30/2008	Kathy McNish	\$100.00					
9/30/2008	John Lykins	\$100.00					
Total from Jan 08 - Sept 08		\$3,800.00	(\$462.54)	Total Oct 08 - Dec 08		\$3,500.00	(\$100.00)
1/31/2009	Charles Bailey	\$100.00		11/30/2009	Cindee Collins	\$100.00	
1/31/2009	Dana Kennard	\$100.00		11/30/2009	Dianne Conley	\$100.00	
1/31/2009	Harold Marshall	\$100.00		11/30/2009	Douglas Mortimer	\$100.00	
1/31/2009	Kennetta Howard	\$100.00		11/30/2009	Jason Ward	\$100.00	
1/31/2009	Loren Lewis	\$100.00		11/30/2009	Jennifer Prater	\$100.00	
1/31/2009	Shirley Manns	\$100.00		11/30/2009	Kelly Broome	\$100.00	
2/29/2009	Betty Puckett	\$100.00		11/30/2009	Mary Jordan	\$100.00	
2/29/2009	Carlotta Howard	\$100.00		11/30/2009	Noahs Ark Daycare	\$100.00	
2/29/2009	Cody James	\$100.00		11/30/2009	Salyesville Fire Dept	\$100.00	
2/29/2009	Heather Ellis	\$100.00		11/30/2009	There Is Hope Min	\$100.00	
2/29/2009	Johnnie Johnson	\$100.00		11/30/2009	Tim Fletcher	\$100.00	
2/29/2009	Linda Montgomery	\$100.00		12/31/2009	Angela Howard	\$100.00	
4/30/2009	Paul Francis	\$100.00		12/31/2009	Anna Snith	\$100.00	
4/30/2009	Willard Smith	\$100.00		12/31/2009	Bill Music	\$100.00	
4/30/2009	Jordan Perkins	\$100.00		12/31/2009	Bill Perly	\$100.00	
7/31/2009	Elmer Davis	\$100.00		12/31/2009	Dave Johnson	\$100.00	
7/31/2009	Ronald Puckett	\$100.00		12/31/2009	Hueseman General	\$100.00	
7/31/2009	William Bays	\$100.00		12/31/2009	Jason Miller	\$100.00	
8/31/2009	Alicia Holderby	\$100.00		12/31/2009	Johnna Prater	\$100.00	
9/30/2009	Betty Howard	\$100.00		12/31/2009	Kozy Komer	\$100.00	
9/30/2009	Debbie Poe	\$100.00		12/31/2009	Mike Griffith	\$100.00	
9/30/2009	Lesless Helton	\$100.00		12/31/2009	Randall Howard	\$100.00	
9/30/2009	Mi Finca Rest	\$100.00		12/31/2009	Ronald Wheeler	\$100.00	
9/30/2009	Ramona Lopes	\$100.00					
9/30/2009	Trinity Revival Center	\$100.00					
Total from Jan 09 - Sept 09		\$2,500.00	\$0.00	Total Oct 09 - Dec 09		\$2,300.00	\$0.00
Total Customer Deposits		\$11,537.46					

EXHIBIT 2

Bill of Sale for Business Assets

DLR Enterprises, Inc., Seller, transfers to Cow Creek Gas, Inc., Buyer, full ownership of that portion of the corporate assets of Seller described as approximately 32.6 miles of various sizes of pipeline generally located west and southeast of the Grover Arnett compressor in Magoffin County, but more specifically described in Exhibit A, attached hereto and made a part of this Bill of Sale.

Seller acknowledges receiving payment for said pipeline in the form of a cashier's check in the amount of Two Hundred Thirty Thousand and no/100 Dollars (\$230,000.00) on this _____ day of _____, 2010.

DLR Enterprises, Inc.

By: _____

Cow Creek Gas, Inc.

By: _____

Kentucky Frontier Gas, LLC

By: _____
 , Manager

STATE OF KENTUCKY

COUNTY OF PIKE

This foregoing document was subscribed and sworn to before me by Jerome A. Kanney, President of DLR Enterprises, Inc., **SELLER**, on this the _____ day of _____, 2010.

My Commission Expires: _____

NOTARY PUBLIC

STATE OF KENTUCKY

COUNTY OF PIKE

This foregoing document was subscribed and sworn to before me by _____,
of Cow Creek Gas Inc., BUYER, on this the ____ day of _____, 2010.

My Commission Expires: _____

NOTARY PUBLIC

STATE OF KENTUCKY

COUNTY OF _____

This foregoing document was subscribed and sworn to before me by _____,
of Kentucky Frontier Gas, LLC, _____, on this the ____ day of _____, 2010.

My Commission Expires: _____.

NOTARY PUBLIC

Exhibit A

Description of Pipeline Assets to be Sold and Retained by DLR

DLR Enterprises, Inc. owns and operates a natural gas gathering and delivery pipeline system in Magoffin, Johnson, and Floyd counties in Kentucky. The system was largely or entirely built by a predecessor Sigma Gas, and includes approximately 42.7 miles of 1-2-3-4-6-inch pipeline.

DLR or "Seller" will sell and transfer ownership of approximately 32.6 miles of pipeline to Purchaser, and will retain approximately 10.1 miles of pipeline. The easements, rights-of-ways, permits, materials and test records, construction and operating records, DOT and PSC records, historic Sigma files and all other records shall be retained by the respective owner of each segment of pipeline.

Assets to be Retained by DLR

DLR delivers gas to a compressor commonly known as the Grover Arnett Compressor along Burning Fork Road or Magoffin County Road 1888. DLR will retain a pipeline which runs from the inlet riser of that station, generally along public roads including KY Rt 114, KY Rt. 1888 or KY Rt. 1427, to the eastern end of the DLR pipeline system near Potts Branch Road. This segment shall be called the DLR Transfer Line for purposes of description.

This segment of pipeline includes 3.48 miles of 4-inch pipe and 6.64 miles of 6-inch pipe, more or less, along with risers, valves, locate wires and connectors, markers and appurtenances required for a delivery pipeline.

Assets to Be Sold

From the Grover Arnett Compressor as described above, DLR will sell generally all pipelines to the west, through the community of Salyersville and radiating from there north and east; along with all laterals off the main pipelines west of the compressor.

In addition, DLR will sell all laterals connected to the DLR Transfer Line as described herein, including but not limited to laterals as exist along Dotson Branch Road, Kelly Branch Road, Gun Creek Road (KSH 867), Dry Bread Road (KSH 1867), Big Lick Branch Road, Wolf Branch, Cane Branch Road and Floyd CR 1372.

These segments of pipeline include 32.6 miles of 2-inch and smaller and 3-4-6-inch pipe, more or less, along with risers, valves, locate wires and connectors, markers and appurtenances required for a distribution system.

Although not considered part of the DLR system, all piping, regulators, meters and other facilities associated with serving any utility customers and attached to any DLR segment sold or retained, shall remain in ownership of the utility and are not subject to this sale.

EXHIBIT 3

STOCK PURCHASE AGREEMENT
DEMA GAS COMPANY, INC.

THIS AGREEMENT is made as of this 27th, day of February, 2010, by and between Kentucky Frontier Gas, LLC, ("Purchaser") and Jerome A. Kanney and Dennis L. Rohrer, ("Seller" or "Sellers").

This Agreement sets forth the terms and conditions pursuant to which Purchaser will purchase from Sellers and Sellers will sell and convey to Purchaser, the stock of Dema Gas Company, Inc. ("Dema") owned by Sellers.

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 STOCK.

1.01. Stock and Assets 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 Sellers' shares of stock in Dema, which stock consists of One Hundred (100) shares of capital stock.

1.02. Consideration. This Agreement is contingent on the concurrent sale of Cow Creek Gas, Inc. ("Cow Creek"), of Farm Taps of Interstate Natural Gas Company, and of certain pipeline assets of DLR Enterprises, Inc. as agreed in separate Agreements each dated February ____, 2010. Purchaser shall pay Seller as consideration for the Sale of Dema 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 Sellers, 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 of the stock and to begin operating Dema 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 System 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 System and attributable to the period before the Effective Date, including invoices for property taxes or other fees based on ownership through the Effective Date, except as provided in Section 3.04. Purchaser shall promptly

make delivery thereof to Seller. In the case of an invoice attributable to Seller, Seller shall pay timely to avoid any penalty or adverse impact to Dema or Purchaser.

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

- (a) The opinion of counsel referred to in Section 8.06;
- (b) The Corporate Books;
- (c) The written resignation of all Officers of Dema;
- (d) Such other documents as may be reasonably necessary to effect the transactions contemplated.

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

- (a) Good funds in the amount of the Purchase Price.
- (b) The opinion of counsel referred to in Section 7.05;
- (c) A resolution by the proper governing Board of Purchaser indicating authority on behalf of the signatory below to effectuate this purchase on behalf of the Purchaser.
- (d) Such other documents as may be necessary to effect the transactions contemplated.

ARTICLE II. COMPANY ASSETS.

2.01. Company Assets. For Purchaser's information, a fixed asset schedule of Dema is shown in Exhibit A.

ARTICLE III. REPRESENTATIONS AND WARRANTIES OF SELLER.

Sellers represent, covenant and warrant to Purchaser the following:

3.01. Organization. Sellers represent that Dema is a Kentucky utility in good standing under the laws of the Commonwealth of Kentucky and is duly qualified and authorized to do business as a utility in good standing in the Commonwealth of Kentucky.

3.02. Authority. Sellers represent that Sellers have full power and authority to sell stock in Dema and that their interest constitutes one hundred percent (100%) of the issued stock. To the best of Sellers' knowledge, Dema has good and marketable title to all fixed assets listed in Exhibit A.

3.03. Consents and Approvals; No Violations. Subject to the provisions of section 3.09, below, 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 Sellers are a party or by which they may be bound, or violate any statute of law or any judgment, decree, order, regulation or rule of any court or governmental authority applicable to Sellers. This representation is also subject to Purchaser's duty to obtain the proper consent to transfer a utility in section 4.03.

3.04. Litigation. Sellers have not received notice that they are 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 Sellers or Dema. Sellers are neither engaged in nor threatened with, any legal action or other proceeding which would have an adverse effect on the Purchaser or Dema.

3.05. Brokers and Finders. The Sellers have 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.

3.06. Seller's Financial Statement. Attached as Exhibit B is the November 30, 2009, Financial Statement of Dema. Sellers will deliver to the Purchaser prior to or at closing a letter from the President of Dema certifying that there has been no material adverse change or variation in its sales, royalties, rents, property taxes and utility costs since November 30, 2009.

3.07. Condition of Systems and Absence of Undisclosed Liabilities. The Dema system will be in good working order and condition to the best of Sellers' knowledge as of the Closing Date and except as provided in Sections 3.04, above, and 3.08 and 3.09, below, has no debts, liabilities or obligations (whether absolute, accrued, contingent or otherwise) of any nature whatsoever, including, without limitation, any other debts, liabilities or obligations relating to or arising out of any act, omission, transaction, circumstance, sale of goods or services, state of facts or other condition, except those incurred in the ordinary course of business. Sellers know of no condition or event or any threatened or prospective condition or event, which could materially and adversely affect Dema, or the operation of Dema's business, with the exception of certain plastic distribution pipelines which may be buried at a lesser depth than required by regulation, the location of which has been disclosed to Purchaser.

3.08 Customer Deposits It is understood that the Sellers have retained customers deposits and that such deposits upon the execution of this sale shall be the liability of the Purchaser. A list of Customer Deposits is shown in Exhibit C

3.09. Sale of Interstate Natural Gas Company Production Properties. It is understood by the Parties to this Agreement that Sellers are currently negotiating the sale of certain natural gas production properties belonging to Interstate Natural Gas Company ("Interstate"),

a Kentucky partnership comprised of Sellers. The parties hereto agree that should Sellers execute a binding sale agreement for all or any of Interstate's production properties prior to the closing of the transaction contemplated by this Agreement, the prospective purchaser of said Interstate production properties shall be notified of this Agreement.

ARTICLE IV. REPRESENTATIONS AND WARRANTIES OF PURCHASER.

Purchaser represents, covenants and warrants to Sellers the following:

4.01. 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.

4.02. 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 Sellers 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.

4.03. Consents and Approvals. Except for the consent of the Kentucky Public Service Commission (KPSC) as described in Section 8.03, 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.

4.04. 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 Dema or to conduct or own the business being conducted and owned by the Sellers in substantially the same manner as owned and conducted by the Sellers.

4.05. 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 V. COVENANTS OF THE PARTIES.

5.01. Purchaser's Rights of Inspection. From and after the date of the execution of this Agreement, Sellers shall, from time to time, on business days, during business hours, make the Dema system available to Purchaser or Purchaser's representatives for inspection. Sellers may have a representative or employee of Sellers accompany the Purchaser or the Purchaser's representative during any such inspection.

5.02. 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 Dema, 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.

5.03. Expenses. If Purchaser fails to satisfy any of the "Conditions to Obligations of Purchaser" in Article VII, all legal fees, costs and expenses incurred by the Sellers shall be borne by the Purchaser. In addition, 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.

5.04. Notices. The parties shall immediately inform the other parties in writing of the occurrence of any events or the existence of any circumstances the effect of which would constitute a breach of any covenant or warranty in this Agreement, or which would result in any representation in this Agreement being or becoming untrue or misleading.

5.05. Conduct of Business at Dema Pending Closing. Sellers agree that from the date of the execution of this Agreement until the Closing Date, unless otherwise consented to by Purchaser in writing, Sellers will carry on the business of Dema 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 Dema except in the ordinary course of business and consistent with past practice. Purchaser may, at Sellers' election, assume operation of the system on March 1, 2010, under the terms of a Service Agreement similar to the Service Agreement attached as Exhibit C hereto.

5.06. Removal of Assets. Sellers will not enter into any agreement or contractual arrangement providing for, or requiring the sale of, any of Dema's assets.

5.07. Licenses. Sellers will not enter into any agreement or contractual arrangement, nor will Sellers take any action or forbear from taking any action, which would result in the

termination of any license, franchise or other distribution agreement, contract or insurance policy which Sellers hold, own or to which it is a party and which are necessary or efficacious to the operation of Sellers' business in the ordinary course.

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

Sellers have already provided Purchaser and the authorized representatives of Purchaser with access, and will continue to do so during normal business hours, commencing upon the execution date of this Agreement and ending on the Closing Date, to examine the title and condition of Dema's assets; provided, however that Purchaser's examination will not disrupt the operation of Dema. Purchaser shall notify Sellers in writing prior to closing of any defects known to it, and Sellers shall have a reasonable time to cure such defects.

5.09. Notification to Customers; Signage. Immediately after Closing, Purchaser shall notify Dema customers of the change of ownership of Dema, providing customers with the address and telephone number of Purchaser. Purchaser shall likewise amend all current Dema signage to reflect correct post-Closing information.

ARTICLE VI. GAS SALES TO PURCHASER

6.01 Right to Sell Gas. Purchaser, its successors, agents and assigns shall, and hereby do, grants to Interstate Natural Gas Company and its successors and assigns, the right to sell gas to Purchaser for Dema's system only, up to the total monthly requirement, each month for twelve months from the Closing Date. If Seller is unable to supply gas in the quantity required for the Dema system, then Purchaser may purchase the deficient quantity from another supplier for each month that there is a deficiency during the twelve month period.

(a) After the initial 12-month gas supply period, parties shall negotiate the terms and prices of further gas sales or gas transportation to or through the Dema system. Dema agrees to purchase or transport at reasonable terms Seller's gas from wells which are captive to the Dema system.

(b) As a material element to this contract, Purchaser covenants it will not resell, assign or in any manner convey any of the assets (including customers) contemplated under this agreement until said successor in ownership has expressed in writing acceptable to Sellers its contractual obligation to honor the terms of this paragraph.

6.02. Price of Gas. The price of all gas delivered hereunder by Seller in accordance with paragraph 6.01 shall be equal to \$7.00 or more per MCF, subject to KPSC approval.

After the 12 month period the gas rate shall be adjusted to reflect gas pricing within 20% (twenty percent) of Platt's Index FERC Columbia Appalachia Index Rate.

ARTICLE VII. CONDITIONS TO OBLIGATIONS OF SELLERS.

Each and every obligation of Sellers under this Agreement to be performed at the Closing shall be subject to the satisfaction, on or before the Closing Date, of each of the following conditions, unless waived in writing by Sellers:

7.01. Representations and Warranties True. The representations and warranties of Purchaser shall be true, complete and accurate in all material respects as of the date when made and as of the Closing Date as though such representations and warranties were made at and as of such date.

7.02. Performance. Purchaser shall have performed and complied with all agreements, obligations and conditions required by this Agreement to be performed or complied with by it on or prior to the Closing Date.

7.03. Purchaser's Certificate. Purchaser shall have delivered to Sellers a certificate, dated the Closing Date, certifying to the fulfillment of the conditions specified in Sections 7.01 and 7.02.

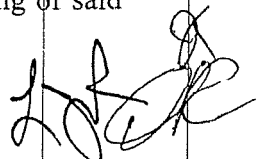
7.04. No Injunction, Etc. On the Closing Date, (a) there shall be no effective injunction, writ, preliminary restraining order, or any order of any nature issued or threatened by a court or other governmental authority of competent jurisdiction directing that the transactions provided for or any of them 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 governmental authority seeking such relief.

7.05. Opinion of Purchaser's Counsel. Purchaser shall have delivered to Sellers an opinion of counsel to Purchaser, dated as of the Closing Date, to the effect that:

(a) This Agreement has been duly executed and delivered by Purchaser and is the valid and binding obligations of Purchaser.

(b) Neither the execution and delivery of this Agreement, nor the consummation of the transaction contemplated, will violate or conflict with, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or give rise to any termination, cancellation or acceleration, under, any note, bond, mortgage, indenture, license, agreement, lease or other instrument to which Purchaser is bound.

7.06. Regulatory Approval. The Kentucky Public Service Commission shall have granted to the Purchaser the right to purchase and the right to operate Dema; and Purchaser shall have satisfied all terms, conditions and requirements pertaining to the granting of said



right to operation.

7.07. Sale of Related Properties. This Agreement is contingent on the concurrent sale to Purchaser of Cow Creek Gas, Inc. ("Cow Creek"), of certain pipeline assets of DLR Enterprises, Inc., and Interstate Natural Gas Company ("ING") Farm Taps as agreed in separate "Stock Purchase Agreement" for Cow Creek, a "Bill of Sale" for DLR assets and a "Farm Tap Sale Agreement" for ING farm taps between the parties each dated February __, 2010. Should the sale under this Agreement, or any of these related sales not occur more or less concurrently, then this Agreement shall be terminated.

ARTICLE XIII. CONDITIONS TO OBLIGATIONS OF PURCHASER.

Each and every obligation of Purchaser under this Agreement to be performed at the Closing shall be subject to the satisfaction, on or before the Closing Date, of each of the following conditions, unless waived in writing by Purchaser:

8.01. Representations and Warranties True. The representations and warranties of Sellers contained shall be true, complete and accurate in all material respects as of the date when made and as of the Closing Date as though such representations and warranties were made at and as of such date, except for changes expressly permitted by the terms of this Agreement.

8.02. Pay Off of Seller's Loans. On or before the Closing the Sellers shall pay off any loans secured by assets or stock of Dema, for the purpose of removing any liability of the Purchaser for the payment of or guaranty of performance of payment of such loans.

8.03. Regulatory Approval. Upon execution of this Agreement Purchaser will file with the KPSC a petition (the "Petition") requesting approval of the acquisition and transfer of Dema. Purchaser shall pay all filing fees, attorney fees, costs and expenses of Purchaser and Sellers 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. Should approval of this transaction be denied, this transaction and all related transactions shall be terminated. Should such termination occur, neither Party hereto shall have any claim for costs, expenses, damages of any nature whatsoever or any continuing liability of any nature to the other Party.

8.04. Performance. Seller shall have performed and complied with all agreements, obligations and conditions required by this Agreement to be performed or complied with by it on or prior to the Closing Date.

8.05. No Injunction, Etc. on the Closing Date.

(a) 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.

8.06. Opinion of Sellers' Counsel. Sellers shall have delivered to Purchaser an opinion of its counsel, dated as of the Closing Date, in form and satisfactory to Purchaser, to the effect that:

(a) Dema is a Kentucky utility in good standing under the laws of the Commonwealth of Kentucky and is duly qualified and authorized to do business in the Commonwealth of Kentucky;

(b) Dema has the authority to carry on its business as it is now being conducted and to own the properties used in such business;

(c) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated will violate any provision of the Kentucky Revised Statutes governing utilities or conflict with, or constitute a default (or 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 known to Sellers to which Sellers are a party;

(d) To the best knowledge of Sellers' counsel, there are no lawsuits pending or threatened which would in any way effect or impede the ability of the Seller to consummate this transaction or which would in any way effect the value of Dema.

ARTICLE IX. SURVIVAL OF REPRESENTATIONS.

9.01. Survival of Representations. The representations and warranties made by Sellers and Purchaser under this Agreement shall survive the Closing.

ARTICLE X. TERMINATION.

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

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

(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 Sellers 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; or

(d) By Purchaser if any condition precedent to its obligation to perform has not occurred or been satisfied as of the Closing Date;

(e) By Sellers if any conditions precedent to its obligation to perform has not occurred or been satisfied as of the Closing Date.

(f). By the occurrence of any of the events of termination described elsewhere in this Agreement.

ARTICLE XI. MISCELLANEOUS PROVISIONS.

11.01. 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.

11.02. Waiver of Compliance. Any failure of Purchaser or Sellers to comply with any obligation, covenant, agreement or condition may be expressly waived in writing by the Purchaser or Sellers, 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.

11.03. 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

(b) If to Seller, to:

Jerome A. Kanney
Dennis L. Rohrer
P.O. Box 3385
Pikeville, KY 41502

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

11.04. Assignment. 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.

11.05. 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 applicable to contracts made and to be performed in the Commonwealth.

11.06. 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.

11.07. 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.

11.08. 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 as to the sale of Dema stock. It is understood that separate agreements exist between the parties for the sale and purchase of Cow Creek Gas, Inc., DLR Enterprises, LLC., and Interstate Natural Gas Farm Taps ("Related Transactions"), and that this transaction shall not close unless the Related Transactions close simultaneously.

11.09. 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.

11.10. Cooperation. Sellers 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 Dema in substantially the same manner as it is now being conducted. The primary responsibility for the foregoing is that of the Purchaser.

11.11. Waiver. Any party may waive in writing compliance by another party with any of the covenants or conditions contained in this Agreement, except those conditions imposed by law.

11.12. Risk of Loss. Sellers assume 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 Dema or its inventory, 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

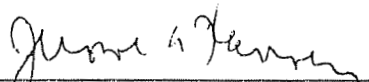
termination, this Agreement shall remain in full force and effect, provided, however, that the Purchase Price shall be adjusted to reflect such destruction, loss or damage, and if Purchaser and Seller are unable to agree upon the amount of such adjustment, the contract will stand terminated.

11.13. No Merger. This Agreement shall survive the execution and delivery of all documents of conveyance contemplated and no merger shall occur.


11.14. 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:



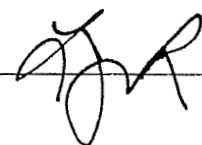
Jerome A. Kanney



Dennis L. Rohrer

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, **SELLER**, on this the 9th day of February, 2010.

My Commission Expires: March 19, 2012





NOTARY PUBLIC

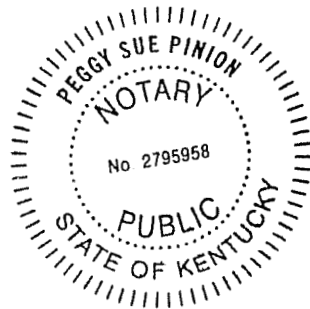


STATE OF KENTUCKY

COUNTY OF PIKE

This foregoing document was subscribed and sworn to before me by Dennis L. Rohrer, **SELLER**, on this the 9th day of February, 2010.

My Commission Expires: March 19, 2012



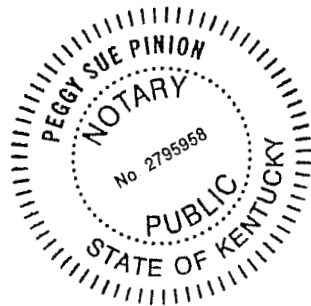
Peggy Sue Pinion
NOTARY PUBLIC

STATE OF KENTUCKY

COUNTY OF Pike

This foregoing document was subscribed and sworn to before me by Larry Rich, of Kentucky Frontier Gas, LLC, Purchaser, on this the 12th day of February, 2010.

My Commission Expires: March 19, 2012



Peggy Sue Pinion
NOTARY PUBLIC

EXHIBIT A

DEMA GAS COMPANY, INC.
Equipment List
11/30/2009

<u>DATE PURC</u>	<u>DESCRIPTION</u>	<u>COST/ BASIS</u>
9/1/1988	METERS	4,500.00
9/1/1989	MAINS	30,986.00
1/1/1990	METER INSTALLATION	9,950.00
1/1/2003	METERS	1,100.00
		<u>46,536</u>

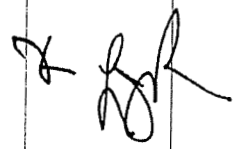


EXHIBIT B

DEMA GAS COMPANY, INC. BALANCE SHEET November 30, 2009

ASSETS

Current Assets:

Cash	\$	472
Accounts Recievable		<u>429</u>
Total Current Assets		901

Fixed Assets:

Equipment		46,536
Less: Accumulated Depreciation		<u>(36,103)</u>
Total Fixed Assets		<u>10,433</u>

TOTAL ASSETS

\$ 11,334

LIABILITIES

Accounts Payable	\$	3,046
Interest Payable		90
Loans to Shareholders		150
Notes Payable- Interstate		23,875
Notes Payable-Baiden		2,000
Customer Deposits		<u>300</u>
Total Liabilities		29,461

STOCKHOLDERS' DEFICIT

Capital Stock		6,000
Retained (Deficit)		<u>(24,127)</u>
Total Stockholders' (Deficit)		<u>(18,127)</u>

TOTAL LIABILITIES & STOCKHOLDERS' (DEFICIT)

\$ 11,334

DEMA GAS COMPANY, INC.
STATEMENT OF OPERATIONS
FOR THE ELEVEN MONTHS ENDED NOVEMBER 30, 2009

REVENUES:

Gas Income	\$ 5,446
Miscellaneous Income	<u> </u>

Total Revenue	5,446
---------------	-------

OPERATING EXPENSES

Gas Purchases	2,808
Severance Taxes	144
Contract Labor	570
Depreciation Expense	<u>1,378</u>

Total Operating Expenses	<u>4,900</u>
--------------------------	--------------

Gross Profit from Operations	546
------------------------------	-----

GENERAL & ADMINISTRATIVE EXPENSES

Sales & Use Tax	170
Outside Services	3,445
Advertising & Promotions	47
Interest Expense	18
Accounting	800
Miscellaneous Expenses	0
Other Administrative Expenses	<u>406</u>

Total General and Administrative Expense	<u>4,886</u>
--	--------------

NET INCOME (LOSS)	\$ <u><u>(4,340)</u></u>
--------------------------	---------------------------------

DEMA GAS COMPANY, INC.
STATEMENT OF CASH FLOWS
FOR THE ELEVEN MONTHS ENDED NOVEMBER 30, 2009

BOOK INCOME	(4,340)
PLUS CHARITABLE CONTRIBUTIONS	0
PLUS DEPLETION	0
PLUS DEPRECIATION	1,378
PLUS AMORTIZATION	0
PLUS INTEREST EXPENSE	18
	<hr/>
EARNINGS BEFORE DEPLETION, DEPRECIATION, AMORTIZATION AND INTEREST EXPENSE	(2,944)

EXHIBIT C

DEMA GAS COMPANY INC
CUSTOMER DEPOSITS
11/30/2009

<u>Description</u>	<u>Total</u>
TOTAL BALANCE AT 1/2005 (Unknowm)	300
PLUS: Dwight Hall paid on 9/05	100
Thacker Grigsby paid on 08/09	100
TOTAL BALANCE AT 11/30/09	<u><u>500</u></u>

Handwritten initials or signature.

EXHIBIT 4

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.

8

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

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,

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

9

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.

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.

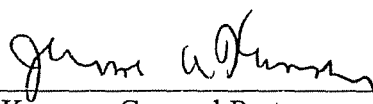
9.13. Survival. This Agreement shall survive the execution and delivery of all documents of conveyance contemplated..

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

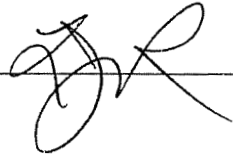


Dennis Rohrer, General Partner

PURCHASER:

Kentucky Frontier Gas, LLC.

By: _____

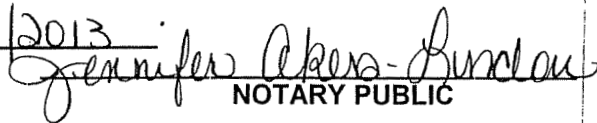


STATE OF KENTUCKY

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

EXHIBIT A

List of Farm Taps Located in Floyd, Pike, Magoffin, Perry, Leslie, Breathitt, Lawrence,
Martin, Knott and Johnson Counties, Kentucky

OK

EXHIBIT B

Additional Procedures

EXHIBIT 5

STOCK PURCHASE AGREEMENT
DLR Enterprises, Inc.

THIS AGREEMENT is made as of this 8th, day of February, 2010, by and between Industrial Gas Services, Inc., ("Purchaser") and Jerome A. Kanney and Dennis L. Rohrer, ("Seller" or "Sellers").

This Agreement sets forth the terms and conditions pursuant to which Purchaser will purchase from Sellers and Sellers will sell and convey to Purchaser, the stock of DLR Enterprises, Inc. ("DLR") owned by Sellers.

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 STOCKS.

1.01. Stock and Assets 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 Sellers' shares of stock in DLR, which stock consists of One Hundred (100) shares of capital stock.

1.02. Consideration. Subject to the terms and conditions of this Agreement in consideration of the transfer, conveyance and assignment of the stock, Purchaser will at the Closing pay off or assume the total balance of the loan that DLR has with Citizens National Bank of Pikeville, not to exceed Two Hundred Fifty Thousand Dollars (\$250,000), (the "Purchase Price"). If the balance is higher at Closing, Purchaser will pay down the DLR loan to the not-to-exceed balance.

1.03. Closing and Effective Date. The closing of the transaction contemplated in this Agreement shall take place at the offices of Sellers, 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 of the stock and to begin operating DLR 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 System and attributable to the period after the Effective Date, Seller shall promptly make delivery thereof to the Purchaser. 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 Effective Date, including invoices for property taxes or other fees based on ownership through the Effective Date,

Purchaser shall promptly make delivery thereof to Seller. In the case of an invoice attributable to Seller, Seller shall pay timely to avoid any penalty or adverse impact to DLR or Purchaser.

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

- (a) The opinion of counsel referred to in Section 8.06;
- (b) The Corporate Books;
- (c) The written resignation of all Officers of DLR;
- (d) Such other documents as may be reasonably necessary to effect the transactions contemplated.

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

- (a) Evidence of the assumption or payoff of the Citizens National Bank loan as provided in Section 1.02. If the loan is assumed, then Purchaser shall provide evidence of the removal as loan guarantors of Jerome Kanney, Dennis Rohrer, Interstate Natural Gas Company and Crossrock, Inc.
- (b) The opinion of counsel referred to in Section 7.05;
- (c) A resolution by the proper governing Board of Purchaser indicating authority on behalf of the signatory below to effectuate this purchase on behalf of the Purchaser.
- (d) Such other documents as may be necessary to effect the transactions contemplated.

ARTICLE II. COMPANY ASSETS.

2.01. Company Assets. For Purchaser's information, a fixed asset schedule of DLR is shown in Exhibit A.

ARTICLE III. REPRESENTATIONS AND WARRANTIES OF SELLER.

Sellers represent, covenant and warrant to Purchaser the following:

3.01. Organization. Sellers represent that DLR is a Kentucky utility in good standing under the laws of the Commonwealth of Kentucky and is duly qualified and authorized to do business as a utility in good standing in the Commonwealth of Kentucky.

3.02. Authority. Sellers represent that Sellers have full power and authority to sell stock in DLR and that their interest constitutes one hundred percent (100%) of the issued stock. To the best of Sellers' knowledge, DLR has good and marketable title to all fixed assets listed in Exhibit A.

3.03. Consents and Approvals; No Violations. Subject to the provisions of section 3.09, below, 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 Sellers are a party or by which they may be bound, or violate any statute of law or any judgment, decree, order, regulation or rule of any court or governmental authority applicable to Sellers. This representation is also subject to Purchaser's duty to obtain the proper consent to transfer a utility in section 4.03.

3.04. Litigation. Sellers have not received notice that they are 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 Sellers or DLR. Sellers are neither engaged in nor threatened with, any legal action or other proceeding which would have an adverse effect on the Purchaser or DLR.

3.05. Brokers and Finders. The Sellers have 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.

3.06. Seller's Financial Statement. Attached as Exhibit B is the November 30, 2009, Financial Statement of DLR. Sellers will deliver to the Purchaser prior to or at closing a letter from the President of DLR certifying that there has been no material adverse change or variation in its sales, royalties, rents, property taxes and utility costs since November 30, 2009.

3.07. Condition of Systems and Absence of Undisclosed Liabilities. The DLR system will be in good working order and condition to the best of Sellers' knowledge as of the Closing Date and except as provided in Sections 3.04, above, and 3.08, below, has no debts, liabilities or obligations (whether absolute, accrued, contingent or otherwise) of any nature whatsoever, including, without limitation, any other debts, liabilities or obligations relating to or arising out of any act, omission, transaction, circumstance, sale of goods or services, state of facts or other condition, except those incurred in the ordinary course of business. Sellers know of no condition or event or any threatened or prospective condition or event, which could materially and adversely affect DLR, or the operation of DLR's business, with the exception of certain plastic distribution pipelines which may be buried at a lesser depth than required by regulation, the location of which has been disclosed to Purchaser.

3.08. Purchaser's Obligation to Pay or Assume Existing Notes Secured by DLR's Common Stock and Certain Assets. At Closing, Purchaser shall pay off or assume in full a Note to Citizens National Bank, Pikeville, Kentucky, Loan No. 23594 (with balance due as of Closing Day, of \$241,000) which Note is secured in part by certain fixed assets of DLR. Purchaser shall provide evidence of removal of guarantors as provided in Section 1.05(a).

3.09. Sale of Interstate Natural Gas Company Production Properties. It is understood by the Parties to this Agreement that Sellers are currently negotiating the sale of certain natural gas production properties belonging to Interstate Natural Gas Company ("Interstate"), a Kentucky partnership comprised of Sellers. The parties hereto agree that should Sellers execute a binding sale agreement for all or any of Interstate's production properties prior to the closing of the transaction contemplated by this Agreement, the prospective purchaser of said Interstate production properties shall be notified of this Agreement.

ARTICLE IV. REPRESENTATIONS AND WARRANTIES OF PURCHASER.

Purchaser represents, covenants and warrants to Sellers the following:

4.01. 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.

4.02. 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 Sellers 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.

4.03. Consents and Approvals. 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.

4.04. 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 DLR or to conduct or own the business being conducted and owned by the Sellers in substantially the same manner as owned and conducted by the Sellers.

8

4.05. 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 V. COVENANTS OF THE PARTIES.

5.01. Purchaser's Rights of Inspection. From and after the date of the execution of this Agreement, Sellers shall, from time to time, on business days, during business hours, make the DLR system available to Purchaser or Purchaser's representatives for inspection. Sellers may have a representative or employee of Sellers accompany the Purchaser or the Purchaser's representative during any such inspection.

5.02. 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 DLR, 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.

5.03. Expenses. If Purchaser fails to satisfy any of the "Conditions to Obligations of Purchaser" in Article VII, all legal fees, costs and expenses incurred by the Sellers shall be borne by the Purchaser. In addition, 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.

5.04. Notices. The parties shall immediately inform the other parties in writing of the occurrence of any events or the existence of any circumstances the effect of which would constitute a breach of any covenant or warranty in this Agreement, or which would result in any representation in this Agreement being or becoming untrue or misleading.

5.05. Conduct of Business at DLR Pending Closing. Sellers agree that from the date of the execution of this Agreement until the Closing Date, unless otherwise consented to by Purchaser in writing, Sellers will carry on the business of DLR 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 DLR except in the ordinary course of business and consistent with past practice. Purchaser may, at Sellers' election, assume operation of the system on March 1, 2010, under the terms of a Service Agreement similar to the Service Agreement attached as Exhibit C hereto.

5.06. Removal of Assets. Sellers will not enter into any agreement or contractual arrangement providing for, or requiring the sale of, any of DLR's assets.

5.07. Licenses. Sellers will not enter into any agreement or contractual arrangement, nor will Sellers take any action or forbear from taking any action, which would result in the termination of any license, franchise or other distribution agreement, contract or insurance policy which Sellers hold, own or to which it is a party and which are necessary or efficacious to the operation of Sellers' business in the ordinary course.

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

Sellers have already provided Purchaser and the authorized representatives of Purchaser with access, and will continue to do so during normal business hours, commencing upon the execution date of this Agreement and ending on the Closing Date, to examine the title and condition of DLR's assets; provided, however that Purchaser's examination will not disrupt the operation of DLR. Purchaser shall notify Sellers in writing prior to closing of any defects known to it, and Sellers shall have a reasonable time to cure such defects.

5.09. Notification to Customers; Signage. Immediately after Closing, Purchaser shall notify DLR customers of the change of ownership of DLR, providing customers with the address and telephone number of Purchaser. Purchaser shall likewise amend all current DLR signage to reflect correct post-Closing information.

ARTICLE VI. GAS TRANSPORTATION FOR SELLER

6.01 Right to Transport Gas. Purchaser, its successors, agents and assigns shall, and hereby do, grant to Seller's affiliate, Interstate Natural Gas Company (ING) and its successors and assigns, the right to transport pipeline quality gas through DLR's system including, but not limited to Cow Creek Gas, Inc., Jefferson Gas, LLC., Chesapeake Appalachia, LLC, Kentucky West/EQT, and Auxier Road Gas Company, up to the system capacity, on an interruptible, best efforts, basis, for thirty six (36) months from the Closing Date at a rate of \$0.25 per MCF, plus a \$0.25 per MCF compressor charge if applicable. After the initial term Purchaser agrees to extend the term of this provision for a mutually agreeable period and rate.

ARTICLE VII. CONDITIONS TO OBLIGATIONS OF SELLERS.

Each and every obligation of Sellers under this Agreement to be performed at the Closing shall be subject to the satisfaction, on or before the Closing Date, of each of the following conditions, unless waived in writing by Sellers:

7.01. Representations and Warranties True. The representations and warranties of

Purchaser shall be true, complete and accurate in all material respects as of the date when made and as of the Closing Date as though such representations and warranties were made at and as of such date.

7.02. Performance. Purchaser shall have performed and complied with all agreements, obligations and conditions required by this Agreement to be performed or complied with by it on or prior to the Closing Date.

7.03. Purchaser's Certificate. Purchaser shall have delivered to Sellers a certificate, dated the Closing Date, certifying to the fulfillment of the conditions specified in Sections 7.01 and 7.02.

7.04. No Injunction, Etc. On the Closing Date, (a) 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 provided for or any of them 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 governmental authority seeking such relief.

7.05. Opinion of Purchaser's Counsel. Purchaser shall have delivered to Sellers an opinion of counsel to Purchaser, dated as of the Closing Date, to the effect that:

(a) This Agreement has been duly executed and delivered by Purchaser and is the valid and binding obligations of Purchaser.

(b) Neither the execution and delivery of this Agreement, nor the consummation of the transaction contemplated, will violate or conflict with, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or give rise to any termination, cancellation or acceleration, under, any note, bond, mortgage, indenture, license, agreement, lease or other instrument to which Purchaser is bound.

7.06. Regulatory Approval. The approval of the Kentucky Public Service Commission is not required for Purchaser to purchase and operate DLR. Purchaser shall have satisfied all terms, conditions and requirements pertaining to the granting of said right to operation.

7.07. Sale of Related Properties. This Agreement is contingent on the concurrent sale to Kentucky Frontier Gas LLC of Dema Gas, Inc. ("Dema"), Cow Creek Gas, Inc. ("Cow Creek"), certain pipeline assets of DLR, and ING Farm Taps as agreed in separate "Stock Purchase Agreements" for Dema and Cow Creek common stock, a "Bill of Sale" for DLR assets and a "Farm Tap Sale Agreement" for ING farm taps each dated Feb 8, 2010. Should the sale under this Agreement, or any of these related sales not occur, then this Agreement shall be terminated.

ARTICLE XIII. CONDITIONS TO OBLIGATIONS OF PURCHASER.

Each and every obligation of Purchaser under this Agreement to be performed at the Closing shall be subject to the satisfaction, on or before the Closing Date, of each of the following conditions, unless waived in writing by Purchaser:

8.01. Representations and Warranties True. The representations and warranties of Sellers contained shall be true, complete and accurate in all material respects as of the date when made and as of the Closing Date as though such representations and warranties were made at and as of such date, except for changes expressly permitted by the terms of this Agreement.

8.02. Pay Off of Seller's Loans. On or before the Closing the Sellers shall pay off any liabilities secured by assets or stock of DLR, except for the loan with Citizens National Bank described in section 3.08, for the purpose of removing any liability of the Purchaser for the payment of or guaranty of performance of payment of such debts.

8.03. Regulatory Approval. To effect the purchase of Cow Creek and Dema utility systems for which this Agreement is contingent, Purchaser will file with the KPSC a petition (the "Petition") requesting approval of the acquisition and transfer of Cow Creek and Dema. It is anticipated that KPSC approval will take sixty days. Should approval of this transaction be denied, this transaction and all related transactions shall be terminated. Should such termination occur, neither Party hereto shall have any claim for costs, expenses, damages of any nature whatsoever or any continuing liability of any nature to the other Party.

8.04. Performance. Seller shall have performed and complied with all agreements, obligations and conditions required by this Agreement to be performed or complied with by it on or prior to the Closing Date.

8.05. No Injunction, Etc. on the Closing Date.

(a) 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.

8.06. Opinion of Sellers' Counsel. Sellers shall have delivered to Purchaser an opinion of its counsel, dated as of the Closing Date, in form and satisfactory to Purchaser, to the effect that:

(a) DLR is a Kentucky corporation in good standing under the laws of the Commonwealth of Kentucky and is duly qualified and authorized to do business in the Commonwealth of Kentucky;

(b) DLR has the authority to carry on its business as it is now being conducted and to

own the properties used in such business;

(c) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated will violate any provision of the Kentucky Revised Statutes governing utilities or conflict with, or constitute a default (or 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 known to Sellers to which Sellers are a party;

(d) To the best knowledge of Sellers' counsel, there are no lawsuits pending or threatened which would in any way effect or impede the ability of the Seller to consummate this transaction or which would in any way effect the value of DLR.

ARTICLE IX. SURVIVAL OF REPRESENTATIONS.

9.01. Survival of Representations. The representations and warranties made by Sellers and Purchaser under this Agreement shall survive the Closing.

ARTICLE X. TERMINATION.

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

- (a) By mutual written agreement of Purchaser and Sellers;
- (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 Sellers 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; or
- (d) By Purchaser if any condition precedent to its obligation to perform has not occurred or been satisfied as of the Closing Date;
- (e) By Sellers if any conditions precedent to its obligation to perform has not occurred or been satisfied as of the Closing Date.
- (f). By the occurrence of any of the events of termination described elsewhere in this Agreement.

ARTICLE XI. MISCELLANEOUS PROVISIONS.

11.01. 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.

11.02. Waiver of Compliance. Any failure of Purchaser or Sellers to comply with any obligation, covenant, agreement or condition may be expressly waived in writing by the Purchaser or Sellers, 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.

11.03. 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

(b) If to Seller, to:

Jerome A. Kanney
Dennis L. Rohrer
P.O. Box 3385
Pikeville, KY 41502

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

11.04. Assignment. 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.

11.05. 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 applicable to contracts made and to be performed in the Commonwealth.

11.06. 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.

11.07. 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.

11.08. 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 as to the sale of DLR stock. It is understood that separate agreements exist between the parties for the sale and purchase of Dema Gas, Inc., Cow Creek Gas, Inc., certain DLR assets and ING Farm Taps ("Related Transactions"), and that this transaction shall not close unless the Related Transactions close simultaneously.

11.09. 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.

11.10. Cooperation. Sellers 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 DLR in substantially the same manner as it is now being conducted. The primary responsibility for the foregoing is that of the Purchaser.

11.11. Waiver. Any party may waive in writing compliance by another party with any of the covenants or conditions contained in this Agreement, except those conditions imposed by law.

11.12. Risk of Loss. Sellers assume 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 DLR or its inventory, 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.

11.13. No Merger. This Agreement shall survive the execution and delivery of all documents of conveyance contemplated and no merger shall occur.

11.14. 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:

Jerome A. Kanney
Jerome A. Kanney

Dennis L. Rohrer
Dennis L. Rohrer

PURCHASER:

Industrial Gas Services, Inc.

By: _____

STATE OF KENTUCKY

COUNTY OF PIKE

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

My Commission Expires: 9/16/2013
Jennifer Akers-Hindou
NOTARY PUBLIC

STATE OF KENTUCKY

COUNTY OF PIKE

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

My Commission Expires: 9/16/2013
Jennifer Akers-Hindou
NOTARY PUBLIC

STATE OF KENTUCKY

COUNTY OF _____

This foregoing document was subscribed and sworn to before me by _____,
of Industrial Gas Services, Inc., Purchaser, on this the _____ day of _____, 2010.

My Commission Expires: _____.

NOTARY PUBLIC

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

SELLER:

Jerome A. Kanney

Dennis L. Rohrer

PURCHASER:

Industrial Gas Services, Inc.

By: Thomas L. Jones, Pres

STATE OF KENTUCKY

COUNTY OF PIKE

This foregoing document was subscribed and sworn to before me by Jerome A. Kanney, **SELLER**, on this the ____ day of _____, 2010.

My Commission Expires: _____

NOTARY PUBLIC

STATE OF KENTUCKY

COUNTY OF PIKE

This foregoing document was subscribed and sworn to before me by Dennis L. Rohrer, **SELLER**, on this the ____ day of _____, 2010.

My Commission Expires: _____

NOTARY PUBLIC

STATE OF COLORADO

COUNTY OF JEFFERSON

This foregoing document was subscribed and sworn to before me by Dennis R. Horner of Industrial Gas Services, Inc., **PURCHASER**, on this the 8th day of February, 2010.

My Commission Expires: 10/25/10.

Margaret Boston
NOTARY PUBLIC

EXHIBIT A

DLR Enterprises, Inc

Equipment List

11/30/2009

<u>DATE PURCHASED</u>	<u>DESCRIPTION</u>	<u>COST</u>
12/19/2007	Processor #E8120 Elofit 110 V Elecrofusion	2,850.00
1/4/2008	Cameron Meas 1150 C Flow Computer	2,400.00
1/4/2008	Right of Way	3,699.52
1/4/2008	Compressor	4,507.84
9/30/2008	Compressor Station	30,691.72
	Subtotal	<u>35,199.56</u>
1/4/2008	Meters from Sigma	2,400.00
1/4/2008	Mains from Sigma	490,965.00
	TOTAL	<u><u>537,514.08</u></u>

EXHIBIT B

DLR Enterprises, Inc.
Balance Sheet
November 30, 2009

ASSETS

Current Assets:

Cash & Marketable Securities	\$ 4,110
Accounts Receivable	307,214
Total Current Assets	<u>311,324</u>

Fixed Assets:

Equipment	2,850
Well & Lease Equipment	2,400
Rights of Way	3,700
Compressors	35,200
Meters	2,400
Mains	490,965
Less Accumulated Depreciation	<u>(103,630)</u>
Net Fixed Assets	433,885

Other Assets:

Other Long Term Assets	<u>50,000</u>
Total Other Assets	<u>50,000</u>

TOTAL ASSETS \$ 795,208

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 72,413
Current Portion of Notes Payable	45,961
Total Current Liabilities	<u>118,374</u>

Long Term Liabilities:

Notes Payable - Citizen National Bank	483,867
Less Current Portion of Notes Payable	(45,961)
Loans From Shareholders	122,550
Total Long Term Liabilities	<u>560,456</u>

TOTAL LIABILITIES \$ 678,830

EQUITY (DEFICIT)

Common Stock	2,000
Retained Earnings (Deficit)	(32,954)
Plus Current Year Earnings	147,333
TOTAL EQUITY (DEFICIT)	<u><u>116,378</u></u>

TOTAL LIABILITIES & EQUITY (DEFICIT) \$ 795,208

DLR Enterprises, Inc
Statement of Operations
For the Eleven Months Ending November 30, 2009

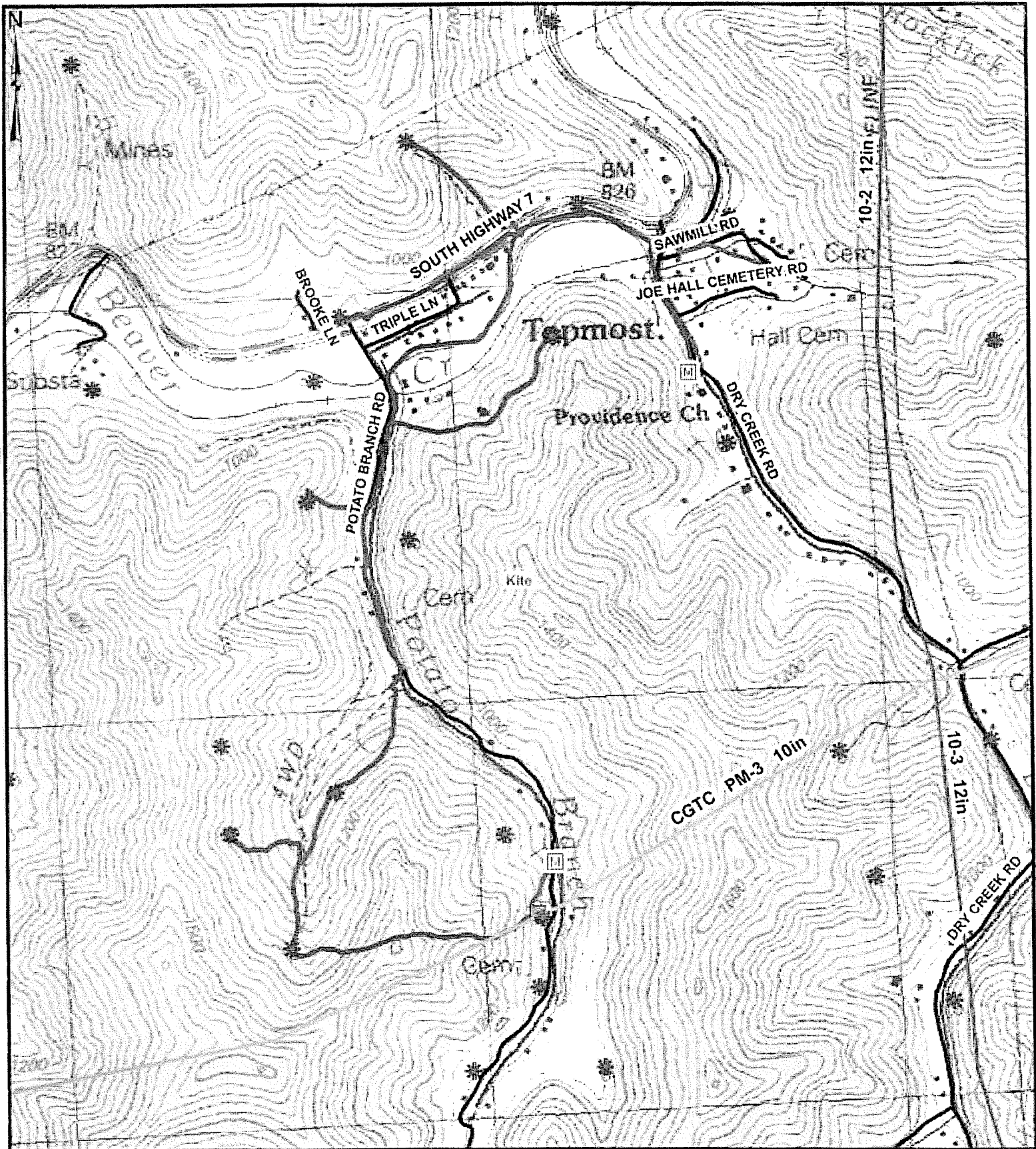
REVENUE:	
Gas Sales	\$ 446,509
Royalty & Working Interest Revenue	<u>104</u>
Total Revenue	446,613
OPERATING EXPENSE:	
Gas Purchases	199,649
Right Of Way	2,775
Meters & Compressors	32
Equipment Repairs, Parts & Supplies	1,014
Outside Services	4,290
Depreciation	50,540
Other Operating Expense	<u>1,243</u>
Total Operating Expense	259,543
GROSS PROFIT FROM OPERATIONS	187,070
GENERAL & ADMINISTRATIVE EXPENSE:	
Rent	752
Repairs & Main	19,740
Legal & Accounting Expense	2,506
Other Administrative Expenses	<u>245</u>
Total General & Administrative Expense	23,243
OTHER INCOME & EXPENSE:	
Gain on Sale of Properties	2,000
(Interest Expense)	<u>(18,494)</u>
Total Other Expense	(16,494)
NET INCOME (LOSS)	<u><u>\$ 147,333</u></u>

DLR Enterprises, Inc.
Statement of Cash Flow
For the Eleven Months Ending November 30, 2009

Book Income (Loss)	\$ 147,333
Plus Charitable Contributions	0
Plus Depletion	0
Plus Depreciation	50,540
Plus Amortization	0
Plus Interest Expense	18,494
	<hr/>
Earnings Before Depletion, Depreciation, Amortization, and Interest Expense	\$ 216,367
	<hr/> <hr/>

EXHIBIT 6

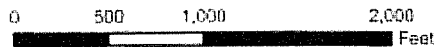
See Disk (Two provided with application) for maps of Cow Creek, Sigma, DLR and Dema.








**INTERSTATE NATURAL
GAS COMPANY**

Dema Gas

1 inch = 1,000 feet



Map Prepared By: Darin Baisden Date: 9-19-08

-  Valve
-  KY_Gas_Wells
-  State Roads
-  Local Roads
-  ING_pipeline 2008

Legend	
—	Water Main
---	Sanitary Sewer
---	Storm Sewer
---	Gas Line
---	Electric Line
---	Telephone Line
---	Other Utility
---	Property Line
---	Street
---	Other

Cow Creek System
 183 Customers
 67,355 feet of pipe

Cow Creek Gas System

30,020'

61

12

4,620'

40

18,690'

14,025'

53

Portion of DLR System
sold to Cow Creek,
approximately 32.6 miles
of PE pipe, 2", 3", 4".

DLR System
334 Customers
206,800 feet of pipe

Portion of DLR System to be owned and operated by IGS
Approximately 10 miles of 4" and 6" PE pipe from the
compressor station (X) to the Auxier Road Gas Co. valve
station (Y). Does not include connecting laterals.

IGS
GAS COMPANY

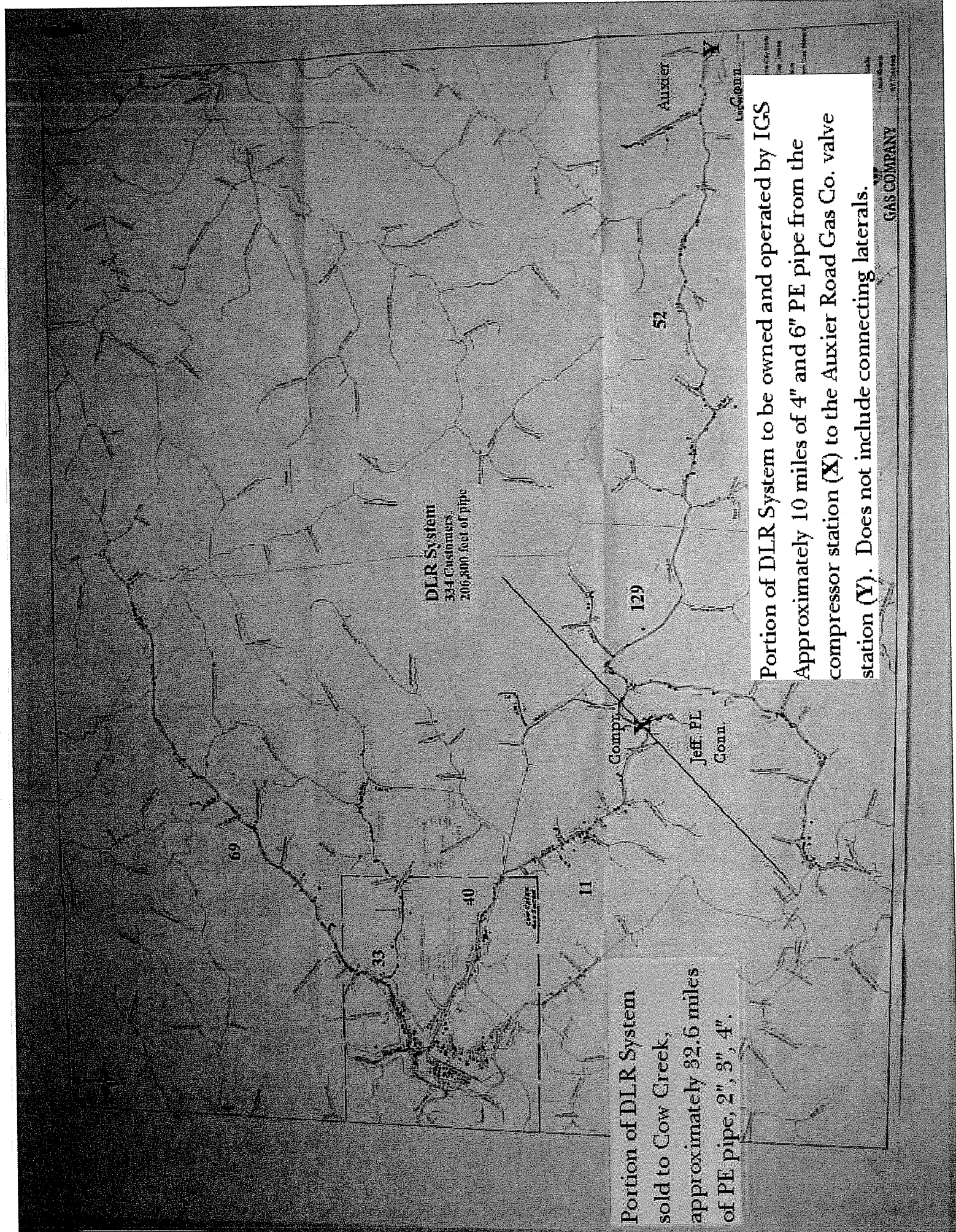


EXHIBIT 7



MARKET: PIKEVILLE

Complex Loan Presentation
OFFICER: STEVE BELCHER

DATE: NOVEMBER 19, 2009

Regional Loan Committee
Date:
Action:
Secretary:

Senior Loan Committee
Date:
Action:
Secretary:

DEAL SUMMARY

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

TAX ID:
Net Worth

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

TAX ID:
Net Worth

ORGANIZATION TYPE: Kentucky Limited Liability Company
Colorado Corporation

NAICS CODE:

GUARANTORS: Robert J. Oxford
5862 McIntyre Ct.
Golden, CO 80403

BEACON SCORE: 768 TAX ID:
Net Worth 03/30/09
2008 AGI

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

BEACON SCORE: 787 TAX ID:
Net Worth 03/31/09
2008 AGI

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

BEACON SCORE : 806 TAX ID:
Net Worth 7/31/08 \$
2008 AGI

LOAN REQUESTED: \$1,746,400

USDA GUARANTEED: \$1,571,760
UNGUARANTEED: \$ 174,640

PAYMENT TERMS: 180 monthly payments

INTEREST RATE: WSJ + 1 with a floor of 6%

USDA FEES: USDA Fee 1%

BANK FEES: 0-1%

LOAN PURPOSE: Acquisition of up to three (3) Local Distribution Companies (LLCs) and related rural "farm tap" customers. The consolidated utility distributes natural gas to residential, commercial, and industrial customers through existing distribution systems. Frontier currently has about 2200 meters, mostly in Floyd and Pike Counties near the cities of Prestonsburg and Pikeville. Annual sales are averaging about 140,000 mcf of gas and \$1.5MM in revenues.

USE OF FUNDS: Project Description Purchase Auxier Road Gas Company, Cow Creek Gas Company, Der Company, and rural Farm Taps.

Sources and Uses of Funds Schedule

Sources of Funds		Uses of Funds	
USDA Guaranteed Loan	1,746,400	Purchase Gas Systems	
		Auxier Road	\$1,633,00
		Cow Creek	\$550,00
			\$2,183,00
Equity	480,918	USDA Guarantee Fee (Loan amount X Per Cent Guarantee X 1%)	15,71
		Legal and Closing Fees	6,00
		Bank Origination Fee	17,60
		Appraisal Fees	5,00
Total	2,227,318	Total	2,227,31

Note: Total Sources of Funds must be equal to the Total Uses of Funds
Closing fees will be paid by borrower

USDA LOAN GUARANTEE: 90%-"ARRA"-Stimulus Program

COLLATERAL: USDA B & I Guaranty of 90%
 First lien on all assets of borrower, including but not limited to:
 Gas lines, meters, easements
 Assignment of Rents & Income If applicable
 Assignment of Stock If applicable

USDA MINIMUM TANGIBLE BALANCE SHEET EQUITY: The Co-Borrowers Consolidated Tangible Net worth (TNW) at closing is projected to be at least 10% in accordance with Generally Accepted Accounting Principles, which meets the minimum requirements for TNW required by USDA.

COLLATERAL VALUE: Purchase Auxier Road Gas Company *\$1,633,000
 Purchase Cow Creek Gas (Jerry Kanney) \$ 550,000
 Total Purchase Price \$2,183,000

*loan in the name of Auxier Road with CTB will be paid from sale proceeds

LTV: Not to exceed 80% of appraisal value

COLLATERAL ANALYSIS: Based upon a equity injection of \$484,440, 90% USDA guaranty, income producing collateral the loans may be considered adequately collateralized.

FDICIA EXCEPTION: None

TOTAL POTENTIAL
EXPOSURE:

\$ _____

TOTAL DEPOSITS: \$677,589 as of 04/01/09

LOAN GRADE:

Pass 1 on \$1,584,000 based upon 90% USDA, Pass 3 on \$176,000 based upon projected DSCR of ____x for 2009, down payment \$484,000, excellent individual beacon scores.

ENVIRONMENTAL
RISK:

N/A

REG O APPLIES:

N/A

LOAN POLICY
EXCEPTIONS:

None

KEY TERM LOAN
COVENANTS:

Compliance with USDA Loan Authorization

CREDIT DISCUSSION

GUARANTOR:
(Financial Statement Date
and Net Worth)

Robert J. Oxford
5862 McIntyre Ct.
Golden, CO 80403

BEACON SCORE: [REDACTED]
Net Worth 03/30/09
2008 AGI \$

TAX ID: [REDACTED]

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

BEACON SCORE: [REDACTED]
Net Worth 03/31/09
2008 AGI \$

TAX ID: [REDACTED]

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

BEACON SCORE
Net Worth:
2008 AGI

: [REDACTED] TAX ID: [REDACTED]

USDA REQUIRED
LOAN COVENANTS:

- (i) Prohibition against assuming liabilities or obligations of others.
- (ii) Restriction on dividend payments.
- (iii) Limitation on the purchase or sale of equipment and fixed assets.
- (iv) Limitation on compensation of officers and owners.
- (v) Minimum working capital or current ratio requirement.
- (vi) Maximum debt-to-net worth ratio.
- (vii) Restrictions concerning consolidations, mergers, or other circumstances.
- (viii) Limitations on selling the business without the concurrence of the lender.
- (ix) Repayment and amortization of the loan.
- (x) List of collateral and lien priority for the loan including a list of persons and corporations guaranteeing the loan with a schedule for providing the lender with personal and corporate

financial statements. Financial statements on the corporate and personal guarantors must be updated at least annually.

- (xi) Type and frequency of financial statements to be required for the duration of the loan.
- (xii) The final Loan Agreement between the lender and borrower will contain any additional requirements imposed by the Agency in its Conditional Commitment.
- (xiii) A section within the Loan Agreement will be established at this time for the later insertion of any necessary measures by the borrower to avoid or reduce adverse environmental impacts from this proposal's construction or operation. Such measures, if necessary, will be determined by the Agency through the completion of the environmental review process.

BACKGROUND:

Kentucky Frontier Gas, LLC is a Colorado limited Liability Company authorized to do business in Kentucky. Robert Oxford, Larry Rich, and Steve Shute are the Managing Members. Frontier is an LLC formed in 2005 for the purpose of acquiring and operating several small natural gas utilities located in eastern Kentucky.

Frontier holds all assets and liabilities of all companies acquired.

Frontier LLC members will hold the following ownership (percentages may vary slightly) :

a. Industrial Gas Services, Inc. (IGS) (10%) was created by Robert J. Oxford (Bob) in 1972. IGS works to provide energy solutions to large industrial customers, including drilling and exploration, delivery pipelines and gas transportation and management services. From 1994-98, Bob Oxford was a founder and principal of Frontier Energy, a gas utility start-up serving 7 counties in northwestern North Carolina. Through IGS, Bob (30%) has worked on numerous other gas gathering, processing and distribution projects.

IGS has surveyed over 100 rural and small town communities in the U.S. that do not have natural gas service. As the result of these surveys, IGS formed three joint venture utility companies, Frontier Energy, Ozark Natural Gas Company, and Penny Natural Gas, LLC.

b. Larry Rich (20%) has an MBA and was formerly a regional operations manager with a large southeastern gas utility. He helped with initial construction and operation of Frontier Energy in NC.

c. Steven Shute (40%) is a registered professional engineer and owner / operator of several small gas utilities including Pinedale Natural Gas, and was co-founder of Frontier Energy in NC.

Kentucky Frontier has studied about 10 small gas distribution companies in eastern Kentucky. These utilities are all similar: they serve 400 to 1,100 customers, mostly small residential and commercial accounts; annual gas volume has not reached a critical mass to achieve profitability; and most have negative equity and large debts. Due to chronic operating losses, these utilities are unable to pay their loans or form capital to market their services or expand systems; they are only marginally able to comply with federal and state regulations for pipeline safety, training and utility reporting; and there is little or no prospect for significant change in their financial outlook.

Purchase prices are based on the industry standard of \$1,000 per meter, plus other factors such as gas volume and growth potential. The resulting purchase prices are about 2 times Book Value, which is another industry standard for acquiring existing utility systems. The combined Frontier Gas entity also significantly exceeds the standard gas utility valuation of ten times EBITDA.

The consolidation of these utilities is expected to create a critical mass which is financially viable. Many utility functions such as billing, accounting, customer calls, emergency response, operator training and regulatory compliance will be enhanced by a common, central organization.

The acquired companies will be managed by experienced gas distribution personnel. Preliminary management assignments are as follows:

Bob Oxford, a Managing Member based in Colorado, will oversee all financial, gas management and acquisition matters. Bob started IGS in 1972 to build pipelines, drill wells and supply large industrial users who were once captive to their gas utility.

Steven Shute, a Managing Member, will oversee all technical and operations matters and will serve as Chief Engineer. Since 1991, he has helped start up numerous small gas utilities, including Pinedale Natural Gas (see pinedalegas.com).

Larry Rich, as a Managing Member, will serve as General Manager of utility operations. He will be based in the Frontier central office near Prestonsburg, and will manage all day-to-day operations of the consolidated company. Larry was a district manager for Piedmont Natural Gas in NC, and later worked with Oxford and Shute on several projects, including the large startup Frontier Energy in North Carolina, now owned by Energy West. Larry Rich will be manage Regulatory Matters and be responsible for US DOT pipeline safety compliance matters. He will oversee the company DOT compliance operations and records, will interface with Kentucky PSC safety personnel, and will administer the company Operator Qualification training and certification plan and all other DOT-required tasks.

Frontier intends to operate the utilities centrally. Operating personnel will be assigned to work on any of the acquired entities. Frontier will maintain distinct billing rates and financial reporting for each separate utility at least for the initial 2 years.

The effect of Frontier ownership should be at least transparent to the system customers; and in fact should improve customer service. It is anticipated that the same operators will run the system and the same phone number will ring into a Prestonsburg-area office. Customer records will be kept electronically and be available at a moment's notice, as contrasted with old paper records.

Frontier plans to operate each utility at existing rates for at least 18-24 months, then to file a consolidated rate case to combine all utilities into a common rate schedule. With economies of scale, the combined rate should be less than the existing rates charged by these companies, and will be more than competitive with heating oil, propane, and electricity.

Frontier expects to fund the initial project in the following amounts.

a.	Cash Equity by partners	\$484,000
b.	New Commercial debt	\$ 1,760,000

Under PSC rules in KY as in most states, a gas utility simply transports gas or electricity for a fee, not unlike UPS or Fedex. The utility doesn't store or mark-up the product. The gas purchase costs paid to the Producer are almost simultaneously reimbursed to the utility by the Customer, with just a few days of float. The utility recovers the full cost of the gas through a Commodity Balancing Account, which tracks price increases and decreases and periodically adjusts the price to the consumer to zero out the CBA balance. If the CBA is run as it should be, there is no risk to the utility from price volatility.

PROJECTS:

Frontier acquired, effective December 1, 2008, 100% ownership in the Floyd County Gas system (aka East Kentucky Utilities), Mike Little Gas Company, Belfry Gas system, and the farm taps of Kinzer Drilling Company and Alert Gas and Oil Company. Frontier has operated the gas systems of these companies and served their former residential and commercial customers, numbering over 2000, for twelve months. Frontier projects a net profit of over \$200,000 through December, 2009 on gross revenue of over \$1,500,000. Customer stability has remained strong, with the usual dip in numbers during the summer and the usual reconnections this fall. Frontier created three new jobs in Floyd and Pike counties in 2009, and expects to maintain an additional 3 jobs with the proposed acquisition of Auxier Road Gas Company, Dema Gas Company, and Cow Creek Gas Company. Frontier's hourly wages, exceeding \$12 per hour, for technicians, administrators, and clerks are above average. The company personnel handbook outlines the benefits provided to employees. The Member-owners provide management for the company and have a four bedroom

townhouse that provides lodging and executive offices for them in Prestonsburg. Frontier's operations manager and staff plan to move into Auxier Road Gas Company's office building and shop and will lease these spacious, modern facilities from Sallye Branham at the market rate of \$18,000 per year.

Frontier purchases its gas from Quality Gas (a Kinzer company), EQT, and Columbia. The Auxier Road and Cow Creek systems are connected by a 6 inch pipeline and utilize two new suppliers to Frontier, Interstate Gas and Jefferson Pipeline. This will enhance Frontier' gas supply and reinforces its commitment to purchase east Kentucky gas whenever possible. Frontier has been able to buy most of its gas at a lower price than other gas distribution companies in the area. The Kentucky Public Service Company allows gas distributors to pass through to their customers the actual cost of gas from their suppliers. Gas costs are adjusted quarterly.

MANAGEMENT:

Steven Shute. BS Electrical Engineering, Kansas State University. Professional Engineer in 3 states. Mr. Shute worked with Conoco's petroleum and natural gas pipeline divisions for 3 years. He spent 11 years with KN Energy in technical and executive positions. KN (Kansas-Nebraska Natural Gas, now GE Source Gas) operates utilities with about 250,000 customers. Mr. Shute was General Manager and Chief Engineer of a KN division with 25,000 meters.

In 1991 Mr. Shute founded Pipeline Solutions, Inc. (PSI) and has served as consultant, founder and owner of several small gas utilities nationwide. Following are some of those projects:

Pinedale Natural Gas in Wyoming, inc. 1993, 1100 customers, 50% owned.
Town of Walden, Colorado, started 1994; PNG operates this system, 900 meters.
Frontier Energy, North Carolina, started 1995; sold interest in 1998.
Wendover Gas, Utah-Nevada; started 1997, 800 meters, consultant.
Alpine Gas, California, started 2000, 1200 meters, consultant, minor interest.

Larry Rich BA Management, Guilford College; MBA Babcock School of Management, Wake Forest University. Mr. Rich has been employed in the natural gas industry for over 30 years, including 20 years with Piedmont Natural Gas Company as manager of operations of Greensboro and High Point, North Carolina gas systems.

Most recently Mr. Rich was employed in the start up construction and operations of Frontier Energy, a new gas utility in North Carolina reported as the largest start up gas utility project in the U.S. in 35 years. Mr. Rich has been employed as a consultant by Heath and Associates on numerous gas distribution projects, and in 2003-2004 was a consultant for Coos County, Oregon, in the design and construction of a 60 mile 12" gas pipeline.

PROJECT:

How can Frontier make money when these companies have done so poorly?

- Each

**EMPLOYMENT / JOB
CRATION / RETENTION:**

The proposed financing will enable the Borrower to retain 5 existing and create ____ existing jobs with an average hourly wage of \$ ____ + all medical benefits.

CASH FLOW:

Frontier provided financial statements for 12/31/05-12/31/08. Frontier was formed to manage the acquisition of the proposed six utilities. Frontier was contract operator for the Floyd County and Mike Little Gas systems for over a year prior to closing on the acquisitions. The company reported only nominal income and a net loss at 12/31/08 of \$20,000.

CREDIT RISK ANALYSIS:

WEAKNESSES:

1. Collateral which is mitigated by an SBA Guaranty

STRENGTHS:

1. 75% SBA guaranty
2. Credit history of individuals
3. Management Experience
4. Equity injection of \$150,000
5. Projected DSCR ____x

RECOMMENDATION: Approval

EXHIBIT 8

ADOPTION NOTICE

The undersigned Kentucky Frontier Gas LLC
(Name of Utility) System

of Prestonsburg, KY hereby adopts, ratifies, and makes its own, in every respect as if the same had been originally filed and posted by it, all tariffs and supplements containing rates, rules and regulations for furnishing natural gas farm tap service at Magoffin County, KY area
(Nature of Service)

in the Commonwealth of Kentucky, filed with the Public Service Commission of Kentucky by Interstate Natural Gas Co of Magoffin County, KY _____
(Name of Predecessor)

and in effect on the 22 day of February, 20_10, the date on which the public service business of the said Cow Creek Gas Company
(Name of Predecessor)

was taken over by it.

This notice is issued on the 22 day of February, 20_10_, in conformity with 807 KAR 5:011, Section 11, of the Regulations for the filing of Tariffs of Public Utilities with the Public Service Commission of Kentucky.

Kentucky Frontier Gas LLC
By Robert Oxford

Authorized by Ky.P.S.C. Order No. _____

P.S.C. Ky. Adoption Notice No. _____

ADOPTION NOTICE

The undersigned Kentucky Frontier Gas LLC
(Name of Utility) System

of Prestonsburg, KY hereby adopts, ratifies, and makes its own, in every respect as if the same had been originally filed and posted by it, all tariffs and supplements containing rates, rules and regulations for furnishing natural gas service at Magoffin County, KY area
(Nature of Service)

in the Commonwealth of Kentucky, filed with the Public Service Commission of Kentucky by Cow Creek Gas Company of Magoffin County, KY
(Name of Predecessor)

and in effect on the 22 day of February, 20_10, the date on which the public service business of the said Cow Creek Gas Company
(Name of Predecessor)

was taken over by it.

This notice is issued on the 22 day of February, 20_10_, in conformity with 807 KAR 5:011, Section 11, of the Regulations for the filing of Tariffs of Public Utilities with the Public Service Commission of Kentucky.

Kentucky Frontier Gas LLC

By Robert Oxford

Authorized by Ky.P.S.C. Order No. _____

P.S.C. Ky. Adoption Notice No. _____

ADOPTION NOTICE

The undersigned Kentucky Frontier Gas LLC
(Name of Utility) System

of Prestonsburg, KY hereby adopts, ratifies, and makes its own, in every respect as if the same had been originally filed and posted by it, all tariffs and supplements containing rates, rules and regulations for furnishing natural gas farm tap service at Magoffin County, KY area
(Nature of Service)

in the Commonwealth of Kentucky, filed with the Public Service Commission of Kentucky by Dema Gas Company, Inc of Magoffin County, KY
(Name of Predecessor)

and in effect on the 22 day of February, 20_10, the date on which the public service business of the said Cow Creek Gas Company
(Name of Predecessor)

was taken over by it.

This notice is issued on the 22 day of February, 20_10_, in conformity with 807 KAR 5:011, Section 11, of the Regulations for the filing of Tariffs of Public Utilities with the Public Service Commission of Kentucky.

Kentucky Frontier Gas LLC

By Robert Oxford

Authorized by Ky.P.S.C. Order No. _____

EXHIBIT 9

10:11 AM
 02/16/10
 Accrual Basis

Kentucky Frontier Gas, LLC
Profit & Loss
 January 1 through February 16, 2010

	Jan 1 - Feb 16, 10
Income	
419 · Interest Income	127.32
480 · Residential Sales	295,296.26
481 · Commercial & Industrial Sales	44,686.64
Total Income	340,110.22
Cost of Goods Sold	
800 · Gas Supply Expenses	
804 · Natural Gas Purchases & Transp	31,511.03
Total 800 · Gas Supply Expenses	31,511.03
Total COGS	31,511.03
Gross Profit	308,599.19
Expense	
408 · Taxes Other Than Income Taxes	
408.1 · Payroll Taxes Expenses	3,516.52
408.2 · Sales Tax	689.85
Total 408 · Taxes Other Than Income Taxes	4,206.37
870 · DISTRIBUTION EXPENSES	
871 · DISTRIBUTION OPERATION	
874 · Mains & Services Expenses	1,721.29
878 · Meter & House Regulator Exp	966.78
880 · Other Expenses	750.00
881 · Rents	2,000.00
Total 871 · DISTRIBUTION OPERATION	5,438.07
884 · DISTRIBUTION MAINTENANCE	
887 · Maintenance of Mains	11,769.71
892 · Maintenance of Services	7,479.07
Total 884 · DISTRIBUTION MAINTENANCE	19,248.78
Total 870 · DISTRIBUTION EXPENSES	24,686.85
900 · CUSTOMER ACCOUNTS EXPENSES	
900.1 · CUSTOMER ACCT OPERATION	
902 · Meter Reading Exp	3,818.23
903 · Customer Records & Collec Exp	15,643.95
Total 900.1 · CUSTOMER ACCT OPERATION	19,462.18
Total 900 · CUSTOMER ACCOUNTS EXPENSES	19,462.18
906 · CUSTOMER SERVICE & INFORMATION	
906.1 · C S & I OPERATION	
909 · Inform & Instruc Advert Exp	
909.1 · Web Support	87.80
Total 909 · Inform & Instruc Advert Exp	87.80
Total 906.1 · C S & I OPERATION	87.80
Total 906 · CUSTOMER SERVICE & INFORMATION	87.80
918 · ADMINISTRATIVE & GENERAL EXP	
919 · ADMIN & GEN OPERATION	
920 · Admin & General Salaries	473.60
921 · Office Supplies and Expenses	993.87
923 · Outside Services Employed	
923.1 · Outside Services - Manager	5,062.50
923.2 · Outside Services - Accounting	2,278.13
923.3 · Outside Services - Engineering	5,152.00
Total 923 · Outside Services Employed	12,492.63
924 · Insurance	
924.1 · Auto Insurance	773.75
924.2 · General Liability Insurance	2,985.90
924.5 · Worker's Compensation	847.48
Total 924 · Insurance	4,607.13

10:11 AM
 02/16/10
 Accrual Basis

Kentucky Frontier Gas, LLC
Profit & Loss
 January 1 through February 16, 2010

	Jan 1 - Feb 16, 10
930.2 · Miscellaneous General Expenses	
930.21 · Bank Service Charges	212.40
930.22 · Cleaning/Janitorial	363.27
930.25 · Licenses & Permits	125.49
930.26 · Payroll Administration Expenses	3,651.02
930.27 · Postage and Delivery	2,483.95
930.29 · Member/Managerial Costs	
Cell Phone	92.44
Emp share of FICA	387.28
Insurance	600.00
Internet	99.90
Lodging	55.12
Meals	1,008.00
Mileage	2,635.05
Travel	1,143.03
Total 930.29 · Member/Managerial Costs	6,020.82
930.30 · Telephone and Fax	1,139.64
930.32 · Utilities	757.74
Total 930.2 · Miscellaneous General Expenses	14,754.33
931 · Rents	6,050.00
Total 919 · ADMIN & GEN OPERATION	39,371.56
Total 918 · ADMINISTRATIVE & GENERAL EXP	39,371.56
932 · MAINTENANCE OF GENERAL PLANT	
932.1 · Repairs	
Building Repairs	129.11
Total 932.1 · Repairs	129.11
932.3 · Tools & Equipment	894.18
932.4 · Transportaion Equipment Fuel	
Vehicle 201	446.12
932.4 · Transportaion Equipment Fuel - Other	3,397.12
Total 932.4 · Transportaion Equipment Fuel	3,843.24
Total 932 · MAINTENANCE OF GENERAL PLANT	4,866.53
Total Expense	92,681.29
Net Income	215,917.90

10:09 AM
 02/16/10
 Accrual Basis

Kentucky Frontier Gas, LLC
Profit & Loss
 January through December 2009

	Jan - Dec 09
Income	
419 · Interest Income	2,935.17
480 · Residential Sales	1,649,767.96
481 · Commercial & Industrial Sales	22,175.59
488 · Miscellaneous Service Revenues	
488.3 · Reimbursed Expenses - Income	2,922.89
Total 488 · Miscellaneous Service Revenues	2,922.89
Total Income	1,677,801.61
Cost of Goods Sold	
800 · Gas Supply Expenses	
804 · Natural Gas Purchases & Transp	944,150.57
Total 800 · Gas Supply Expenses	944,150.57
Total COGS	944,150.57
Gross Profit	733,651.04
Expense	
408 · Taxes Other Than Income Taxes	
408.1 · Payroll Taxes Expenses	12,732.22
408.2 · Sales Tax	
408.21 · Penalty	877.32
408.22 · Interest	0.00
408.2 · Sales Tax - Other	12,631.41
Total 408.2 · Sales Tax	13,508.73
408.3 · Property Tax	3,350.58
408 · Taxes Other Than Income Taxes - Other	1,589.77
Total 408 · Taxes Other Than Income Taxes	31,181.30
409 · Income Taxes	
409.3 · Other State Income Taxes	268.06
Total 409 · Income Taxes	268.06
427 · Interest on Long-Term Debt	56,228.62
66900 · Reconciliation Discrepancies	-32.54
870 · DISTRIBUTION EXPENSES	
871 · DISTRIBUTION OPERATION	
871.1 · Distribution Load Dispatching	0.00
874 · Mains & Services Expenses	5,886.98
876 · Meas & Reg Station Exp - Indus	46.22
878 · Meter & House Regulator Exp	
878.2 · Uniforms	1,055.57
878 · Meter & House Regulator Exp - Other	17,933.02
Total 878 · Meter & House Regulator Exp	19,988.59
879 · Customer Installations Exp	1,081.49
880 · Other Expenses	2,205.64
881 · Rents	12,000.00
Total 871 · DISTRIBUTION OPERATION	40,208.92
884 · DISTRIBUTION MAINTENANCE	
887 · Maintenance of Mains	77,438.36
890 · Maint of Meas & Reg Sta Equ - I	10.00
892 · Maintenance of Services	26,505.06
893 · Maint of Meters & House Reg	1,541.30
894 · Maint of Other Equipment	1,050.46
Total 884 · DISTRIBUTION MAINTENANCE	106,545.18
Total 870 · DISTRIBUTION EXPENSES	146,754.10
900 · CUSTOMER ACCOUNTS EXPENSES	
900.1 · CUSTOMER ACCT OPERATION	
902 · Meter Reading Exp	26,192.12
903 · Customer Records & Collec Exp	70,332.62
905 · Misc Customer Accounts Exp	1,789.17
Total 900.1 · CUSTOMER ACCT OPERATION	98,313.91

10:09 AM
 02/16/10
 Accrual Basis

Kentucky Frontier Gas, LLC
Profit & Loss
 January through December 2009

	Jan - Dec 09
Total 900 · CUSTOMER ACCOUNTS EXPENSES	98,313.91
906 · CUSTOMER SERVICE & INFORMATION	
906.1 · C S & I OPERATION	
907 · Supervision	9.70
909 · Inform & Instruc Advert Exp	
909.1 · Web Support	1,331.50
909 · Inform & Instruc Advert Exp - Other	1,973.09
Total 909 · Inform & Instruc Advert Exp	3,304.59
910 · Misc Cust Serv & Infor Exp	5,152.25
906.1 · C S & I OPERATION - Other	16.92
Total 906.1 · C S & I OPERATION	8,483.46
Total 906 · CUSTOMER SERVICE & INFORMATION	8,483.46
918 · ADMINISTRATIVE & GENERAL EXP	
919 · ADMIN & GEN OPERATION	
920 · Admin & General Salaries	2,976.10
921 · Office Supplies and Expenses	
921.1 · Office Equipment	1,211.09
921 · Office Supplies and Expenses - Other	6,724.93
Total 921 · Office Supplies and Expenses	7,936.02
923 · Outside Services Employed	
923.1 · Outside Services - Manager	97,368.75
923.2 · Outside Services - Accounting	24,400.00
923.3 · Outside Services - Engineering	30,013.40
923.4 · Outside Services - Legal	20,768.06
Total 923 · Outside Services Employed	172,550.21
924 · Insurance	
924.1 · Auto Insurance	170.00
924.2 · General Liability Insurance	6,854.00
924.3 · Life Insurance	1,501.19
924.5 · Worker's Compensation	3,130.04
Total 924 · Insurance	11,655.23
930.2 · Miscellaneous General Expenses	
930.21 · Bank Service Charges	2,261.30
930.22 · Cleaning/Janitorial	548.54
930.235 · Drug Testing	600.00
930.24 · Dues and Subscriptions	1,053.09
930.25 · Licenses & Permits	1,399.46
930.26 · Payroll Administration Expenses	1,208.91
930.27 · Postage and Delivery	9,226.85
930.28 · Printing and Reproduction	105.02
930.29 · Member/Managerial Costs	
Airline	4,014.89
Cell Phone	224.51
Emp share of FICA	1,549.12
Insurance	375.00
Lodging	7,475.34
Meals	2,531.10
Mileage	4,943.67
Parking/Gas	217.74
Postage	594.10
Rental Car	702.12
Supplies	194.56
Travel	11,124.38
Total 930.29 · Member/Managerial Costs	33,946.53
930.30 · Telephone and Fax	8,085.11
930.31 · Training	1,206.64
930.32 · Utilities	2,825.95
Total 930.2 · Miscellaneous General Expenses	62,467.40
931 · Rents	7,900.00
Total 919 · ADMIN & GEN OPERATION	265,484.96

10:09 AM
02/16/10
Accrual Basis

Kentucky Frontier Gas, LLC
Profit & Loss
January through December 2009

	<u>Jan - Dec 09</u>
Total 918 · ADMINISTRATIVE & GENERAL EXP	265,484.96
932 · MAINTENANCE OF GENERAL PLANT	
932.1 · Repairs	
Building Repairs	1,168.98
Equipment Repairs	
Transportation Equipment	
Vehicle 101	793.90
Vehicle 102	885.40
Vehicle 201	776.48
Vehicle 202	941.90
Transportation Equipment - Other	2,278.83
Total Transportation Equipment	5,676.51
Equipment Repairs - Other	4,201.30
Total Equipment Repairs	9,877.81
932.1 · Repairs - Other	164.34
Total 932.1 · Repairs	11,211.13
932.2 · Depreciation Expense	32.02
932.3 · Tools & Equipment	7,121.40
932.4 · Transportaion Equipment Fuel	
Vehicle 101	1,429.51
Vehicle 102	1,954.10
Vehicle 201	2,277.49
Vehicle 202	578.89
932.4 · Transportaion Equipment Fuel - Other	18,462.48
Total 932.4 · Transportaion Equipment Fuel	24,702.47
Total 932 · MAINTENANCE OF GENERAL PLANT	43,067.02
Total Expense	649,748.89
Net Income	<u>83,902.15</u>

Kentucky Frontier Gas, LLC
Balance Sheet
As of February 16, 2010

	<u>Feb 16, 10</u>
ASSETS	
Current Assets	
Checking/Savings	
131 · Cash - Bank Accounts	
131.1 · CityWide Bank Oper # 000980029	2,451.00
131.2 · Comm Trust Bank Oper 4002506337	139,199.52
131.3 · Comm Trust Payroll #4002507509	5,175.25
131.4 · Comm Trust Escrow #4002506345	175,474.65
131.5 · Comm Trust Mon Makt #4002540542	163,238.77
Total 131 · Cash - Bank Accounts	<u>485,539.19</u>
Total Checking/Savings	485,539.19
Accounts Receivable	
143 · Other Accounts Receivable	24,702.50
Total Accounts Receivable	<u>24,702.50</u>
Other Current Assets	
141 · Notes Receivable	2,324.86
173 · Organizational Account	
Start Up Costs	40,442.92
Total 173 · Organizational Account	<u>40,442.92</u>
Total Other Current Assets	<u>42,767.78</u>
Total Current Assets	553,009.47
Fixed Assets	
101 · Utility Plant	
General Plant Assets	
392.1 · Transportation Equipment	
1996 Ford F-150	5,300.00
2005 Toyota	12,500.00
Total 392.1 · Transportation Equipment	<u>17,800.00</u>
Total General Plant Assets	17,800.00
Utility Plant - Accum Depr	-10,464.00
101.1 · East Kentucky Utility Plant	940,000.00
101.2 · Mike Little Gas Plant	
Columbia Gas Deposit	8,905.00
101.2 · Mike Little Gas Plant - Other	302,000.00
Total 101.2 · Mike Little Gas Plant	<u>310,905.00</u>
101.3 · Belfry Utility Plant	502,000.00
101.4 · Alert Farm Taps Utility Plant	250,000.00
Total 101 · Utility Plant	<u>2,010,241.00</u>
Total Fixed Assets	<u>2,010,241.00</u>

Kentucky Frontier Gas, LLC
Balance Sheet
As of February 16, 2010

	<u>Feb 16, 10</u>
TOTAL ASSETS	<u><u>2,563,250.47</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
232 · Accounts Payable	29,610.09
Total Accounts Payable	<u>29,610.09</u>
Other Current Liabilities	
223 · Notes Payable to Assoc Co - IGS	27,505.60
235 · Customer Deposits/Retainers	37,944.69
236 · Payroll Liabilities	5,175.25
Total Other Current Liabilities	<u>70,625.54</u>
Total Current Liabilities	100,235.63
Long Term Liabilities	
224 · Long Term Liability	
224.1 · Community Trust Bank Loan	1,378,506.24
Total 224 · Long Term Liability	<u>1,378,506.24</u>
Total Long Term Liabilities	<u>1,378,506.24</u>
Total Liabilities	1,478,741.87
Equity	
211.1 · Partner One Equity - RJO	
208.1 · Partner One Investments	262,500.00
Total 211.1 · Partner One Equity - RJO	<u>262,500.00</u>
211.2 · Partner Two Equity - SS	
208.2 · Partner Two Investments	350,000.00
Total 211.2 · Partner Two Equity - SS	<u>350,000.00</u>
211.3 · Partner Three Equity - LR	
208.3 · Partner Three Investments	101,805.15
Total 211.3 · Partner Three Equity - LR	<u>101,805.15</u>
211.4 · Partner Four Equity - IGS	
208.4 · Partner Four Investments	87,500.00
Total 211.4 · Partner Four Equity - IGS	<u>87,500.00</u>
216 · Retained Earnings	66,785.55
Net Income	215,917.90
Total Equity	<u><u>1,084,508.60</u></u>
TOTAL LIABILITIES & EQUITY	<u><u>2,563,250.47</u></u>