

GAS SERVICE CONTRACT

THIS GAS SERVICE CONTRACT made and entered into this 26th day of July, 1984, by and between Orbit Gas Company, a Kentucky corporation, hereinafter referred to as "Seller", and ARCO Metals Co., a division of Atlantic Richfield, hereinafter called "Buyer".

WITNESSETH:

WHEREAS, Seller has contracted for the purchase and transportation of certain quantities of natural gas from sources outside of the State of Kentucky and wishes to make a part of such gas available for sale to Buyer, and Buyer wishes to purchase and receive delivery of such gas.

NOW THEREFORE, in consideration of the mutual covenants herein contained and assumed, the parties covenant and agree as follows:

ARTICLE I

DEFINITION

The following terms shall respectively have the meaning set forth below.

- (a) The term "gas" as used herein shall mean natural gas meeting the quality defined in Article V hereof.
- (b) The term "day" shall mean the 24-hour period commencing at eight o'clock (8:00) A.M., Central Standard Time.
- (c) The term "month" shall mean a period beginning at 8:00 A.M. on the first day of a calendar month and ending at 8:00 A.M. on the first day of the next succeeding calendar month.

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

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

(f) The term "dekatherm" shall mean one million (1,000,000) British Thermal Units (BTU's) which is equivalent to one (1) MCF of natural gas having an average heating value of one thousand (1,000) BTU's per standard cubic foot.

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

(h) The term "total heating value" when applied to a cubic foot of gas shall mean the number of British Thermal Units produced by the combustion at constant pressure of the amount of gas which would occupy a volume of one (1) cubic foot at a temperature of sixty (60) degrees Fahrenheit, if saturated with water vapor, and under a pressure equal to that of thirty (30") inches of mercury at thirty-two (32) degrees Fahrenheit and under a standard gravitational force (acceleration of 980.655 cm. per second) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of the gas in air, and when the water formed by combustion is condensed to the liquid state.

ARTICLE II

QUANTITY

2.1 Subject to the terms and conditions hereinafter set forth Seller agrees to use its best efforts to sell and deliver gas to Buyer each month, in such volumes as Buyer may require which will produce up to an average of one thousand five hundred (1,500) dekatherms per day.

2.2 Buyer is not obligated to purchase any volumes of gas from Seller during any month. If Buyer desires to purchase such gas during any month it will use its best efforts to advise Seller of its requirements for such month at least five (5) days prior thereto.

ARTICLE III

TERM

The initial term of this Agreement shall be through October 31, 1985, and for successive twelve (12) month periods thereafter unless cancelled by either party on no less than thirty (30) days written notice given prior to the end of the initial or an extended twelve (12) month term.

ARTICLE IV

PRICE OF GAS

4.1 Gas will be offered for sale to Buyer at the initial price of \$3.83 per dekatherm. This price is based on Seller's cost of purchasing and transporting such gas to its system. If Seller is subject to a change in the purchase or transportation costs for such gas, the price for which such gas will be offered to Buyer will be subject to a like

change. Seller will give Buyer notice of any such ~~increase~~ ^{change} at the earliest possible time, but in no event later than five (5) days prior to the beginning of a month in which Buyer proposes to purchase gas under this contract. No price increase shall occur without such notice.

4.2 Payments for gas sold hereunder shall be due and payable on the tenth (10th) day after receipt of invoice. Invoices will be rendered monthly.

ARTICLE V

QUALITY

5.1. The gas delivered by Seller will be merchantable, pipeline quality gas.

5.2. If gas offered for delivery hereunder fails to conform to the quality set out in Paragraph A and cannot be economically processed by the delivering party to meet such quality, then the receiving party shall have the option to refuse to accept delivery of such gas, and in the event the delivering party cannot correct such quality deficiency within a reasonable time, Buyer may terminate this contract.

ARTICLE VI

MEASUREMENT

The parties hereby adopt and incorporate by reference those provisions relating to measurement contained in Article III of the Transportation Contract between Orbit Gas Company and The Anaconda Company dated October 10, 1978.

References therein to Transporter shall herein refer to Seller and references therein to Customer herein shall refer to Buyer.

ARTICLE VII

POINT OF DELIVERY AND PRESSURE

7.1 The point of delivery of gas sold to Buyer hereunder shall be at a point on Buyer's twenty-six (26) mile pipeline approximately three thousand two hundred (3,200) feet northwest of its intersection with the interstate pipeline of ANR Pipeline Company which point is more specifically described in Amendment to Transportation Contract between Seller and Buyer dated May of 1984.

7.2 Seller shall deliver natural gas to Buyer at such pressures as are necessary to enter Buyer's pipeline at the point of delivery; which pressure, however, shall not be required to exceed two hundred fifty (250) pounds.

ARTICLE VIII

SUBJECT TO REGULATION

This contract shall be subject to the valid laws, orders, rules and regulations of all duly constituted authorities having jurisdiction over either or both Seller and Buyer.

ARTICLE IX

FORCE MAJEURE AND REMEDIES

9.1 Neither Buyer nor Seller shall be liable in damages to the other for any act, omission or circumstances occasioned by or in consequence of any acts of God, strikes,

lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, accidental breakage or damage to machinery or lines of pipe, line freeze-ups, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means and any other cause, whether of the kind herein enumerated, or otherwise caused or occasioned by (or) happening on account of the act or omission of some person or concern not a party hereto, not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. A failure to settle or prevent any strike or other controversy with employees shall not be considered to be a matter within the control of the party claiming suspension, nor be subject to the obligation to exercise due diligence.

9.2 Such causes or contingencies affecting the performance of this contract by either party, however, shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use due diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting the performance of said contract relieve either party from its obligations to make payments of amounts then due thereunder nor shall such causes of contingencies relieve either party from its obligations to make

payments of amounts then due thereunder nor shall such causes or contingencies relieve either party of liability unless such party shall give notice and full particulars of the same in writing or by telegraph to the other party as soon as possible after the occurrence relied on.

9.3 Neither party shall be liable in damages to the other for loss of profits, cost of shut-down and start-up or loss to property or persons by reason of breach of this contract.

ARTICLE X

CURTAILMENTS

10.1 Notwithstanding the other provisions of this Agreement, Seller's obligation to deliver and sell Supplemental Gas to Buyer is limited by Seller's ability to purchase such gas in sufficient quantities from its out of state sources and the availability of interstate pipeline transportation from the point of purchase to the point of delivery on Seller's system.

10.2 Seller shall have the right to curtail or discontinue the delivery of gas entirely to Buyer for any period of time upon notice by reason of (a) curtailment of deliveries of Supplemental Gas to Seller, (b) by reason of force majeure, (c) or if curtailment or discontinuance may be necessary to comply with any restriction or curtailment as may be imposed by any governmental agency having jurisdiction over Seller or its suppliers.

10.3 In the event of a curtailment of Supplemental Gas for any reason, the volumes available to Buyer under this contract will be reduced on an equitable and pro-rata basis. If curtailment continues for a period of sixty (60) consecutive days, Buyer may terminate this agreement on thirty (30) days written notice.

ARTICLE XI

TITLE AND POSSESSION

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

11.2 Seller agrees to indemnify and hold harmless and defend Buyer, its subsidiaries and affiliates with respect to any injuries, including death, to persons or damages to property (including employees and property of Buyer) caused by the gas and/or facilities owned, controlled or operated by Seller.

11.3 Buyer agrees to indemnify and hold harmless and defend Seller, its subsidiaries and affiliates with respect to any injuries, including death, to persons or damages to property (including employees and property of Seller) caused by the gas and/or facilities owned, controlled or operated by Buyer.

ARTICLE XII
MISCELLANEOUS

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

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

Buyer: ARCO Metals Company
ARCO Aluminum Primary Operations
P. O. Box 44
Henderson, KY 42420

Seller: Orbit Gas Company
711 Leitchfield Road
Owensboro, KY 42301

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

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

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

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

12.6 This contract may be modified or amended only by a writing signed by Buyer and Seller.

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

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

SELLER

ORBIT GAS COMPANY

BY


FRANK I. LINDSEY, President

BUYER

ARCO METALS COMPANY

BY _____

If you are in agreement with the above, please indicate your acceptance by executing both copies of this agreement in the designated space provided below and return one copy to my attention.

Very truly yours,

Frank I. Lindsey
Frank I. Lindsey
President

FIL/pg

UNDERSTOOD AND AGREED TO

THIS THE 6th DAY OF

February, 1986.

ALCAN INGOT & RECYCLING COMPANY

BY Paul D. Balanger

Its Plant Manager