

NATURAL GAS PURCHASE CONTRACT

Between

ORBIT GAS COMPANY,

SELLER

PUBLIC SERVICE COMMISSION
100 WEST MAIN STREET
COLUMBIA, MISSOURI 65201

and

SEP 21 1988

Public Service Commission,
100 West Main Street,
Columbia, Missouri 65201
Public Service Commission Member

WESTERN KENTUCKY GAS UTILITY CORPORATION

d/b/a

WESTERN KENTUCKY GAS COMPANY,

BUYER

McLean County, Kentucky

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BY _____
PUBLIC SERVICE COMMISSION MANAGER

NATURAL GAS PURCHASE CONTRACT

THIS NATURAL GAS PURCHASE CONTRACT, hereinafter "Contract", is hereby made and entered into this the 23 day of NOVEMBER, 1987, by and between ORBIT GAS COMPANY, hereinafter referred to as "Orbit" or "Seller", and WESTERN KENTUCKY GAS UTILITY CORPORATION, a Kentucky corporation, d/b/a WESTERN KENTUCKY GAS COMPANY, hereinafter referred to as "Western" or "Buyer".

WITNESSETH:

WHEREAS, Orbit owns certain valid natural gas interests by virtue of deeds, leases or other forms of conveyance underlying certain lands which are productive of natural gas and located entirely within the Commonwealth of Kentucky, hereinafter "Commonwealth"; and,

WHEREAS, Western desires to acquire a supply of natural gas for resale through its natural gas transmission and distribution system located in the Commonwealth; and,

WHEREAS, Orbit desires to sell natural gas to Western in those amounts and upon the terms and conditions herein set forth, and represents that it can and will so deliver, or cause to be delivered, said natural gas to Western;

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

ARTICLE I

Definitions

The following terms shall respectively have the meanings as set forth below:

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(a) The term "Seller" and the term "Orbit" shall have the meanings set forth above.

(b) The term "Buyer" and the term "Western" shall have the meanings set forth above.

(c) The term "day" shall mean a period of twenty-four (24) consecutive hours, beginning at 8:00 a.m. and ending at 7:59 a.m. local time of the next succeeding day.

(d) The term "month" shall mean a period beginning at 8:00 a.m. on the first day of a calendar month and ending at 7:59 a.m. on the first day of the next succeeding calendar month.

(e) The term "dedicated area" shall mean the lands and/or leasehold estates covered and effected by this Contract as set out in Article II hereof.

(f) The term "committed gas reserves" shall mean the gas reserves committed and dedicated to the performance of this Contract as set out in Article II hereof, presently owned or as hereinafter may be acquired by Seller.

(g) The term "gas" shall mean all natural gas, including gas well gas, oil well gas and residue gas resulting from processing either gas well gas or oil well gas which conforms to the standards of quality set out in Article IV hereof.

(h) The term "cubic foot of gas", when used in relation to a volume of gas, shall mean that volume of gas as determined in accordance with the provisions set out in Article V hereof; the term "Mcf" shall mean one thousand (1,000) cubic feet of gas.

(i) The term "British Thermal Unit", hereinafter "Btu", shall mean the quantity of heat that must be added to one pound of pure water to raise its temperature from fifty-eight and five-tenths (58.5) degrees

Fahrenheit to fifty-nine and five-tenths (59.5) degrees Fahrenheit under standard pressure conditions as set forth at Page 158 of the 1963 edition of the American Gas Association publication, "AGA Gas Measurement Manual", and the term "MBtu" shall mean one million (1,000,000) Btu's expressed on a 'dry' basis unless otherwise stated herein as being expressed on a 'saturated' basis.

(j) The term "Point of Delivery" shall mean the point(s) specified in Article VIII hereof.

(k) The term "Applicable Area Commodity Rate" shall mean the commodity rate for gas then being paid by Western to its principal interstate supplier in the area wherein the gas herein is delivered, but shall not include any past or future 'take-or-pay', gas inventory, contract reformation or similar charge or surcharge which may be included in said interstate supplier's current commodity rate for gas.

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ARTICLE II

Committed Gas Reserves

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1. (a) Subject to Paragraph Two (2) of this Article II, Seller hereby commits and dedicates to the performance of this Contract all of Seller's interest in and to the gas reserves which Seller presently owns or as hereinafter may be acquired by Seller, as provided in those deeds, leases and/or agreements described in Exhibit "A" hereto, and being located in Section 13 of Quadrangle L-26 of the Carter System of Coordinates, Hopkins County, Kentucky.

(b) Subject to the provisions of Paragraph Three (3) of Article XVIII hereof, Seller agrees to proceed with due diligence to construct or cause to be constructed, or arrange for the use of, such gas gathering and/or transportation facilities as may be required to enable it to deliver, at the Point of Delivery, the gas covered by this Contract.

2. In addition to any and all other rights and obligations

conferred upon Seller by this Contract, Seller hereby expressly reserves unto itself and its successors and assigns, the following:

(a) That quantity of gas as Seller may need or require to meet the requirements of its obligations under (i) the deeds, leases and/or agreements in the dedicated area as described in Subparagraph (a) of Paragraph One (1) of this Article II and (ii) any pipeline right-of-way agreements;

(b) That quantity of gas as Seller may need or require for the development of its properties situated within the dedicated area, including but not limited to, the use of gas for fuel, drilling, developing and operating said properties, for the production of oil, gas or other minerals, but Seller shall otherwise endeavor to preserve and save the gas dedicated hereunder for sale to Western;

(c) The sole and exclusive right to operate the properties covered by this Contract free from any and all control by Western in such manner as Seller, in its sole discretion, deems advisable including without limitation the right to drill new wells, to repair or rework old wells, to renew in whole or in part the leasehold estates, if any, covered by this Contract and to abandon any well not deemed by Seller capable under normal methods of operation of producing gas in commercial quantities;

(d) The sole and exclusive right to unitize any of the lands and/or leases covered by this Contract with other properties owned and/or controlled by it or others in which event this Contract shall extend and apply to the interest of Seller in the newly formed property to the extent that such interest is derived from the existing property described in this Article II. Seller shall give notice in writing to Western of any change contemplated under this Subparagraph (d) and Article II hereof shall be considered as having been amended accordingly upon receipt by Western of said notice.

ARTICLE III

Quantity of Gas

1. Seller agrees, after completion of any facilities to be constructed hereunder by it or others, to sell and deliver to Western and Western agrees to purchase and receive such quantities of gas as Seller shall nominate on any day subject to the limitations of Western's market and pipeline operating conditions up to a quantity which, when stated on a monthly basis, equates to a maximum of 500 MMBtu per day. However, if Western, at its sole discretion, should find it necessary to restrict or curtail deliveries of gas from other producers, transporters and/or gatherers of native natural gas production originating entirely from within the Commonwealth, deliveries hereunder may be reduced on a pro rata basis with such other deliveries in the affected market area or zone. Both parties agree to endeavor to give the other at least eight (8) hours verbal notification prior to scheduled or planned changes in or interruption of gas deliveries hereunder, to be followed with a written notice within seven (7) days of such verbal notification.

2. Seller dedicates to the performance of this Contract and agrees to sell and deliver to Western all quantities of gas from the committed gas reserves as provided in Article II hereof up to a quantity of 500 MMBtu per day. For quantities of gas dedicated to this Contract by Seller greater than 500 MMBtu per day, Western shall have a right of first refusal to meet the price and other terms and conditions for which a bona fide offer has been received by Seller in writing from a third-party purchaser. Western shall have fifteen (15) days after the date of Western having received notice from Seller in which to elect in writing to purchase such gas from Seller in accordance with the price and terms and conditions of the bona fide offer or to release such gas from commitment hereunder.

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3. If at any time during the term of this Contract, other

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than force majeure as set out in Article XII hereof, the delivery of gas into Western's lines shall be less than an average of twenty-five (25) MMBtu per day during any period of ninety (90) or more consecutive days Western, at its sole option, may terminate and cancel this Contract by giving Seller thirty (30) days prior written notice of termination and cancellation.

ARTICLE IV

Quality of Gas

1. The gas to be delivered hereunder by Seller at the Point of Delivery shall comply at all times with the following quality specifications:

(a) Heating Value: The gas shall have a total (gross) heating value of not less than nine hundred fifty (950) Btu's per cubic foot and not more than one thousand fifty (1,050) Btu's per cubic foot, each being expressed on a 'dry basis'.

(b) Hydrogen Sulphide: The hydrogen sulphide content shall not exceed one-quarter (1/4) grain per one hundred (100) cubic feet of gas.

(c) Mercaptans: The mercaptan content shall not exceed one (1) grain per one hundred (100) cubic feet of gas.

(d) Total Sulphur: The total sulphur content, including hydrogen sulphide and mercaptans, shall not exceed ten (10) grains per one hundred (100) cubic feet of gas.

(e) Carbon Dioxide: The carbon dioxide content shall not exceed two percent (2%) by volume.

(f) Oxygen: The oxygen content shall not exceed two-tenths of one percent (0.2 of 1%) by volume, and Seller shall make every reasonable effort to maintain the gas totally free from oxygen.

(g) Nitrogen: The nitrogen content shall not exceed three percent (3%) by volume.

(h) Other: The gas shall contain no carbon monoxide, halogens or unsaturated hydrocarbons and no more than four hundred parts per million (400 ppm) of hydrogen.

(i) Liquids: The gas shall be free from water and hydrocarbons in liquid form at the temperature and pressure at which the gas is delivered and, further provided, the gas shall not contain any hydrocarbons which may condense to the liquid state under normal pipeline operating conditions and shall in no event contain water vapor in excess of seven (7) pounds per one million (1,000,000) cubic feet of gas.

(j) Freedom From Objectionable Matter: The gas shall be commercially free from objectionable odors, sand, dust, gums or other solid, liquid or gaseous matters including any additives or diluents which may be injurious to conventional pipeline materials or which may otherwise interfere with the transmission, distribution or commercial utilization of said gas.

(k) Temperature: The gas shall not be at a temperature of less than forty (40) degrees Fahrenheit nor more than one hundred twenty (120) degrees Fahrenheit.

(1) Negative Pressure: The gas shall not be produced at or encounter before delivery a pressure of less than atmospheric pressure.

2. If the gas offered for delivery hereunder shall fail at any time to conform to any of the quality specifications herein set forth, Western may notify Seller of such deficiency and may, at its sole option, refuse to accept further delivery pending correction within a reasonable time by Seller. However, the Nitrogen and Heating Value limitations of the gas as set forth above may be waived by Western, at its sole discretion, if and so long as such waiver of these particular quality specifications may not interfere with the transmission, distribution or commercial utilization of said gas.

ARTICLE V

Measurement and Tests

1. The sales unit of the gas delivered hereunder shall be one million British Thermal Units (1,000,000 Btu or 1 MMBtu). An MMBtu of gas shall be determined by multiplying the measured volume of gas expressed in Mcf times the total (gross) heating value and then dividing this product by one thousand (1,000). An Mcf of gas shall be determined by dividing the measured volume of gas by one-thousand (1,000).

2. The volume of the gas delivered hereunder shall be measured at Western's meter at the Point of Delivery. Each Orifice Meter shall be installed, operated, maintained and have the volume computed in accordance with the most recent edition of the American Gas Association publication, "Orifice Metering of Natural Gas: A.G.A. Report No. 3". Each Diaphragm or Rotary Displacement Meter shall be installed, operated, maintained and have the volume computed in accordance with the most recent edition of the American Gas Association publication, "A.G.A. Gas Measurement Manual, Part 2: Displacement Measurement".

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3. The unit of volume of the gas delivered hereunder for the purpose of measurement shall be one (1) cubic foot of gas at a temperature base of sixty degrees (60°) Fahrenheit and at an absolute base pressure of fourteen and seventy-three hundredths (14.73) pounds per square inch, atmospheric pressure being assumed at fourteen and four-tenths (14.4) pounds per square inch absolute. The gas delivered hereunder shall be measured according to Boyle's Law for the measurement of gas under varying pressures, with corrections for deviations therefrom, determined by use of the tables and formulae in accordance with the most recent edition of the American Gas Association publication, "Par Research Project NX-19".

4. The temperature of the gas delivered hereunder shall be

determined once each month by a mercurial thermometer of standard manufacture or by the use of a recording type thermometer of standard manufacture to be installed, operated and maintained by Western at the Point of Delivery. If monthly determinations are made, the most recent determination shall be used for the ensuing month to make the proper correction in volume computations. If a recording thermometer is installed, then the arithmetic average of the daily temperature readings from said thermometer for the entire period that gas was flowing through the meter shall be deemed to be the gas temperature for that period and shall be used to make the proper correction in volume computations.

5. The specific gravity of the gas delivered hereunder shall be determined once each quarter by a gravitometer of standard manufacture or by the use of a recording type gravitometer of standard manufacture to be installed, operated and maintained by Western at the Point of Delivery. If quarterly determinations are made, the most recent determination shall be used for the ensuing quarter to make the proper correction in volume computations. If a recording gravitometer is installed, then the arithmetic average of the daily specific gravity readings from said gravitometer for the entire period that gas was flowing through the meter shall be deemed to be the specific gravity for that period and shall be used to make the proper correction in volume computations.

6. The total or gross heating value of the gas delivered hereunder is the total caloric value, expressed in British Thermal Units, obtained by the complete combustion, at constant pressure, of that amount of gas which would occupy a volume of one (1) cubic foot at a temperature of sixty (60) degrees Fahrenheit, free from water vapor ('dry' basis) and at an absolute pressure equivalent to that of fourteen and seventy-three hundredths (14.73) pounds per square inch and under standard gravitational force (980.665 centimeters per second squared), with air of the same temperature and pressure

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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 free liquid state. The heating value shall be determined from time to time by Western or, at the request of Seller, by submitting a sample of the gas to a competent testing laboratory of Seller's choice or by using the heating value as determined by a Cutler-Hammer or any equally efficient recording calorimeter of Western or calculated using the results determined by gas chromatograph of Western.

7. Seller may install, operate, maintain and remove such check measuring equipment as it desires, provided that such check meter and equipment shall be installed so as not to interfere with the operation of Western's equipment through which Western receives gas at the Point of Delivery.

8. In the event any of Western's measuring equipment is out of service or registering inaccurately, the volume of gas delivered hereunder shall be estimated by (i) using the registration of any check measuring equipment if installed and accurately registering, (ii) correcting the error if the percentage of error is ascertainable by calibration test or mathematical calculation or (iii) estimating the quantity of gas delivered by comparison with deliveries during a period under similar conditions when the measuring equipment was known to be registering accurately. The choice as to the above estimation methods shall be with Western.

9. The accuracy of Western's measuring equipment shall be verified by Western at reasonable intervals, but Western shall not be required to routinely verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party shall notify the other that it desires a special test of any measuring equipment, the parties shall cooperate to secure a prompt verification of the accuracy of such equipment.

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The expense of any such special test called for by Seller shall be borne by the Seller if inaccuracy found is less than a two percent (2%) error. If inaccuracy is found to be two percent (2%) or more in favor of Western, then Western shall bear the expense.

10. If upon any test any measuring equipment is found to be no more than two percent (2%) slow or fast, previous readings of such equipment shall be considered correct in computing deliveries of gas hereunder, but such equipment shall be adjusted at once to read accurately. If upon any test any measuring equipment is found to be inaccurate by an amount exceeding two percent (2%) at a reading corresponding to the average rate of flow for the period since the last preceding test, such equipment shall be adjusted at once to read accurately and any previous reading 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 (1/2) of the time elapsed since the date of the last test but not to exceed a correction period of more than sixteen (16) days.

11. Seller shall have the right to be represented at and to participate in all tests of the gas delivered hereunder or of any equipment used in measuring or determining the nature or quality of such gas and to inspect at any time during normal business hours any and all equipment of Western used for the measurement or determination of the nature or quality of the gas hereunder.

12. It is the expectation of the parties hereto that all test data, gas analyses, meter readings, charts and similar records shall be preserved by Western for a period of at least one (1) year and shall on the request of Seller be available for inspection during normal business hours at Western's place of business.

ARTICLE VI

Pressure

The gas sold under the terms of this Contract shall be delivered or caused to be delivered by Seller into Western's pipeline system at the Point of Delivery at a pressure sufficient to effect delivery against the pressures prevailing therein from time to time. If the operating pressure of Seller's pipeline shall become insufficient to deliver the gas at the Point of Delivery at a pressure sufficient to enter Western's pipeline, then Seller shall have the right, but shall be under no obligation, to compress such gas to the pressure referred to above upon receiving prior written consent of Western, such consent not to be unreasonably withheld; however, if initial deliveries of gas hereunder are known to require compression such consent is not herein required. If Seller elects not to compress the gas to meet the pressure conditions called for herein and cannot otherwise provide the pressure herein specified, Western has the right to compress the gas at Western's expense or to terminate this Contract. Elections under this paragraph shall be by prior written notice as provided in Paragraph One (1) of Article XVIII hereof.

ARTICLE VII

Term of Contract

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Subject to the provisions set out in Paragraph Three (3) of Article XVIII hereof, this Contract shall be effective from the day of first delivery under this Contract and shall continue and remain in full force and effect for an initial term of five (5) years from the first day of the month following the day of first delivery and from year to year thereafter until the earlier of: January 1, 2000, or any other termination date as otherwise herein provided. Either party may terminate this Contract after the expiration of the initial term by giving the other party at least six (6) months prior written notice.

ARTICLE VIII

Point of Delivery

1. The Point of Delivery of the gas delivered by Seller to Western hereunder shall be at approximately Station No. 2379 + 90 on Western's 12-inch Mortons Gap-Hancock County Transmission Line Number 176 located in McLean County, Kentucky.

2. Seller shall have title to the gas deliverable hereunder until the same shall have been delivered to Western at the Point of Delivery, after which delivery, title to such gas shall pass to Western and Western shall be deemed to be in exclusive control and possession thereof and responsible therefor. During the time the gas deliverable hereunder is in Seller's possession, Seller shall be deemed to be in exclusive control and possession thereof and responsible therefor and Western shall not be responsible for any damage or injury caused by such gas.

ARTICLE IX

Price

1. The price to be paid for the gas delivered to Western hereunder shall be determined as follows:

(a) With respect to the gas which Seller produces and sells to Western at the Point of Delivery in a "first sale" transaction as defined in Section 2(21) of the Natural Gas Policy Act of 1978, hereinafter "NGPA", and the Regulations of the Federal Energy Regulatory Commission, hereinafter "FERC", Western shall pay a price which shall be the lower of (i) the Applicable Area Commodity Rate for gas then being paid by Western to its principal interstate supplier in the area wherein the gas herein is delivered multiplied by a factor equal to 0.90 or (ii) the maximum lawful price per MMBtu ('saturated' basis) for such gas as prescribed in the NGPA, as amended.

(b) With respect to the gas which Seller purchases

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under gas purchase contracts for resale and subsequently resells to Western at the Point of Delivery, Western shall pay a price which shall be equal to the Applicable Area Commodity Rate multiplied by a factor equal to 0.90.

(c) With respect to the Applicable Area Commodity Rate for gas of Western's principal interstate supplier, any change in said rate shall become effective on the effective date of any change in said supplier's tariff, except that if said supplier collects an increase prior to final approval by the FERC of any tariff, the increase in price will be placed in escrow and within thirty (30) days after the date of final approval the amount attributable to the finally approved increase in price will be paid to Seller for all gas purchased during the escrow period. If the FERC gives final approval to any tariff that decreases the Applicable Area Commodity Rate and Western has paid Seller a price for gas in excess of the amount finally approved, then Western shall be entitled to a prompt refund of any excess payments theretofore from Seller equal to the difference between the price actually paid by Western and the finally approved price.

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2. With respect to the gas referred to in Subparagraph (a) of Paragraph One (1) of this Article IX, Seller will file with the appropriate jurisdictional agency and with all other regulatory bodies having jurisdiction any required application for price determination which may be necessary in order to implement the terms herein. Pending final approval of any required application, Western will pay Seller for such gas delivered prior to the effective date of such final determination, the lower of (i) the then current Applicable Area Commodity Rate multiplied by a factor equal to 0.90 or (ii) the maximum lawful price per MMBtu ('saturated' basis) as prescribed in Section 109 of the NGPA, as amended. Upon final approval Western will pay Seller the difference, if any, between the price actually approved by the appropriate jurisdictional agency and the price actually paid for the gas up to the date

said approval is received by Western.

3. With respect to the gas referred to in Subparagraph (a) of Paragraph One (1) of this Article IX, or any portion thereof, which the Congress of the United States, the President of the United States, the FERC or any other governmental authority having jurisdiction ceases to have jurisdiction or exercise control over the rates which may be lawfully charged and collected thereon, the price shall be the Applicable Area Commodity Rate multiplied by a factor equal to 0.90.

4. The price payable from time to time pursuant to this Contract shall prevail so long as such price is allowed by the Kentucky Public Service Commission, hereinafter "Commission", to be included in Western's jurisdictional cost of service, hereinafter "rates". If the Commission should at any time disallow the inclusion in Western's rates of any portion of the price paid hereunder, then Seller agrees that such price will be reduced to the maximum price which the Commission allows Western to include in its rates, effective as of the effective date of such disallowance, and Seller shall make prompt refund of any excess payments theretofore made by Western from and after the effective date of such disallowance. In the event of such disallowance by the Commission, Seller shall have the right to terminate this Contract at any time either as to all gas subject to such disallowance or as to all gas subject to this Contract, by giving thirty (30) days prior written notice to Western that Seller has obtained and accepted an offer for such gas from a third-party purchaser providing for a price greater than the highest price allowed to be included in Western's rates. Thereafter, such gas shall be released from commitment hereunder. Western shall endeavor to give Seller as much notice as is commercially possible regarding any such disallowance of said price referred to above.

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ARTICLE X

Special Redetermination of Price

1. (a) Either Seller or Western may request a Special Redetermination of Price to be paid for the gas sold and delivered hereunder, in which case the party making such request must demonstrate in good faith, by prior written notice, that the price being paid hereunder does not reflect the price currently being paid in the area for gas of similar quality and quantity and under the same or similar terms and conditions as herein contained.

(b) This Special Redetermination of Price may be exercised only after the first anniversary date of this Contract and no more frequently than yearly thereafter.

2. (a) The parties hereto will attempt by negotiation to arrive at pricing and other terms and conditions which reflect the market conditions then prevailing in the natural gas industry in the area.

(b) In the alternative, where the parties cannot arrive at pricing and other terms and conditions by negotiation, then the party making such request hereunder must notify the other in writing of its intention to either continue to sell or purchase gas under the current pricing and terms and conditions of this Contract or to terminate this Contract as to all gas subject to this request by giving thirty (30) days prior written notice within sixty (60) days of the notice required under Subparagraph (a) of Paragraph One (1) of this Article X, whereupon such gas shall be released from commitment hereunder.

ARTICLE XI

Payment and Statements

1. Payment shall be made by check payable to the order of Seller, on or before the 30th day of each month for all gas sold and delivered during the preceding calendar month.

2. (a) With respect to the gas referred to in Subparagraphs

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BY [Signature]

(a) and (b) of Paragraph One (1) of Article IX hereof, Western shall not be liable for any royalties or taxes, including the Kentucky Severance Tax; any sums due on production, gathering, handling, extracting, dehydrating, compressing or transporting, hereinafter "production costs"; or any similar charges for such gas delivered by Seller to Western at the Point of Delivery.

(b) With respect to the gas referred to in Subparagraph (a) of Paragraph One (1) of Article IX hereof, Seller will pay or cause to be paid any or all royalties, taxes with the exception of the Kentucky Severance Tax, production costs or similar charges for such gas delivered by Seller to Western at the Point of Delivery. Western will collect or cause to be collected the Kentucky Severance Tax levied by the Commonwealth and remit or cause to be remitted to the Kentucky Department of Revenue, said tax being deductible from the amount due Seller during each payment period.

(c) With respect to the gas referred to in Subparagraph (b) of Paragraph One (1) of Article IX hereof, Seller will pay or cause to be paid any or all royalties, taxes including the Kentucky Severance Tax, production costs or similar charges for such gas delivered by Seller to Western at the Point of Delivery.

3. With respect to all gas delivered hereunder, Seller agrees to indemnify and hold Western harmless against any and all loss, damage and expense of every character on account of any potential and/or real adverse claim resulting from the nonpayment or mistaken payment of any and all royalties, taxes, production costs or similar charges applicable thereon before or upon delivery of the gas to Western.

ARTICLE XII

Force Majeure

1. In the event of any party being rendered unable, in whole or in part, by force majeure or other causes herein specified, to carry

out its obligations under this Contract, it is agreed that on such party's giving notice and reasonably detailed particulars of such force majeure event in writing or by telecopy to the other party within a reasonable time after the occurrence of the cause relied on, then the obligations of the party giving notice, so far as and to the extent that they are affected by such force majeure or other causes herein specified, shall be suspended 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.

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, civil disturbances, epidemics, landslides, lightning, earthquakes, fires, storms, floods and washouts; arrests and restraints of governmental authorities, either federal or state, including civil or military; explosions, breakage or accidents of machinery or lines of pipe and freezing of wells or lines of pipe; inability of any party hereto to obtain necessary materials, supplies, permits or approvals; loss of market due to existing or future rules, regulations, orders, laws or proclamations of governmental authorities, either federal or state, including civil or military; any act or omission on the part of any purchaser or purchasers of gas from Western by reason of force majeure affecting such purchaser or purchasers; and any other causes, whether of the kind herein enumerated or otherwise, which are not reasonably within the control of the party claiming suspension including interruption of transportation service by third party transporters. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any force majeure event shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of the opposing party when such course is inadvisable

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in the discretion of the party having the difficulty.

ARTICLE XIII

Waiver

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

ARTICLE XIV

Warranty Under the Natural Gas Act³

Seller represents and warrants that the gas to be sold hereunder shall be produced wholly from within the Commonwealth and Section 1(b) of the Natural Gas Act does not apply to said gas as provided by Section 601 (a)(1)(B) of the NGPA, as amended.

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Warranty of Title

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Seller hereby warrants that it has good and clear title to the gas sold hereunder and that it has the exclusive right to sell the same and that all such gas is free from all liens and adverse claims including liens to secure payment of production taxes, severance taxes and other taxes. Seller agrees to indemnify Western and save it harmless from any and all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any or all entities to said gas or to royalties, taxes, license fees or charges thereon which are applicable before the title to the gas passes to Western or which may be levied and assessed upon the sale thereof to Western. In the event of an assignment of this Contract by Seller and should any adverse claim of any character whatsoever be asserted in respect to any of said gas, Western may retain as security for the performance of Seller's obligations with respect to such claim under this section monies then or thereafter payable to Seller under this Contract until such claim has been

finally determined or until Seller shall have furnished bond to Western in an amount satisfactory to Western.

ARTICLE XVI

Arbitration

1. In case the parties hereto shall be unable to agree on any question or dispute arising under this Contract, such question or dispute shall be referred for settlement to three arbitrators, one appointed by Seller, one appointed by Western and the third appointed by the two (2) individuals chosen by the parties hereto. The party desiring such arbitration shall notify the other in writing and in such notice shall name an arbitrator. The arbitrator to be appointed by the other party shall be named within ten (10) days after receipt of such written notice of arbitration and an additional arbitrator shall, within ten (10) days of the appointment of the second arbitrator, be selected by the two (2) arbitrators heretofore appointed.

2. The matter in question or dispute shall be submitted in writing to the arbitrators immediately upon the completion of their appointments and the parties shall do all things necessary to make proper submission thereof according to the character of the question or dispute involved or as required by the arbitrators. It is the intent of the parties hereto that only those persons qualified as specialists in their field arbitrate questions or disputes within their field. The decision in writing signed by a majority of the arbitrators shall be final and conclusive with respect to the matter submitted and the parties hereto agree to accept and abide by same. The cost of any arbitration hereunder will be paid as determined by the arbitration proceeding.

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ARTICLE XVII

Regulatory Bodies

This Contract shall be subject to all valid applicable

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federal, state and local laws, rules and regulations and the approval of the Commission. All such laws, rules and regulations shall be presumed by both parties to be valid unless and until a court of competent jurisdiction shall hold otherwise with respect thereto.

ARTICLE XVIII


Contract Interpretations and Miscellaneous

1. Any notice, request, demand, payment, 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: Western Kentucky Gas Company
Attn: Mr. Robert R. Depp PUBLIC SERVICE COMMISSION
Post Office Box 866
Owensboro, Kentucky 42302

Seller: Orbit Gas Company
Attn: Mr. Frank I. Lindsey PUBLIC SERVICE COMMISSION
711 Leitchfield Road
Owensboro, Kentucky 42303

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BY 
PUBLIC SERVICE COMMISSION MANAGER


or to such other address as either party shall from time to time designate for that purpose by certified letter addressed to the other party. The date of service of such notice, request, demand, payment, statement or bill shall be the date the same is delivered by registered or certified mail by the party giving same.

2. All the terms, covenants, agreements and obligations contained in this Contract shall run in favor of and be binding upon the parties hereto, and Western and Seller agree that Seller may not sell or assign either the properties which are the subject of this Contract or this Contract without the prior written consent of Western, such consent not to be unreasonably withheld. If for any reason said consent should not be given,

Western shall have the right to terminate this Contract upon thirty (30) days prior written notice.

3. Western and Seller shall with due diligence proceed in an expeditious manner to obtain all necessary federal, state and local authorizations, permits, consents, licenses and approvals and to complete construction of facilities as may be required for the sale and delivery and the purchase and receipt of gas delivered under the terms of this Contract and this Contract shall be subject to such approvals and completion of facilities. If Western and Seller are unable to obtain such requisite authorizations on terms satisfactory to the party applying therefor not later than six (6) months from the date hereof, Western or Seller may, after thirty (30) days prior written notice, terminate this Contract unless, before the expiration of such thirty (30) day period, Western and Seller have received and accepted such requisite authorizations and have completed construction of facilities, in which event the notice of cancellation shall be declared null and void and of no force and effect. Notwithstanding the foregoing, and after completion of construction of facilities, if any, in the event Seller is unable to sell and/or deliver to Western that quantity of gas as set out in Article III hereof within thirty (30) days of the date of receipt of the requisite authorizations as herein set out, Western may, upon ten (10) days prior written notice, terminate this Contract.

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4. This Contract may be executed in a number of counterparts each of which shall be considered an original. BY 

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5. This Contract 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. 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 in determining the meaning of this Contract even though the accepting or acquiescing party has knowledge of the nature of the performance and opportunity for objection.

6. This Contract may be modified, amended, rescinded or terminated only by a writing signed by Western and Seller or their duly authorized agents.

7. The parties agree that the place of execution of this Contract is Daviess County, Kentucky. Western and Seller agree that this Contract shall be construed according to the laws of the Commonwealth of Kentucky.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
OFFICE

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FILED IN CASE NO. 88-0011,

BY: [Signature]
PUBLIC SERVICE COMMISSION MANAGER

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

SELLER: ORBIT GAS COMPANY

Witness:

TAXPAYER I.D. NUMBER: 61-0647827

Kathryn J. Etes

By: Frank J. Lindsey

Title: President

AGREED TO AND ACCEPTED THIS 23rd day of November, 1987.

Witness:

BUYER: WESTERN KENTUCKY GAS UTILITY CORPORATION
d/b/a WESTERN KENTUCKY GAS COMPANY

Jack W. Reynolds

By: L. E. Van Meter

Title: VICE PRESIDENT & CHIEF ENGINEER

AGREED TO AND ACCEPTED THIS 23 day of NOVEMBER, 1987.

PUBLIC SERVICE COMMISSION
OF KENTUCKY

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PHILIP...
BY: [Signature]
PUBLIC SERVICE COMMISSION MANAGER

Signature page to Natural Gas Purchase Contract No. DP- 2, dated the 23 day of NOVEMBER, 1987, between Orbit Gas Company, as Seller, and Western Kentucky Gas Company, as Buyer.

POOLING DECLARATION

EXHIBIT A
Page 1 of 3

KNOW ALL MEN BY THESE PRESENTS:

TO
CONTRACT # DP- 2
DATED NOVEMBER 23
1987.

THAT WHEREAS, Sabine Production Company is the Lessee of the oil and gas leases of lands in Hopkins County, Kentucky, as identified on Exhibit "A" attached hereto and made a part hereof, and

WHEREAS, all of said leases provide that the Lessee may combine acreage into a unit for production of oil and/or gas, when in the Lessee's judgment, it is necessary or advisable to do so in order to comply with spacing laws or to promote the conservation of oil and/or gas, and

WHEREAS, it is the judgment of the Lessee, the owner of the working interest, that this unit be declared for both of said purposes;

NOW, THEREFORE, in consideration of the premises, the said Sabine Production Company, as Lessee and Agent for all owners of working interest in the above leases does hereby declare a gas unit of 17.59 acres known as the Gentry-Diehl, et al Unit as shown on Exhibit "B" attached hereto consisting of 1.33 acres of Lease No. 1 and 16.26 acres of the remaining leases.

WITNESS my hand this the 10th day of January, 1983, PUBLIC SERVICE COMMISSION

ATTEST:
Bobbie J. Freeman
Bobbie J. Freeman, Assistant Secretary

STATE OF TEXAS
COUNTY OF DALLAS

SABINE PRODUCTION COMPANY
by: A. U. Braga, Vice-President
A. U. Braga, Vice-President

The foregoing Pooling Declaration was acknowledged before me by A. U. Braga this 10th day of January, 1983.
My Commission expires: 8-11-86.

Renee Johnson
Notary Public
Renee Johnson

- 1. Lease dated the 5th day of November, 1982, of record in Lease Book 128, Page 519, Hopkins County Clerk's Office, from Sabine Corporation to Sabine Production Company covering 56 acres more fully described as follows:

TO
CONTRACT # DP-
DATED NOVEMBER 2
1987.

Bounded
On the North by Chloe Diehl, et al
On the East by Chloe Diehl, et al
On the South by Miles Farms, Inc.
On the West by Edmund Bicket, et al

- 2. Lease dated the 28th day of October, 1982, of record in Lease Book 128, Page 507, Hopkins County Clerk's Office, from Clarence H. Ashby, et al, to Sabine Production Company covering 210 acres more fully described as follows:

60 acre tract	150 acre tract
Bounded	Bounded
On the North by Tom Corum	On the North by W. M. Carlisle
On the East by W. M. Carlisle	On the East by Pond River
On the South by W. M. Carlisle	On the South by Miles Farms, Inc.
On the West by Edmund Bicket	On the West by Edmund Bicket

- 3. Lease dated the 26th day of April, 1982, of record in Lease Book 127, Page 521, Hopkins County Clerk's Office, from Mrs. Elsie Gentry, widow, to Sabine Production Company covering 370 acres more fully described as follows:

Bounded
On the North by Lyle Corum
On the East by Pond River
On the South by Miles Farms, Inc.
On the West by Edmund Bicket

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OF MISSOURI

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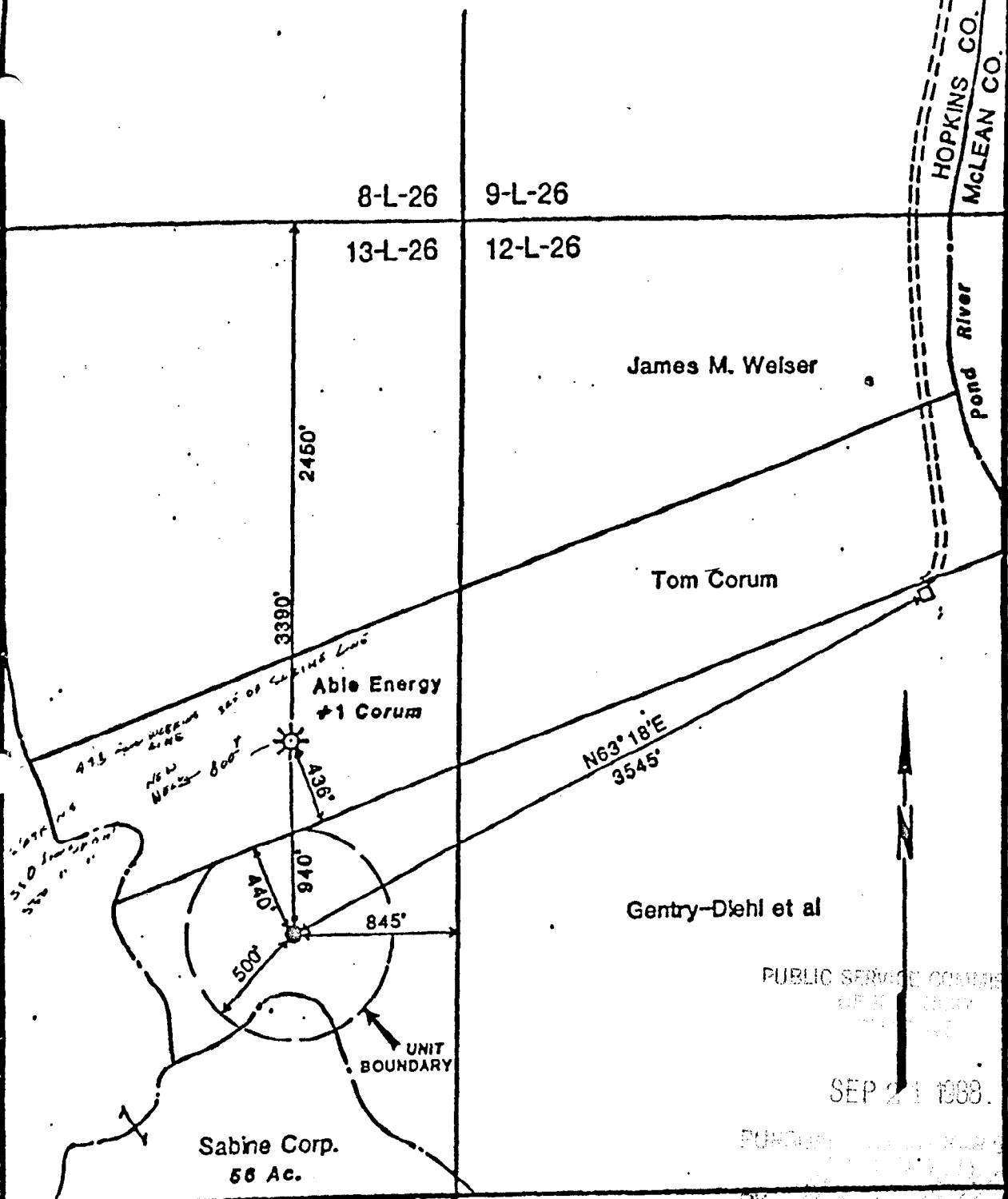
Public Service Commission Manager

- 4. Lease dated the 26th day of April, 1982, of record in Lease Book 127, Page 523, Hopkins County Clerk's Office, from Mrs. Chloe Diehl, widow, to Sabine Production Company covering 370 acres more fully described as follows:

Bounded
On the North by Lyle Corum
On the East by Pond River
On the South by Miles Farms, Inc.
On the West by Edmund Bicket

Exhibit "B"

TO
CONTACT # DP-
DATED November
1987.



PUBLIC SERVICE COMMISSION
OF KENTUCKY

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FUNDING...

UNIT PARTICIPATION

Tract	Acres	Percent
Gentry-Diehl et al	16.26	92.44
Sabine Corp.	1.33	7.56
Total	17.59	100.00



PRODUCTION CO.

Gentry-Diehl et al Unit #1

13-L-26

Hopkins Co., Kentucky

Scale: 1" = 660'