

CONTRACT NO. WKG-1207

LARGE VOLUME NATURAL GAS SERVICE AGREEMENT

BETWEEN

COMMONWEALTH ALUMINUM CORPORATION

AND

WESTERN KENTUCKY GAS COMPANY,
A Division of
ATMOS ENERGY CORPORATION

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

FEB 25 1994

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)

BY: *George Della*
PUBLIC SERVICE COMMISSION MANAGER

LARGE VOLUME NATURAL GAS SERVICE AGREEMENT

THIS NATURAL GAS SERVICE AGREEMENT ("Agreement") is made and entered into this 1st day of December, 1993, by and between WESTERN KENTUCKY GAS COMPANY, a division of Atmos Energy Corporation, a Texas corporation (WKG), and COMMONWEALTH ALUMINUM CORPORATION, a Kentucky corporation ("Customer"), also referred to as the "parties".

W I T N E S S E T H:

WHEREAS, WKG desires to provide natural gas service to Customer, and Customer desires to obtain natural gas service from WKG, in accordance with the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the parties hereto agree as follows:

1. Natural Gas Service Type and Volume Levels. Customer agrees to deliver to WKG for transportation or purchase from WKG all of Customer's natural gas service requirements for Customer's facility located on Highway 1957 at or near Lewisport, Kentucky, (the "Facility"), of the type specified below, according to the terms and conditions set forth in this Agreement and subject to the provisions of the tariffs referenced herein and the related rules and regulations governing natural gas service pursuant to such tariffs as promulgated by the Kentucky Public Service Commission (the "Commission") and in effect during the Term (as defined in Section 3) of this Agreement; provided, however, that WKG shall have no obligation to provide natural gas transportation or sales service to Customer in excess of the maximum volumes hereinafter specified:

| <u>Tariffs</u> | <u>Maximum MCF/Day</u> | PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE |
|---|----------------------------|---|
| Sales Rate G-1 (Priority 4) | 0 | |
| Sales Rate G-2 (Priority 5) | 0 | |
| Firm Carriage Rate (Priority 4) | 3,000 | FEB 25 1994 |
| Interruptible Carriage Rate T-3 (Priority 7) | <u>8,000</u> | PURSUANT TO 807 KAR 5:011. SECTION 9 (1) |
| TOTAL | 11,000 | BY: <u><i>Glenn H. [Signature]</i></u> PUBLIC SERVICE COMMISSION MANAGER |

In the event Customer's actual requirements exceed the above total daily volume, WKG will allow a nomination equal to Customer's requirements and, if capacity is available, shall authorize and provide an increase in the maximum daily contractual volumes equal to the excess daily requirement, provided Customer demonstrates that the increased requirements are representative of Customer's future use, as then reasonably projected by Customer on the basis of historical data and/or changes in operations, facilities, product demand, expansion, or other changed conditions occurring or likely to occur. Authorized volumes delivered to WKG in excess of WKG's contractual pipeline capacity will be redelivered to Customer if operationally possible.

Upon prior notice by Customer, in addition to the above specified maximum daily service under Interruptible Carriage Rate T-3, WKG shall use its best efforts to deliver up to an additional 2,500 Mcf/Day at a delivery pressure of 300 psig during periods of Customer's injection into underground natural gas storage facilities located downstream of WKG's delivery point to Customer.

During any billing period, volumes delivered to Customer shall, regardless of nominations, be deemed to first satisfy the firm carriage commitment and then the interruptible carriage commitment. Subject to the above-stated daily levels, the parties further agree to the following levels of gas service:

| (a) | Estimated Base Period Volumes in Mcf | |
|---------------------|--------------------------------------|--|
| | Firm Carriage (Priority 4) | Interruptible Carriage (T-3) (Priority 7) |
| November | 90,000 | 200,000 |
| December | 93,000 | 217,000 |
| January | 93,000 | 227,000 |
| February | 84,000 | 216,000 |
| March | 93,000 | 217,000 |
| TOTAL WINTER | 453,000 | 1,077,000 |
| April | 90,000 | 210,000 |
| May | 93,000 | 207,000 |
| June | 90,000 | 200,000 |
| July | 93,000 | 197,000 |
| August | 93,000 | 197,000 |
| September | 90,000 | 200,000 |
| October | 93,000 | 197,000 |
| TOTAL SUMMER | 642,000 | 1,408,000 |

The above base period volumes are representative of expected Customer requirements but do not represent a contractual maximum.

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(b) Maximum Hourly Demand - Firm Carriage
(Priority 4)

150 Mcf
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BY: George Deller
PUBLIC SERVICE COMMISSION MANAGER

- (c) Maximum Hourly Demand - Interruptible Carriage (T-3) 500 Mcf
(Priority 7)
- (d) Maximum Daily Demand - Firm Carriage 3,000 Mcf
(Priority 4)
- (e) Maximum Daily Demand - Interruptible Carriage (T-3) 8,000 Mcf
(Priority 7)
- (f) Delivery Pressure: 240 psig
- (g) Customer's Service Address Highway 1957
Lewisport, Kentucky 42351
- (h) Total Connected Load: 1,258 Mcfh

2. Price. Except as provided below, the price to be paid by the Customer during the Term shall be in accordance with the tariff rate schedule under which the service is rendered. Such rates, excluding simple margin (which shall remain unchanged during the Term), shall be subject to changes as permitted by law. Any Federal, State or other taxes (other than those based upon or measured by WKG's income) which apply and are charged to or imposed upon Customer on the purchase of services or gas from WKG hereunder shall be paid by Customer in addition to the rates as specified; provided that where any such taxes are reduced or eliminated, the charges to Customer shall be adjusted downward to reflect that fact.

The Simple Margin for volumes delivered under Firm Carriage Service (Priority 4) and Interruptible Carriage Service (T-3) (Priority 7) shall be as follows:

Firm Carriage Service

All Volumes

Simple Margin

\$.20 per Mcf

Interruptible Carriage Service (T-3)

If Total Monthly Deliveries are:

0 - 83,000
83,001 - 108,000
108,001 - 133,000
133,001 - 158,000
Over 158,001

The Simple Margin for All T-3 Volumes for Month Will Be:

Full T-3 Tariff Rate
\$.17 per Mcf
\$.16 per Mcf
\$.15 per Mcf
\$.14 per Mcf

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BY: Handwritten Signature
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Volumes for all services shall count toward the determination of the applicable "total monthly delivery" level which establishes the single simple margin for all T-3 volumes delivered to Customer during the month. To the extent any charge is imposed upon WKG by virtue of proceedings before the Federal Energy Regulatory Commission (or successor authority) ("FERC"), WKG shall impose such charge on Customer to the extent approved by the Commission. "Non-commodity" charges shall mean those which are applicable to "Carriage" service and accepted as such by the Commission from time to time. If WKG receives notice of interstate pipeline filings with respect to Gas Supply Restructuring charges associated with FERC Order 636 as they apply to WKG, WKG shall use its best efforts to give Customer notice of such charges upon its receipt of notice thereof. The parties shall consult in good faith regarding the proposed additional charges and discuss the filing with respect to the parties' competitive positions in the gas market.

The Customer agrees to notify the Company in advance of Customer's attempting to take any overrun volumes. Such notification does not, however, entitle Customer to any overrun volumes. The overrun charge per Mcf shall be 110% of the Interruptible Service Rate (G-2) plus any assessed pipeline charges related to the overrun volumes.

The curtailment violation penalty charge provided in the tariff is not changed by this Agreement, but may be waived by WKG in its sole discretion. Customer will be responsible for any charges assessed by the transporting pipeline related to Customer's lost gas supply replacement activity, if any. The Company shall not charge Customer for "banked" volumes (see Section 6 of attached "General Terms and Conditions") except to the extent the balance of Customer's banked volumes exceeds 25,000 Mcf, and then, only in accordance with charges or "cash-out" provisions, if any, approved or accepted by the appropriate regulatory authority.

3. Term. This Agreement shall become effective on December 1, 1993 (or the first day of the month during which it is accepted by the Commission, if later), and shall continue in full force and effect until November 30, 1998 ("Initial Term"); provided that this Agreement may be renewed for successive terms of six (6) months each by written agreement of both parties executed prior to the expiration of the Initial Term or any successive renewal term. (The Initial Term and any successive six month renewal term being referred to herein collectively as the "Term"). If, prior to the expiration of the Initial Term, both parties do not agree to renew this Agreement, and Bypass Notice has not been given to WKG as specified below, the term of this Agreement shall be extended for six (6) months, provided, however, that service to Customer after the Initial Term of the Agreement shall be provided at the then current WKG tariff rates. Customer agrees that while this Agreement is in effect, all natural gas consumed by Customer under this Agreement shall be delivered by WKG. Customer plans to make a filing, or allow for such filing on its behalf, or any other regulatory authority body, seeking authority to receive direct gas service following the termination of this Agreement, Customer agrees to notify WKG of such plans prior to the filing. If Customer decides to construct such facilities, or authorize a third party to construct such facilities, which would circumvent or bypass WKG's service or facilities, Customer shall notify WKG of such intention in writing ("Bypass Notice"), no sooner than 180 days prior to the

termination of the Initial Term of this Agreement and Customer agrees construction of bypass facilities shall not commence until WKG has received such notice. If Bypass Notice is given as specified above, upon Customer's written request, which shall be delivered to WKG no later than 30 days prior to the termination the Initial Term of this Agreement, Customer may extend the term of this Agreement through February 28, 1999 and month to month thereafter until and unless Customer provides 60 days prior written notice to WKG of the termination of this Agreement, provided that the termination of this Agreement shall not become effective until the last day of the billing cycle following the 60 day notice and, that the service to Customer after November 30, 1998 shall be provided at the then current WKG tariff rates.

4. Notices. Any notice required to be given under this Agreement or any notice which either party hereto may desire to give the other party shall be in writing and shall be considered given (a) on the date of personal delivery, or (b) on the third day following the date of deposit in the United States mail, postage prepaid, registered or certified, return receipt requested, or (c) on the date following the date of delivery to a nationally known overnight courier service, in each case addressed as follows:

If to WKG: WESTERN KENTUCKY GAS COMPANY
Attention: Large Volumes Sales
Department

(For Overnight
Courier Service) 2401 New Hartford Road
Owensboro, Kentucky 42303

(For U.S. Mail) P. O. Box 866
Owensboro, Kentucky 42302

If to Customer: COMMONWEALTH ALUMINUM CORPORATION
Attention: Manager, Energy

(For Overnight
Courier Service) Highway 1957
Commonwealth Aluminum Road
Lewisport, Kentucky 42351

(For U.S. Mail) P.O. Box 480
Lewisport, Kentucky 42351

or such other address as WKG, Customer, or their respective successors or permitted assigns shall designate by written notice given in the matter described above. Routine communications, including monthly invoices, may be mailed by ordinary mail, postage prepaid, addressed as provided above.

5. Attachments. General Terms and Conditions, Exhibit "A", Receipt Point(s) and Delivery Point(s), and Exhibit "B", Agency Terms and Conditions, attached hereto are expressly incorporated herein and made a part of this Agreement for all purposes, and all references herein and therein to this Agreement" include all such exhibits and the terms and provisions contained therein.

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BY: *Sharon Delle*
PUBLIC SERVICE COMMISSION MANAGER

IN WITNESS WHEREOF, the parties hereto have executed this Large Volume Natural Gas Service Agreement as of the date first above written.

WESTERN KENTUCKY GAS COMPANY
A Division Of
Atmos Energy Corporation

By: Carol Fancher *gfc jfb*
Title: President

COMMONWEALTH ALUMINUM CORPORATION

By: John V. Laminich
Title: President + CEO

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BY: George H. Hester
PUBLIC SERVICE COMMISSION MANAGER

**GENERAL TERMS AND CONDITIONS
TO
LARGE VOLUME NATURAL GAS SERVICE AGREEMENT**

1. This Agreement is subject to all applicable and valid statutes, ordinances, and the rules, regulations and orders of the Commission. This Agreement shall not be effective until accepted by the Commission upon additional conditions, if any, acceptable to each of the parties. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

2. If not presently installed, the necessary regulating and metering equipment constructed to WKG's specifications shall be installed for delivery of the gas as specified here, and the Customer shall install additional regulating equipment to provide suitable pressure and operation at the various points of utilization. A suitable location for the regulating and metering equipment shall be provided by the Customer without charge, and WKG shall have the right to operate, maintain and alter this equipment as is necessary or desirable. Each party hereto agrees to maintain any equipment owned by it and used in the performance of its obligations herein in good, safe, and efficient operating condition and repair.

3. The title to all gas transported hereunder shall remain with the Customer. The Receipt Point(s) at which the Customer will deliver transportation gas to WKG is designated on Exhibit "A" attached hereto. Title to sales or overrun gas shall pass from WKG to Customer, upon the delivery thereof, at the Customer's service address.

4. The parties agree that, solely as between them, (a) WKG shall be deemed to be in exclusive control and possession of gas from and after its delivery at the Receipt Point (as defined in this Agreement) and prior to delivery of the gas by WKG to Customer's Delivery Point (as defined in this Agreement), (b) Customer shall be deemed in exclusive control and possession of the gas at all other times, (c) each party shall be responsible for any claims, liabilities, damages, losses, costs or expenses resulting from or arising out of its handling, delivery or receipt of gas deemed to be in its control and possession hereunder, or otherwise arising from occurrences with respect to such gas when it is deemed to be in such party's control and possession hereunder except to the extent such claims liabilities, damages, losses, costs or other expenses result from or are caused by any act or omission of the other party, and (d) each party agrees to indemnify, defend and hold the other party harmless from and against any and all such claims, liabilities, damages, losses, costs, and expenses (including attorneys' fees) incurred by the other party except to the extent such claims, liabilities, damages, losses, costs or other expenses result from or are caused by any act or omission of the other party.

5. In the event that either WKG or Customer is rendered unable, wholly or in part, by reason of any event of force majeure, to perform its obligations under this Agreement, other than to make payment due thereunder, and such party has given notice and full particulars of such force majeure in writing to the

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BY: Chas. L. Lister
PUBLIC SERVICE COMMISSION MANAGER

other party as soon as possible after the occurrence of the cause relied on, then the obligations of the parties, insofar as they are affected by such force majeure, shall be suspended during the continuance of such inability, but for no longer period, and such cause shall, insofar as possible, be remedied with all reasonable dispatch; provided, however, that the settlement of strikes or lock-outs shall be entirely within the discretion of the party having such difficulty, and the above requirement that any force majeure be remedied with all reasonable dispatch shall not require the settlement of strikes or lock-outs by acceding to the demands of the opposing party when such course is inadvisable in the discretion of the party having the difficulty.

The term "force majeure" as used herein shall mean any cause not reasonably within the control of the party claiming suspension and includes, but is not limited to, acts of God; strikes; lock-outs; wars; riots; orders or decrees of any lawfully constituted federal, state, or local body; fires; storms; floods; wash-outs; explosions; breakage or accident to machinery or lines of pipe; inability to obtain or delay in obtaining rights-of-way, materials, supplies, or labor permits; temporary or permanent failure of gas supply or transportation services; capacity constraints; repair, maintenance, or replacement of facilities used in the performance of the obligations contained in this Agreement; or any other cause of a similar nature not reasonably within the control of the claiming party whether of the kind herein enumerated or otherwise.

6. During each billing period involving transportation services, Customer agrees to maintain its deliveries of gas to WKG and its receipt of gas from WKG in continuous balance or as near thereto as practicable on an Mcf or MMBtu basis, as designated by WKG. WKG is authorized to require an adjustment to Customer's transportation nominations as WKG, in its sole discretion, deems appropriate to avoid or eliminate an imbalance on the transporting interstate pipeline system. Further, the Customer agrees to be liable to WKG for all cost, expense and liability to WKG related to the Customer's transportation related activity on the transporting interstate pipeline system. To the extent imbalances owed to Customer by WKG occur, such "banked" volumes of the Customer shall be deemed, for billing purposes, to be the first volumes delivered to the Customer during the succeeding billing period. The Company agrees to allow Customer to have a monthly "banked" gas balance of up to 25,000 Mcf without charge. Customer understands that system operational constraints may occasionally restrict the ability to access or increase "banked volumes". When the volume of gas taken by Customer during a billing period exceeds the aggregate of its transportation nominations and its available "banked" volumes, by an amount less than or equal to the residual G-1 and G-2 contract levels, if any, Customer shall pay WKG for such overrun volumes at the applicable tariff rate. Provided, however, during any billing period in which Customer nominates under Firm Carriage Service and/or Interruptible Carriage Service T-3, all overrun volumes in excess of transportation nominations, available "banked" volumes and residual G-1 and G-2 contract levels, if any, shall be deemed Firm Carriage Service overrun or T-3 overrun gas for billing purposes, as set forth in Section 9 Price, of this Agreement.

7. Neither party may assign, by operation of law, merger or otherwise, any of its rights or obligations hereunder to any person or entity without the prior written consent of the other, such consent not to be unreasonably withheld.

This Agreement shall be binding upon the parties hereto and their respective successors and permitted assigns.

8. Either party has the right to terminate this Agreement if the other party breaches or is in default of any obligation hereunder, which default has not been cured within ten (10) days after the receipt of notice of such default (or such additional cure period as the non-defaulting party may authorize). Each party agrees to indemnify, defend and hold the other party harmless with regard to any and all claims, liabilities, damages losses, costs and expenses (including reasonable attorneys' fees) incurred by the non-defaulting party resulting from the breach or nonperformance by the defaulting party of any agreement contained in this Agreement, except to the extent the claims, liabilities, damages losses, costs and expenses incurred by the non-defaulting party are caused by or result from the non-defaulting party's acts or omissions, or by its breach or nonperformance of any agreement herein.

9. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral and written, between the parties hereto with respect to the subject matter hereof. No amendment or other modification hereto shall be binding upon any party unless executed in writing by both parties.

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BY: Charles L. Miller

PUBLIC SERVICE COMMISSION

EXHIBIT "A"
RECEIPT POINT(S) AND
DELIVERY POINT(S)

Receipt Point:

A metering station located in Hancock County, Kentucky, at Longitude 86 degrees, 45 minutes, 45 seconds, Latitude 37 degrees, 54 minutes, 45 seconds, approximately 0.3 miles west of Hawesville, Kentucky. (Meter No. 1926)

Delivery Point:

Highway 1957
Lewisport, Kentucky 42351

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BY: *[Signature]*
PUBLIC SERVICE COMMISSION MANAGER

EXHIBIT "B"

AGENCY TERMS AND CONDITIONS
TO THE
LARGE VOLUME NATURAL GAS SERVICE AGREEMENT

WKG and Customer agree that in order to facilitate the transportation of gas under the Agreement, it is necessary that Customer appoint WKG to act as Customer's agent with respect to the gas transported hereunder. More specifically, the parties agree that:


1. WKG has the authority, as Customer's agent, to negotiate and execute, but only with Customer's prior written approval, such agreements as may be necessary to conveniently carry out the terms of this Agreement. The terms of such agreements shall include, but shall not be limited to, the making of nominations on behalf of the Customer for gas transportation.
2. WKG shall pay to third parties only those amounts billed to WKG and due from Customer under the agreements. WKG shall invoice Customer for said amounts, and Customer shall pay the same contemporaneously with billings and due dates for services under this Agreement.
3. Customer agrees that WKG assumes no obligations or liabilities regarding (i) any nomination received by WKG from Customer, and (ii) any fees incurred by Customer under agreements entered into in accordance with this Exhibit "B".

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SECRET

BY: 
PUBLIC SERVICE COMMISSION MANAGER