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JUL 08 1988

PUBLIC SERVICE COMMISSION

AGREEMENT

THIS AGREEMENT made and entered into as of this the 1st day of June, 1988 by and between Delta Natural Gas Company, Inc., a Kentucky corporation ("Delta"), and National Standard Company ("National Standard").

W I T N E S S E T H:

THAT, WHEREAS, National Standard has agreed to purchase certain quantities of natural gas from Delta Resources, Inc. ("Resources") and Resources has agreed to sell the same to National Standard; and

WHEREAS, National Standard, subject to the terms and conditions set forth herein, may from time to time require quantities of natural gas in excess of or in addition to the quantities purchased from Resources and accordingly desires to purchase same from Delta; and

WHEREAS, Delta, subject to the terms and conditions set forth herein, desires to sell and deliver to National Standard those quantities of natural gas in excess of or in addition to the Resources' quantities that National Standard may from time to time require during the term hereof.

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NOW, THEREFORE, the parties hereto agree as follows:

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ARTICLE I. TERM.

PURSUANT TO 207 KAR 5:011,
SECTION 9(1)

Subject to the terms and conditions herein, the term of this Agreement shall be approximately two years commencing with the scheduled Delta May, 1988 meter reading date and

BY: [Signature]
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continue in full force and effect for a period of twenty-four (24) billing periods ending with the scheduled Delta May, 1990 meter reading date.

ARTICLE II. DEFINITIONS.

Unless this Agreement provides otherwise, the following definitions shall apply:

2.1. "Natural gas" or "gas" shall mean any mixture of hydrocarbons or hydrocarbons and noncombustible gases in a gaseous state, consisting essentially of methane.

2.2. "Resources Contract Quantities" shall mean that amount or quantity of natural gas purchased by National Standard from Resources and delivered to National Standard.

2.3. "Excess Quantities" shall mean that amount or quantity of natural gas sold by Delta to National Standard in excess of or in addition to the Resources Contract Quantities.

2.4. "Mcf" shall mean the quantity of gas occupying a volume of one thousand (1,000) cubic feet at a pressure base of 14.73 psia) and a temperature base of 60° Fahrenheit (60° F.).

ARTICLE III. SALE AND DELIVERY OF EXCESS QUANTITIES.

Delta shall sell and deliver to National Standard in Corbin, Kentucky, Excess Quantities of natural gas which National Standard may from time to time require.

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ARTICLE IV. PRICE.

For all Excess Quantities delivered or sold by Delta to National Standard under the terms of this Agreement, National Standard shall pay Delta the applicable General Service total

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rate of Delta (Base Rate plus Gas Cost Recovery Rate), as set forth in Delta's tariffs on file with the Kentucky Public Service Commission ("PSC") as same may be changed from time to time.

ARTICLE V. STANDBY CHARGE.

In addition to the amounts set forth in Article IV, National Standard agrees to pay a monthly standby charge to Delta of \$795 for the first twelve (12) billing periods (May, 1988 through May, 1989 meter readings). The monthly standby charge during the last twelve (12) billing periods (May, 1989 through May, 1990 meter readings) of this Agreement shall be established by mutual written agreement of both parties by April 1, 1989. ^{PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE} JUL 25 1988

ARTICLE VI. STATEMENT AND PAYMENTS.

6.1. Statements shall be rendered by ~~Delta to National Standard~~ ^{PURSUANT TO 807 KAR 5:011, SECTION 9(1)} each month showing the total amount due from National Standard to Delta for service rendered by Delta for National Standard during the preceding billing month. _{PUBLIC SERVICE COMMISSION MANAGER}

6.2. All statements required to be furnished to National Standard shall be mailed to it at the address set forth in this Agreement. Payments by check payable to the order of Delta Natural Gas Company, Inc. shall be made by National Standard by mailing same within fifteen (15) days after receipt of the bill.

ARTICLE VII. MEASUREMENT.

7.1. Meter(s) and other related equipment installed and maintained by or on behalf of Delta shall be the exclusive method and means of determining the quantity of gas delivered to National Standard. Reading, calibration and adjustment of Delta's meter(s) and related measurement equipment shall be

performed solely by Delta using generally accepted procedures. Delta shall read said meters at regular intervals and the cost of reading, calibrating, adjusting and otherwise maintaining said meter(s), excluding repair of damage caused by National Standard, shall be borne by Delta. Delta shall test the accuracy of any meter in use under this Agreement at regular intervals during the term of this Agreement. Delta shall notify National Standard of each meter test not less than ten (10) days before said test so that National Standard, if it wishes, may be present at said test.

7.2. If either National Standard or Delta challenges the accuracy of any meter in use under this Agreement and requests to have the meter tested, Delta shall test the meter in the presence of National Standard or its representatives if National Standard exercises the right to be present or represented at such test. If the meter on test shall prove to be accurate within plus or minus two percent (2%), the cost of testing the same shall be borne by the party requesting the test, but if the meter on test proves to be in error by more than two percent (2%), then the cost of testing and repairing the same shall be borne by the party who benefitted from the inaccuracy. Meter measurements found to be in error more than two percent (2%) shall be corrected and accounts adjusted accordingly.

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ARTICLE VIII. DELIVERY POINTS AND TITLE.

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8.1. Resources Contract Quantities. The ~~point of delivery~~ from Delta Resources to National Standard shall be at the Delivery Point hereinafter described in this paragraph 8.1.

[Signature]
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Title to the Resources Contract Quantities shall pass from Resources to National Standard at the point of interconnection between the facilities of Delta with the metering facilities at National Standard ("Delivery Point").

8.2. Excess Quantities. The title to the Excess Quantities of natural gas sold by Delta to National Standard hereunder shall pass to National Standard at the Delivery Point.

8.3. After delivery of Excess Quantities and Resources Contract Quantities at the Delivery Point, National Standard shall be deemed in exclusive control and possession thereof and, as between the parties hereto, shall be responsible for any loss of gas or damage, claim, liability or injury caused thereby.

ARTICLE IX. TAXES AND FRANCHISE FEES.

Delta may collect from National Standard any taxes and franchise fees, including, but not limited to, sales tax, school tax and gross receipts tax, which by law may be collected from National Standard whether such tax is now in existence or hereinafter promulgated or applied and such taxes shall be in addition to the price set forth in Article IV of this Agreement, all as set forth in Delta's tariffs on file at the PSC.

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ARTICLE X. FORCE MAJEURE.

10.1. In case any party to this Agreement fails to perform any obligations hereunder assumed by it and such failure is due to acts of God or a public enemy, strikes, riots, injunctions or other interference through legal proceedings, breakage or accident to machinery, equipment or pipe, washouts, earthquakes, storms, freezing of lines or wells, blow-outs, or the compliance

PURSUANT TO 807 KAR 5:011,
AND IS TO PERFORM
By Thomas A. Hill
PUBLIC SERVICE COMMISSION MANAGER

with any statute, either state or federal, or with any order of the federal government or any branch thereof, or of the government of the Commonwealth of Kentucky, or to any causes not due to the fault of such party, or is caused by the necessity for making repairs or alterations in machinery, equipment or lines of pipe, such failure shall not be deemed to be a violation by such party of its obligations hereunder, but such parties shall use due diligence to again put itself in position to carry out all of the obligations which by the terms hereof it has assumed.

10.2. Notwithstanding the provisions of paragraph 10.1, National Standard shall not be relieved of its obligations under Articles IV, V and IX of this Agreement to pay for gas delivered, the Standby Charge and those taxes and franchise fees which Delta may collect from National Standard.

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ARTICLE XI. GOVERNMENTAL REGULATION.

PURSUANT TO 807 KAR 5:011,
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11.1. This Agreement shall be subject to all applicable and valid statutes, rules, orders and regulations of any federal, state or local governmental authority or agency having jurisdiction over the parties, or Resources, their facilities or gas supply, this Agreement or any provision thereof. The parties agree that should any state, federal or local governmental authority or agency with jurisdiction over this Agreement or transactions herein require approval for the Standby Charge or sale of gas hereunder, then each party shall make all necessary applications or filings and shall submit any records or data required by such governmental authority or agency.

BY: PUBLIC SERVICE COMMISSION MANAGER

11.2. Delta shall not be liable for failure to perform hereunder if such failure is due to compliance with rules, regulations, laws, orders or directives of any state, federal or local governmental regulatory authority or agency. If at any time during the term of this Agreement, any federal, state or local governmental authority, agency or regulatory body shall take any action whereby Delta will be prohibited or prevented from receiving in full all amounts and monies which National Standard has agreed to pay Delta or Delta shall be subject to terms, conditions or restraints that in the judgment of Delta are unduly burdensome, Delta, upon fifteen (15) days written notice to National Standard, may cancel and terminate this Agreement.

11.3. Nothing in this Agreement shall prevent either party from contesting the validity of any law, order, rule, regulation or directive of any state, federal or other governmental regulatory authority or agency, nor shall anything in this Agreement be construed to require either party to waive its right to assert the lack of jurisdiction of such regulatory body, governmental entity, or agency over this Agreement or any party thereof.

ARTICLE XII. GOVERNING LAW.

This Agreement was entered into under and, to the extent permitted by law, shall be construed in accordance with the laws of the Commonwealth of Kentucky.

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ARTICLE XIII. NOTICES.

Any notice, request, demand, statement, other communication which either party may desire to give to the other, shall be in writing and shall be delivered to the

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BY: James L. Hill
PUBLIC SERVICE COMMISSION MANAGER

addresses listed below or at such other address as the parties may designate in writing:

To Delta: Delta Natural Gas Company, Inc.
3617 Lexington Road
Winchester, Kentucky 40391
Attention: George S. Billings

To National Standard: National Standard Company
P. O. Box 1620
Corbin, Kentucky 40701
Attention: Bruce McBrayer

ARTICLE XIV. ASSIGNMENT.

National Standard shall not assign this Agreement or any of its rights or obligations hereunder unless it shall have obtained prior written consent of Delta.

ARTICLE XV. SUCCESSORS.

Subject to the terms and conditions of this Agreement, this Agreement shall extend to and be binding upon the successors, heirs and assigns of the parties hereto.

ARTICLE XVI. WAIVER.

A waiver by either party of any one or more defaults by the other in the performance of any provision of this Agreement shall not operate as a waiver of any future default.

ARTICLE XVII. SEVERABILITY.

Except as otherwise provided herein, any provision of this Agreement declared or rendered unlawful by a statute, court of law or regulatory agency with jurisdiction over the parties or either of them shall not otherwise affect the other obligations of the parties under the Agreement.

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BY: *George S. Billings*
PUBLIC SERVICE COMMISSION CLERK

ARTICLE XVIII. HEADING.

The headings of the provisions of this Agreement are used for convenience only and shall not be deemed to affect the meaning or construction of such provisions.

ARTICLE XIX. ENTIRE AGREEMENT.

This Agreement contains the entire agreement between the parties and there are no promises, agreements, warranties, obligations, assurances or conditions other than those contained herein.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands this the day and year first above written.

DELTA NATURAL GAS COMPANY, INC.

By: Allen R. Jennings
Title: President

NATIONAL STANDARD COMPANY

By: B. McBrayer
Title: Purch Mgr

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BY: Sharon L. Baker
PUBLIC SERVICE COMMISSION MANAGER