

TRANSPORTATION CONTRACT

This contract made and entered into this 3rd day of September, 1985 by and between Orbit Gas Company, herein called Transporter, and Alcan Corporation, Ingot and Recycling Division, herein called Customer.

WITNESSETH:

WHEREAS, Orbit has previously entered into the following gas transportation contracts with Customer's predecessors in title, to-wit: (a) A transportation contract with the Anaconda Company, Aluminum Division, dated October 10, 1978, as amended May, 1984; and (b) a Supplementary Agreement with Anaconda Aluminum Company, a division of the Anaconda Company, dated February 3, 1981, and

WHEREAS, each of the aforesaid agreements or amendments provided inter alia for the transportation of natural gas belonging to Customer through a twelve inch transmission line owned by National Pipeline Company and leased by Orbit, and

WHEREAS, by reason of the sale of the twelve inch pipeline to a third party, Transporter's rights to use and transport natural gas through said twelve inch line terminated effective August 1, 1985, which event is deemed to have terminated the aforesaid agreements, as amended, and

APPENDIX E

WHEREAS, Customer and Transporter wish to provide an alternate method of transporting Customer's natural gas from the point of receipt identified in Paragraph 4.1 of the Transportation Contract dated October 10, 1978 aforesaid to Customer's twenty six mile pipeline serving its plant at Sebree, Kentucky.

NOW THEREFORE, in consideration of the mutual covenants herein contained, Transporter and Customer agree as follows:

1. Definition of Terms.

Except where the context expressly states another meaning the following terms, when used in this agreement, shall be construed to have the following meanings:

1.1 The term "day" shall mean a period of twenty-four consecutive hours, beginning as near as practicable to 8:00 A.M., Standard Time, at the point at which delivery of gas is made.

1.2 The term "month" shall mean the period beginning as near as practicable to 8:00 A.M., on the first day of the calendar month and ending as near as practicable to 8:00 A.M., on this first day of the next succeeding calendar month.

1.3 The term "cubic foot of gas" for purposes of measurement for transportation hereunder shall mean the

volume of gas which would occupy one cubic foot of space when such gas is at a temperature of 60 degrees Fahrenheit and at a pressure of 14.73 pounds per square inch absolute.

1.4 The term "Mcf" shall mean 1,000 cubic feet of gas.

1.5 The term "Btu" is the abbreviation employed to denote a British thermal unit.

1.6 The term "unit total heating value" means the number of British thermal units produced by the combustion in a recording calorimeter at constant pressure of the amount of gas saturated with water vapor which would occupy one cubic foot of space at a temperature of 60 degrees Fahrenheit and under a unit pressure equal to that of thirty inches of mercury at 32 degrees Fahrenheit and under standard gravitational force of 32.1/4 feet 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 and air, and when the water formed by combustion is condensed to the liquid state.

1.7 The term "Maximum Daily Quantity" shall mean the maximum daily volume of gas expressed in Mcf which the Transporter, subject to the terms, conditions, limitation

and provision of this Agreement, is obligated to deliver for the account of the Customer hereunder.

1.8 The term "Equivalent Volume" shall mean a volume of natural gas having an equivalent heating value as determined in Paragraph 7.2.

2. Transportation of Natural Gas.

When requested to do so by Customer, Transporter shall receive from Customer at the point of receipt up to 1,000 MCF per day, and shall transport and redeliver to Customer equivalent volumes of natural gas, adjusted for BTU content at the point of redelivery.

3. Term of Agreement.

This agreement will be effective from the date hereof until the first day of the succeeding month and from month to month thereafter until terminated by either party upon thirty days written notice or as otherwise provided herein.

4. Receipt and Redelivery of Natural Gas.

4.1 Point of Receipt and Redelivery.

The point of receipt for all natural gas delivered by Customer to Transporter shall be at the inlet valve of the measuring station at a point on Transporter's system more specifically shown in the diagram marked as Exhibit "B". The point of redelivery to Customer shall be at the outlet valve of the measuring station at the interconnection of Customer's twenty-six mile pipeline and Transporter's ANR

pipeline and/or the outlet valve of the measuring station at the interconnection of the Customer's twenty-six mile pipeline and the Transporter's gathering line located east of Hanson, Kentucky, both locations being more particularly described in Exhibit "B".

4.2 Pressure at Point of Receipt and Redelivery.

Customer shall deliver natural gas to Transporter at such pressures as may be necessary for same to enter Transporter's facility at the point of receipt, provided, however, pressure shall not be required to exceed 200 PSIG. Transporter shall redeliver natural gas to Customer at the point of redelivery at the pressure existing in Transporter's pipeline system at the time of redelivery, which pressure shall not be required to exceed 350 PSIG.

5. Transportation Rate.

Customer shall pay to Transporter a transportation rate of \$.35¢ per MCF measured by volume at the point of receipt for all gas transportation volumes.

6. Quality of Gas.

6.1 The gas to be delivered by Customer to Transporter shall be merchantable natural gas produced from Customer's wells and shall comply at all times with the following provisions as to purity and quality:

(a) Shall be commercially free from objectionable odors, dust or other solid or liquid or

gaseous matters which might interfere with proper operation of the lines, regulators, meters or other appliances through which it flows.

(b) Shall contain less than one grain of hydrogen sulphide per hundred cubic feet of gas and shall not contain more than twenty grains of total sulphur per hundred cubic feet of gas. Mercaptan sulphur shall not constitute any portion of the allowable total sulphur content.

(c) Shall contain a minimum total heating value of nine hundred and fifty (950) British Thermal Units per cubic foot.

(d) The temperature of the gas to be delivered hereunder shall not be in excess of one hundred twenty (120) degrees fahrenheit.

6.2 Customer may subject, or permit the subjection of, the natural gas to compression, cooling, cleaning and other processes prior to its delivery to Transporter, but Transporter shall not be required to accept any gas so processed which:

(a) Fails to conform to the above provisions as to purity and quality.

(b) Has been produced from a well at a pressure less than atmospheric pressure.

(c) Contains in excess of 1% by volume of oxygen.

(d) Produces water in liquid form in  
Transporter's pipeline.

(e) Contains in excess of 3% by volume of carbon dioxide.

(f) Contains any additives or diluents which are objectionable to Transporter.

7. Measurements.

7.1 (a) The unit of gas transported hereunder shall be 1,000 cubic feet of gas measured according to Boyle's Law for the measurement of gas under varying pressures with deviations therefrom as provided in subsection 7.2 (f) below on the measurement basis hereinafter specified.

(b) In measuring the gas and computing the volume of gas delivered, the physical characteristics of the gas which effect such computations shall be given its due consideration, and the determination of such physical characteristics shall be made by standard apparatus and methods and at such time and place as, in accordance with good practice, may be agreed upon from time to time between Seller and Buyer.

7.2 Determination of Volume and Unit Total Heating Value.

The volume and unit heating value of the gas (1) delivered by Customer and (2) redelivered by Transporter shall be determined using the following:

(a) The unit of volume, for the purpose of measurement, shall be that volume of gas which would occupy a space of one cubic foot at a temperature of 60 degrees F. and at a pressure of 14.73 psia.

(b) For deliveries hereunder the average absolute atmospheric (barometric) pressure shall be assumed to be 14.4 pounds per square inch irrespective of actual elevation or location or the point of delivery above sea level or variation in actual barometric pressure from time to time.

(c) The average unit heating value of the gas delivered by Seller shall be determined by a method which is agreeable to the parties.

(d) The temperature of the gas for any day shall be determined by taking the arithmetic average of the hourly temperature readings of a recording thermometer so installed as to properly record the temperature of the gas passing through the meters; provided, however, that where the quantities of gas metered will not be materially affected by doing so, the temperature of the gas for any day may be determined by any other recognized method which may be practicable in the circumstance.



(e) The specific gravity of the gas delivered by Seller shall be determined for any day by taking the arithmetic average of the hourly readings of a recording gravitometer of approved type which shall be checked at least once each month by the use of an Edwards balance or by any other method mutually agreed upon; provided, however, that where the quantities of gas metered will not be materially affected by doing so, the specific gravity of the gas for any day may be determined by any other recognized method which may be practicable in the circumstance.

(f) The deviation of the gas delivered hereunder from Boyle's law shall be determined by Transporter by tests at intervals of six months or at such other intervals as are found appropriate in practice. Upon the request of Customer, additional tests shall be made, but not more frequently than once in any thirty-day period. Each test shall determine the correction to be used in computation for the measurement of gas delivered until the next test. However, if the results of such tests do not vary more than 0.2 percent from the supercompressibility factors published in the American Gas Association Gas Measurement Committee Report No. 3, then the factors listed in these tables or computed from an appropriate formula will be used to compute daily volume delivered. When displacement meters are used, the

square of the orifice meter supercompressibility factor shall be applied.

7.3 All orifice meter volumes shall be computed in accordance with the American Gas Association Gas Measurement Committee Report No. 3, reprinted December, 1966, including the appendices thereto and modifications and amendments thereof. In the cases where measurements shall be other than orifice meters, all necessary factors for proper volume determination shall be applied.

7.4 Measuring Equipment. All flow, measuring, testing and related equipment shall of standard manufacture and type. The gas received at the point(s) of receipt and delivered at the point of delivery hereunder shall be measured in accordance with the latest approved methods in use in the industry generally. Orifice meters shall be installed and operated, and gas volumes computed, in accordance with Report No. 3 of the Gas Measurement Committee of the American Gas Association, reprinted December, 1966, as amended, expanded, or superseded from time to time, applied in a practical and appropriate manner, and shall include the use of flange connections and straightening vanes.

Transporter and Customer, in the presence of each other, shall have access to measuring equipment at all reason-

able times, but the reading, calibrating, and adjusting thereof and the changing of charts shall be done by the Transporter, unless otherwise agreed upon. Both Transporter and Customer shall have the right to be present at the time of any installing, reading, changing, cleaning, repairing, inspecting, testing, calibrating, or adjusting done in connection with measuring equipment. The records from such measuring equipment shall remain the property of their owner, but upon request, each will cause to be submitted to the other, records and charges, together with calculations therefrom for inspection, subject to return within thirty (30) days after receipt thereof. Reasonable care shall be exercised in the installation, maintenance and operation of measuring equipment so as to avoid any inaccuracy in the determination of volumes of gas received and delivered.

7.5 Calibration and Test of Meters. The accuracy of all measuring equipment shall be verified at reasonable intervals but Transporter shall not be required to verify the accuracy of the equipment more frequently than once in any thirty (30) day period. If either party desires a special test of any measuring equipment, it will promptly notify the other party and the parties shall then cooperate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if requested by Customer, shall upon request by Transporter be borne by Customer if

the measuring equipment tested is found to be accurate within the limit of two percent (2%) of error.

7.6 Correction of Metering Errors. If, upon any test, any measuring equipment is found to be in error, such error shall be taken into account in a practical manner in computing the deliveries. If the resultant aggregate error in the computed receipts is not more than two percent (2%), then previous receipts shall be considered accurate. All equipment shall, in any case, be adjusted at the time of test to record correctly. If, however, the resultant aggregate error in computed receipts exceeds two percent (2%) of a recording corresponding to the average hourly rate of gas flow for the period since the last preceding test, the previous recordings of such equipment shall be corrected to zero error for any period which is known definitely or agreed upon, but in case the period is not known definitely or agreed upon, such correction shall be for a period extending over one-half of the time elapsed since the date of the last test, not exceeding a correction period of sixteen (16) days.

7.7 Failure of Measuring Equipment. In the event any measuring equipment is out of service, or is found registering inaccurately and the error is not determinable by test, previous recordings of receipts through such equipment shall be estimated:

(a) By using the registration of any check meter or meters if installed and accurately registering; or in the absence of (a)

(b) By correcting the error if the percentage of error is ascertainable by calibration, special test, or mathematical calculations; or in the absence of both (a) and (b) then

(c) By estimating the quantity of receipt based on receipts during preceding periods under similar conditions when the meter was registering accurately.

The estimated readings so determined shall be used in determining the volume of gas received from any known or agreed upon applicable period. In case the period is not known or agreed upon, such estimated receipts shall be used in determining the volume of gas received hereunder during the latter half of the period beginning on the date of the immediately preceding test and ending on the date the measuring equipment has been adjusted to record accurately; the recordings of the measuring equipment during the first half of said period shall be considered accurate in computing receipts; provided, however, that the correction period shall not exceed sixteen (16) days.

7.8 Preservation of Records. Transporter and Customer shall preserve or cause to be preserved for a period of at least three (3) years or such other longer period

as may be required by public authority, all test data, charts, and other similar records for which each has responsibility.

7.9 Pulsation Equipment. If at any point of receipt it is determined that, in Transporter's sole judgement, pulsations exist which affect the measurement accuracy hereunder, Customer agrees to install and operate mechanical dampening equipment necessary to eliminate such pulsations, and Transporter shall have no obligation to accept gas for transportation hereunder from such point of receipt until such pulsations have been eliminated.

8.1 Scheduling. Customer shall be obligated to furnish Transporter with schedules showing the daily volume of natural gas it desires to be transported from the point(s) of receipt. The total of such scheduled volumes shall not exceed the Maximum Daily Quantities set forth in Paragraph 2.

9.1 Billing. On or before the tenth (10th) day of each month, Transporter shall render to Customer a statement of the total amount of gas delivered by Transporter to Customer at the point of delivery hereunder during the preceding month and the amount due.

When information necessary for billing purposes is in the control of Customer, Customer shall furnish such informa-

tion to Transporter on or before the fifth (5th) of each month.

Both Transporter and Customer shall have the right to examine at reasonable times, books, records, and charts of the other to the extent necessary to verify the accuracy of any statement, charge, or computation made under or pursuant to any of the provisions hereof.

9.2 --Payment. Customer shall pay Transporter at such addresses as Transporter shall designate, on or before the twentieth (20th) day of the month the amount due for the preceding month.

9.3 Adjustment of Billing Errors. Subject to the provisions of Section 7.8 hereof, if it shall be found that at any time or times Customer has been overcharged or undercharged in any form whatsoever under the provisions hereof and Customer shall have actually paid the bills containing such overcharge or undercharge, then within thirty (30) days after the final determination thereof, Transporter shall refund the amount of any such overcharge and Customer shall pay the amount of any such undercharge. In the event an error is discovered in the amount billed in any statement rendered by Transporter, such error shall be adjusted within thirty (30) days of the determination thereof, provided that claim thereof shall have been made within thirty (30) days from the date of discovery of such error, but in any event,

within twelve (12) months from the date of such statement. If the parties are unable to agree on the adjustment of any claimed error, any resort by either of the parties to legal procedure, either at law, in equity or otherwise, shall be commenced within fifteen (15) months after the supposed cause of action is alleged to have arisen, or shall thereafter be forever barred.

10. Responsibility for Gas. Transporter shall be in exclusive control and possession of the gas between the point(s) of receipt and the point(s) of delivery set forth in this Agreement, and Customer shall be in exclusive control and possession of the gas prior to the receipt of such gas by Transporter and subsequent to the delivery of such gas by Transporter to Customer. The party which shall be in exclusive control and possession of such gas shall be responsible for all injury or damage caused thereby and shall be responsible for any loss of gas while in its possession.

11.1 Warranty. Customer warrants for itself, its successors and assigns, that it will have at the time of delivery of gas for transportation hereunder good title or the good right to deliver such gas transported hereunder. Transporter agrees for itself, its successors and assigns,



that it will not encumber or subject gas transported hereunder to any lien, encumbrance, or any adverse claim while it is under Transporter's possession and control. Customer warrants for itself, its successors and assigns, that the gas it warrants hereunder shall be free and clear of all liens, encumbrances, or claims whatsoever, including without limitation of the foregoing any liens, encumbrances, or claims of any of its affiliates for the use of their property in connection with its obligations and performances hereunder, that such will have at such time of delivery good right and/or title to deliver such gas, that each will indemnify the other and save it harmless from all suits, acts, debts, accounts, damages, costs, losses, and expenses arising from or out of any adverse claims of any and all persons to said gas and/or to royalties, taxes, license fees, or charges thereon which are applicable to such delivery of gas and that it will indemnify Transporter and save it harmless from all taxes or assessments which may be levied and assessed upon such delivery and which are by law payable and the obligations of the obligations of the Customer.

12.1 Force Majeure. If by reason of force majeure any party hereto is rendered unable, wholly or in part, to carry out its obligations under this Agreement, and if such party gives notice and reasonably full particulars of such force majeure in writing or by telegraph to the other within a rea-

sonable time after the occurrence of the cause relied on, the party giving such notice, so far as and to the extent that it is affected by such force majeure, shall not be liable in damages during the continuance of any inability so caused, but for no longer period, and such cause shall so far as possible be remedied with all reasonable dispatch.

12.2 The term "force majeure" as used herein shall mean acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms (including but not limited to hurricanes or hurricane warnings), crevasses, floods, washouts, arrests and restraints of the government, either Federal or State, civil or military, civil disturbances; shutdowns for purposes of necessary repairs, relocation, or construction of facilities; breakage or accident to machinery or lines or pipe; the necessity for testing (as required by governmental authority or as deemed necessary by the testing party for the safe operation thereof), the necessity of making repairs or alterations to machinery or lines of pipe; failure of surface equipment or pipelines; accidents, breakdowns, inability of any party hereto to obtain necessary materials, supplies, or permits, or labor to perform or comply with any obligation or condition of this Agreement, right-of-way; and any other force majeure shall be remedied with all reason-

able dispatch shall not require the settlement of strikes or lockouts or controversies with landowners involving right-of-way by acceding to the demands of the opposing party when such course is inadvisable in the discretion of the party having the difficulty.

13. Waivers. No waiver by either Transporter or Customer or any one or more defaults by the other in the performance of any provisions hereunder shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.

14. Regulations. This Agreement, and all terms and provisions contained herein, and the respective obligations of the parties hereunder are subject to valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction. Specific reference is made to preceding No. 9278 before the Kentucky Public Service Commission which involves Transporter's right to use and deliver gas through Transporter's pipeline interconnecting between the interstate pipeline of ANR Pipeline Company and Customer's twenty-six mile pipeline. An Order of the Kentucky Public Service Commission ordering Orbit to cease and desist the use of the interconnecting line will be deemed a termination of this Agreement.

15. Assignments. Any company which shall succeed by purchase, merger or consolidation to the properties, substan-

tially as an entirety, of Transporter or Customer, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement; and any party may assign or pledge this Agreement under the provisions of any mortgage, deed of trust, indenture, or similar instrument which it has executed or may execute hereafter covering substantially all of its properties; this Agreement or any of the rights hereunder shall not be otherwise assigned by any party unless such party shall have obtained the consent thereto in writing of the other parties, such consent not to be unreasonably withheld, except that any party may assign this Agreement or any part thereof to an affiliated company; provided further, however, that no party shall be released from its obligations hereunder without the consent of the other parties.

16. Notices. Notices under this Contract shall be addressed as follows:

To Transporter: Orbit Gas Company  
711 Leitchfield Road  
Owensboro, Kentucky 42301

To Customer: Alcan Corporation, Ingot and  
Recycling Division  
P.O. Box 44  
Henderson, Kentucky 42420

17. Applicable Law. The interpretation and performance of this Contract shall be in accordance with and controlled by the laws of the Commonwealth of Kentucky.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their proper officers thereunto duly authorized as of the date first hereinabove written.

WITNESS:

ORBIT GAS COMPANY  
(Transporter)

*[Handwritten Signature]*

By *Frank I. Lindsey*  
Frank I. Lindsey - President

WITNESS:

ALCAN CORPORATION, INGOT AND  
RECYCLING DIVISION  
(Customer)

*[Handwritten Signature]*

By *Paul D. Belanger*