

NATURAL GAS SERVICE AGREEMENT

BY AND BETWEEN

KENTUCKY OHIO GAS COMPANY (SELLER)
AND
ASHLAND PETROLEUM COMPANY (BUYER)
A DIVISION OF ASHLAND OIL, INC.

DATED

December 1, 1992

TABLE OF CONTENTS

I.	DEFINITIONS	1
II.	PRELIMINARY ACTS	3
III.	SERVICE OPTIONS	3
	A. Firm Sales Service	3
	B. Firm Transportation Service	5
	C. Firm Standby Service	6
IV.	COMMENCEMENT OF DELIVERIES	7
V.	SUPPLY INTERRUPTION	7
VI.	QUALITY AND MEASUREMENT	8
VII.	BILLING AND PAYMENT	9
VIII.	FORCE MAJEURE	10
IX.	TITLE TO GAS	11
X.	EFFECTIVE DATE OF AGREEMENT	11
XI.	TERM OF AGREEMENT	11
XII.	TERMINATION	12
XIII.	NOTICES	12
XIV.	ENTIRE UNDERSTANDING	13
XV.	SEVERABILITY	13
XVI.	WAIVER	13
XVII.	APPLICABLE LAW	13

THIS AGREEMENT, made and entered into this 1st day of December, 1992 by and between Kentucky Ohio Gas Company, a wholly owned subsidiary of KOG Acquisition Corporation, a Delaware Corporation, hereinafter referred to as "Seller"; and Ashland Petroleum Company, a Division of Ashland Oil, Inc., a Kentucky Corporation, hereinafter referred to as "Buyer";

WHEREAS Seller offers to provide natural gas service to Buyer as herein defined and contemplates construction of a pipeline and related facilities (Seller's Facilities or Facilities) which would facilitate the sale and delivery of Natural Gas to Buyer's refinery at Leach, Kentucky, AND;

Whereas Buyer is willing to purchase or transport such quantities of Natural Gas as hereinafter specified and under the terms and conditions herein mutually agreed upon, NOW THEREFORE;

I. DEFINITIONS

- A. Applicable Transportation Charges shall mean the weighted average cost of transporting Natural Gas to Seller's Facilities expressed in Dollars per Million BTU (\$/MMBTU) including, but not limited to actual demand charges, commodity charges, fuel usage, line loss and gathering charges.
- B. BTU as used herein shall mean one British Thermal Unit and is the amount of heat required to raise the temperature of one avoirdupois pound of water from fifty-eight and five-tenths (58.5) degrees Fahrenheit to fifty-nine and five-tenths (59.5) degrees Fahrenheit with water vapor measured as delivered.
- C. Contract Day shall mean a twenty-four hour period beginning at 7:00 AM Eastern Time and ending at 7:00 AM on the following calendar day.
- D. Contract Month shall mean the month beginning with the first day on the meter chart for the Contract Month through the last date on the meter chart. Seller will make its best efforts to change charts on the first day of the calendar month such that a calendar month and a Contract month shall coincide as nearly as possible.
- E. Contract Year shall mean twelve consecutive Contract Months.
- F. Daily Contract Quantity: The Quantities of Natural Gas nominated by Buyer to be purchased from Seller or transported on Seller's Facilities under Firm Sales or Transportation Service shall equal 5,000 MMBTU per Contract Day.

- G. Date of First Delivery shall mean the date on which Natural Gas first flows from Seller's Facilities at the Delivery Point to Buyer's refinery under the terms of this Agreement.
- H. Delivery Point shall be at the flange connecting Seller's Facilities with Buyer's refinery at Leach, Kentucky.
- I. Firm Sales Service or Firm Transportation Service as herein used shall mean deliveries of Quantities of Natural Gas on each and every Contract Day at the pressure agreed to by Seller and Buyer from time to time.
- J. Interruptible Transportation Service as herein used shall mean Seller will use its best efforts to receive and deliver for Buyer's account such Quantity as Buyer nominates each Contract Month. However, should Seller be unable to render the full transportation service contemplated herein, for any reason whatsoever, Seller will not be liable to Buyer for damages.
- K. Monthly Contract Quantity shall mean the total Quantity of Natural Gas purchased by Buyer from Seller for any Contract Month and shall equal the Daily Contract Quantity times the number of Contract Days in any Contract Month.
- L. Natural Gas or Gas as used herein shall mean the mixture of gaseous hydrocarbons composed primarily of methane of pipeline quality.
- M. Quantity or Quantities of Natural Gas as used herein shall be expressed in MMBTU.
- N. Seller's Facilities shall mean the pipeline and distribution system owned by Seller located in Boyd and Greenup Counties, Kentucky and shall include a receipt point on Tennessee Gas Pipeline (TGP) and facilities to transport Natural Gas From TGP to Buyer's refinery.
- O. Seller's Supply shall mean all of the sources of Natural Gas from which Seller makes available to Buyer including without limitation, Natural Gas produced from Seller's wells, Natural Gas purchased by Seller and transported on interstate gas pipelines and pipeline system supplies purchased by Seller.
- P. Seller's Cost of Gas shall mean the weighted average cost of Natural Gas delivered to Seller's Facilities from Seller's Supply in any Contract Month and shall include all Applicable Transportation Charges.
- Q. Quantity Adjustments shall mean the difference between the Quantity of Natural Gas delivered into Seller's Facilities for Buyer's account and the

Quantity of Natural Gas delivered to Buyer's refinery. Such Quantity Adjustments will be limited to Seller's actual losses or gains on the specific facilities used to deliver Quantity to Buyer's refinery. However, at no time will such Quantity Adjustments exceed 2.5 percent of the Quantities delivered onto Seller's Facilities or the Quantity Adjustments allowed by the Kentucky Public Service Commission, whichever is less. For purposes of determining the Quantities of Natural Gas transported to Buyer's refinery, the Quantity Adjustment will be deducted from the Quantities of Natural Gas delivered into Buyer's Refinery.

II. PRELIMINARY ACTS

A. This Agreement shall not become effective until:

1. Seller obtains the approval of this Agreement by the Kentucky Public Service Commission; and
2. Undertakes at its sole risk and expense and completes the construction of any and all of Seller's Facilities necessary to make sales and deliveries from either Tennessee Gas Pipeline or Columbia Gas Transmission.

III. SERVICE OPTIONS

For any Contract Month, Buyer may elect to purchase Natural Gas from Seller or to transport Natural Gas on Seller's Facilities or to both purchase Natural Gas from Seller and transport Buyer's Natural Gas on Seller's Facilities. In any event, all service options and any mix of service options shall be subject to the Minimum Daily Contract Quantities and the Maximum Daily Contract Quantities as defined herein.

To elect a particular service or mix of services, at least 30 days prior to the commencement of a Contract Month, Buyer will specify the mix of services desired and provide an estimate of the Contract Quantities of Natural Gas to be purchased or transported under each service election. That service mix will continue until Buyer provides Seller written notice of a change. Any changes hereunder will take effect for the Contract Month beginning at least 30 days following receipt of the notice of change by Seller. Such election of service and nomination of quantities may be delivered to Seller orally or by telephone but shall be confirmed in writing.

- A. **Firm Sales Service:** In any Contract Month, Buyer may elect to have Seller acquire Natural Gas supplies, arrange for transportation to Seller's city gate and deliver to the Delivery Point such quantities as Buyer may nominate.

1. Contract Quantity

- a. Prior to the date upon which nominations are due to the interstate pipelines, Buyer will nominate the Daily Contract Quantity, expressed in MMBTU's per Contract Day, to be delivered to Buyer during the following Contract Month.
- b. Minimum Daily Quantity: Buyer may defer taking delivery of the Daily Contract Quantity of 5,000 MMBTU, or any portion thereof, on any Contract Day and take delivery of the deferred Quantities on any subsequent Contract Day provided that Buyer will give Seller timely notice of the Quantities for which it will defer delivery and the days the deferred Quantities are to be delivered.
- c. Maximum Daily Quantity: Seller is obligated to make delivery of up to 150 Percent of the Daily Contract Quantity to the Delivery Point.
- d. Monthly Contract Quantity: Buyer is obligated to take delivery of or pay for its Daily Contract Quantity times the number of days in the Contract Month. However, actual deliveries may vary from day to day so long as for each Contract Month the total quantity of Natural Gas delivered hereunder is equal to the Daily Contract Quantity multiplied by the number of Contract Days in the applicable Contract Month.

2. Price

- a. The price for the Quantities sold and delivered hereunder will be calculated as of the last Contract Day of each Contract Month as follows:
 - (i) Seller's Cost of Gas delivered to Seller's Facilities during the Contract Month;plus
 - (ii) Eighteen ¹/₁₀ Point Five Cents Per Million BTU (\$0.185/MMBTU).

B. Firm Transportation Service: In any Contract Month, Buyer may elect to have Seller transport Natural Gas from Seller's receipt point or points on the interstate pipeline(s) for delivery to the Delivery Point.

1. Contract Quantity

- a. Prior to the date upon which nominations are due to the interstate pipelines, Buyer will nominate the Daily Contract Quantity, expressed in MMBTU's per Contract Day, to be delivered to Buyer during the following Contract Month.
- b. Minimum Daily Quantity: Buyer may defer taking delivery of the Daily Contract Quantity of 5,000 MMBTU, or any portion thereof, on any Contract Day and take delivery of the deferred Quantities on any subsequent Contract Day provided that Buyer will give Seller timely notice of the Quantities for which it will defer delivery and the days the deferred Quantities are to be delivered.
- c. Maximum Daily Quantity: Seller is obligated to make delivery of up to 150 Percent of the Daily Contract Quantity to the Delivery Point.
- d. Monthly Contract Quantity: Buyer is obligated to take delivery of and pay transportation charges on its Daily Contract Quantity times the number of days in the Contract Month. However, actual deliveries may vary from day to day so long as for each Contract Month the total quantity of Natural Gas delivered hereunder is equal to the Daily Contract Quantity multiplied by the number of Contract Days.

2. Transportation Tariff

The Tariff for the Quantities transported hereunder will be Eighteen Point Five Cents Per Million BTU (\$0.185/MMBTU).

C. Firm Standby Service: As part of any sales or transportation Quantity of Natural Gas delivered to Buyer, Buyer may elect, in any Contract Month, to have Seller provide standby service for Quantities of Natural Gas transported under third party Interruptible Transportation Service. Under such service Seller will sell and deliver to Buyer Quantities of Natural Gas to replace Quantities which were to have been delivered to Seller's Facilities by one or more upstream pipelines and which were not delivered due to an interruption in service.

1. Contract Quantities

- a. Seller will advise Buyer of the quantities of Natural Gas that it is able to reserve for Buyer, on a Standby Basis as backup to Interruptible Transportation Service Natural Gas nominated by Buyer. Seller will use its best efforts to reserve all of the quantities nominated by Buyer.
- b. Upon written confirmation by Seller to Buyer of the Quantities Seller has reserved for Buyer, Seller will have a binding commitment to make those quantities available to Buyer on each and every Contract Day subject only to Article V, Supply Interruption.

2. Price

- a. Standby Demand Charge: For quantities nominated by Buyer and reserved by Seller, Buyer and Seller will agree upon a Standby Demand Charge.
- b. Commodity Charge:
 - (i) For quantities sold and delivered to Buyer as Backup to interrupted transportation quantities, Buyer will pay a Standby Commodity Charge equal to Sellers Cost of Gas plus Eighteen Point Five Cents Per Million BTU (\$0.185/MMBTU).
 - (ii) For quantities Transported to Buyer as Backup to interrupted transportation quantities, Buyer will pay a Standby Commodity Charge equal to the Firm Transportation Service Tariff of Eighteen Point Five Cents Per Million BTU (\$0.185/MMBTU).

IV. COMMENCEMENT OF DELIVERIES

Upon the Effective Date of this Agreement or as soon as Seller's Facilities are capable of delivering the Minimum Contract Quantities provided for hereunder or as soon thereafter as practical, Seller will deliver Natural Gas to Buyer and Buyer will accept such deliveries pursuant to the terms of this Agreement.

V. INTERRUPTION OF SELLER'S SUPPLY

- A. Buyer recognizes that Seller's Supply is comprised of a mix of produced and purchased Natural Gas. Seller has, or will have, available to it a variety of purchased Natural Gas sources to satisfy Firm Sales Service commitments. Seller's Natural Gas acquisition strategies and practices will be Seller's sole responsibility and prerogative but will be pursued with supply security as its first priority and low cost as its second priority. The parties recognize that events may occur which may cause partial or complete interruption of one or more of Seller's Supply sources.
- B. If a shortage of Natural Gas, temporary or permanent, including shortage for reason of force majeure, renders Seller unable to supply the full Natural Gas sales requirement as required by Buyer on any day or days during the term hereof, then it is mutually agreed that one hundred percent (100%) of the Natural Gas requirements of Seller's domestic consumers will first be supplied in order to satisfy such domestic consumers, hospitals, schools, retail establishments and other small commercial establishments which in Seller's judgment, through law, governmental regulation or public policy, may require a continuous or preferential supply in the public interest.
- C. The remaining Natural Gas of Seller available on any such day or days will be allocated by Seller first to its Firm Sales Service industrial commitments on a pro rata basis and second to interruptible commitments.
- D. Any such curtailments will not result in liability to Seller for either the curtailment or the order or manner of curtailment. Allocations will be made as fairly and equitably as possible to permit Seller to continue its operation in an efficient manner, while striving to minimize the effect and duration of such shortage to Buyer. Seller will use its best efforts to reinstate normal service to Buyer as soon as possible after the occurrence of any such shortage of supply.

- E. Buyer will not be obligated to make up any Quantities of Natural Gas which are not delivered to Buyer by Seller for any reason under Buyer's contract purchases.

VI. QUALITY AND MEASUREMENT

- A. The Natural Gas delivered hereunder, whether Natural Gas delivered to Seller by an interstate pipeline or Seller's own produced Natural Gas shall be of commercial quality containing no more than ten (10) grains of total sulfur per one hundred cubic feet. The Natural Gas so delivered shall contain an average total heating value for any twelve (12) month period of not less than one thousand (1,000) British Thermal Units (BTU) per cubic foot, provided, however, Buyer shall not be required to accept Natural Gas hereunder having a heating value of less than one thousand (1,000) BTU per cubic foot.
- B. Measurement of Natural Gas quantities sold or delivered hereunder will be the responsibility of the Seller. Meters and other related equipment and Facilities installed and maintained by or on behalf of Seller will be the exclusive method and means of determining the quantity of Natural Gas, as measured by its heat content, delivered to Buyer, except as otherwise herein expressly provided. Reading, calibration and adjustment of Seller's meters and related measurement equipment will be performed solely by Seller using generally accepted procedures, but such readings, calibration and adjustment may be witnessed by representatives of Buyer. The meters and related measurement equipment of Seller will be calibrated at least four (4) times per calendar year at intervals not to exceed one hundred-twenty (120) days or otherwise as mutually agreed, by and at the expense of Seller, and, if Buyer so elects upon receipt of advance notice from Seller of the time and nature of each such test, in the presence of a representative of Buyer. On request of Buyer at reasonable intervals, Seller will conduct at its own expense additional tests of the meters and other measurement equipment of Seller in the presence of Buyer's representatives, the time for such test to be set promptly by Seller upon receipt of written notice from Buyer that such test is desired. If such test discloses, however, that the meter(s) and other measurement equipment are correct within the meaning indicated below, the cost to Seller of making such test will be paid for by Buyer to Seller.

Any meter found on test to register an amount not more than 2% fast or slow will be deemed to be correct, but will be corrected at once to read accurately. In the event any meter and/or instrument on test is be found to be more than 2% fast or slow, Seller will repair or replace the meter and billing adjustments will be made for the Natural Gas delivered during the entire period said meter and or instrument was registering inaccurately, if definitely known;

otherwise said period will in no event be deemed to extend prior to the beginning of the last monthly billing period preceding the one giving rise to complaint or request for test, and such adjustment will be in full settlement of all claims which may arise on account of such inaccuracy. Adjustment will be made upon the basis of the best data available, using the first of the following methods which is feasible: (a) by correcting the error, if the percentage of error is ascertainable by calibration test or mathematical calculation; or, (b) by estimating the quantity of Natural Gas delivered by comparison with deliveries during preceding periods under similar conditions when accurate registration was obtained. Seller will make provisions for reading its meter(s) and other related equipment at regular intervals. Seller's charts or records applying to this Agreement will be accessible to Buyer for inspection and examination at all reasonable times.

- C. Natural Gas transported by Seller for delivery to Buyer shall be of pipeline quality, as that term is generally understood in the industry. Seller shall have no liability to Buyer for any deviation in quality between the Natural Gas delivered to any pipelines upstream of Seller's Facilities and Natural Gas delivered to Seller's Facilities for delivery to Buyer.

VII. BILLING AND PAYMENT

- A. On or before the fifteenth day of each calendar month following commencement of deliveries hereunder, Seller will render to Buyer a statement showing the amount of Natural Gas delivered during the most recent Contract Month, together with the pricing of the Natural Gas so delivered. The statement will be delivered to Buyer at the address and in the form specified in Article XIII NOTICES.
- B. Within twenty-five days of receipt of the statement, Buyer will remit to Seller the full amount of payment due to Seller.
- C. If any portion of either the quantities delivered or the price pertaining to any Quantity delivered is disputed by Buyer, the portion not in dispute will be paid promptly to Seller. Both parties agree to work in good faith and with all deliberate speed to expeditiously resolve any billing disputes.
- D. For purposes of verification of Seller's Cost of Gas, Seller shall make available to Buyer any and all documentation necessary for Buyer to replicate the calculations of Seller's Cost of Gas. Such access to Seller's records shall be available for a period of six calendar months from the date of the statement.

VIII. FORCE MAJEURE

- A. In the event that either Seller or Buyer is rendered unable, by reason of an event of Force Majeure, to perform, wholly or in part, any obligation under this Agreement, then upon such party's giving notice and full particulars of such event as soon as practicable after the occurrence thereof, the obligations of both parties, except for unpaid financial obligations arising prior to such event of Force Majeure, will be suspended to the extent and for the period of such Force Majeure condition.
- B. The term Force Majeure as employed herein shall mean any cause not reasonably within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. Such term will likewise include without limitation by the following enumeration: acts of God and the public enemy, the elements, fire, accidents, breakdowns, shut-downs for purposes of necessary repairs, breakage or accident to machinery or lines of pipe, the necessity of making repairs or alterations to machinery or lines of pipe, inability to obtain materials, supplies, permits or labor to perform or comply with any obligation or condition of the Agreement, strikes and any other industrial, civil or public disturbances.
- C. Neither Seller nor Buyer will be entitled to the benefit of the provisions of this Article under either or both of the following circumstances:
1. To the extent that the failure was caused by the party claiming suspension having failed to remedy the condition by taking all reasonable acts and having failed to resume performance under this Agreement with reasonable dispatch; or
 2. If the failure was caused by lack of funds or with respect to the payment of any amount or amounts then due hereunder.
- D. In the event that during the term hereof either party claims a suspension of its obligations for the reason of any Force Majeure event, then the term of this Agreement will be extended for a period equal to the duration such suspension is in effect for a maximum period of 12 months from date of notification of any such Force Majeure event.

IX. TITLE TO GAS

A. Title to Natural Gas sold hereunder shall pass from Seller to Buyer and vest in Buyer at the Delivery Point. Seller will be solely liable and responsible for said Natural Gas prior to the time of delivery to Buyer, and Buyer will be solely liable and responsible thereafter.

1. Seller hereby warrants title to all Natural Gas sold to Buyer hereunder and that Seller has the right to sell such Natural Gas.
2. Seller will indemnify and hold Buyer harmless from all suits, claims, liens, damages, costs, losses, expenses and encumbrances of any nature arising from claims regarding said Natural Gas before title to the Natural Gas passes to Buyer.

B. For Natural Gas transported hereunder:

1. Seller will act solely as agent for Buyer and will not acquire title to, or an interest in, any such Natural Gas transported.
2. Buyer warrants title to all Natural Gas delivered into Seller's Facilities for Buyer's account to be transported by Seller to Buyer's refinery. Buyer will indemnify and hold Seller harmless from all suits, claims, liens, damages, costs, losses, expenses and encumbrances of any nature arising from breach of the aforesaid warranty.

X. EFFECTIVE DATE OF AGREEMENT

This Agreement shall be effective as of the first day of the month during which deliveries of Natural Gas commence.

XI. TERM OF AGREEMENT

- A. The Term of this Agreement shall be 10 years from the Effective Date. At the conclusion of the primary term, this Agreement shall continue thereafter from month to month until canceled by either party upon 30 days prior written notice to the other.
- B. The provisions of this Agreement will be binding upon and inure to the benefit of the successors and assigns of each of the parties hereto. Seller may assign any of its rights or obligations hereunder without the consent of the other party, and any party may, without relieving itself of any obligations

under this Agreement, assign any of its rights hereunder to any entity with which it is affiliated. Buyer may assign unilaterally, without recourse by Seller, any and all of its obligations, duties, rights or liabilities under this Agreement. Such assignment shall be without recourse by the Seller, and all obligations, duties, rights or liabilities of Buyer are relieved upon assignment. Any entity which shall succeed by purchase, merger, consolidation or otherwise to the properties substantially as an entirety of either party hereto will be entitled to the rights and will be subject to the obligations of its predecessor in title under this Agreement.

XII. TERMINATION

- A. Upon default by either party in the performance of any of the terms, provisions, conditions or covenants contained herein, the party not in default shall give the defaulting party written notice specifying such default, and the defaulting party shall have twenty days after receipt of such notice to remedy the default. If at the end of said twenty days the defaulting party has not remedied the default, the other party may, at its option, terminate this Agreement upon written notice to the defaulting party.
- B. Either party may terminate this Agreement if receivership or bankruptcy proceedings are initiated by or against the other party.
- C. Termination of this Agreement for any of the causes herein shall be without prejudice to any other right or remedy available to it under this Agreement, in equity or at law.

XIII. NOTICES

- A. Notices hereunder shall be given in writing and delivered via U.S. Mail, courier or telephone facsimile as follows:
 - 1. Seller: Kentucky Ohio Gas Company
2560 Hoods Creek Pike
Ashland, Kentucky 41102
Attn: General Manager
Telephone/Facsimile (606) 324-6995

2. Buyer: Ashland Petroleum Company,
Division of Ashland Oil, Inc.
P.O. Box 391
Ashland, KY 41114
Attn: Vice President, Refining
Telephone Facsimile (609) 329-3676

XIV. ENTIRE UNDERSTANDING

- A. This Agreement contains all of the terms and provisions agreed to by the parties concerning the subject matters hereof. Except as stated herein, there are no oral promises, agreements, warranties, assurances or conditions precedent.
- B. Any change, modification or alteration of this Agreement will be in writing, signed by the parties hereto, and no course of dealing between the parties will be construed to alter the terms this Agreement except as expressly stated herein.

XV. SEVERABILITY

If any provision of this Agreement, or the application of any such provision, is held invalid, the remainder of this Agreement shall not be affected and shall remain in full force and effect.

XVI. WAIVER

The failure of either party to insist upon the performance of any of the terms or conditions of this Agreement shall not be construed as a waiver of such party's rights with respect to any continuing or subsequent breach of those or any other terms or conditions.

XVII. APPLICABLE LAW

- A. This Agreement shall be construed and interpreted in accordance with the laws of the Commonwealth of Kentucky. This Agreement was prepared by both parties hereto and not any party to the exclusion of any other.
- B. This Agreement is subject to all applicable Federal, Kentucky and local laws and regulations promulgated from time to time.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed

This 1st Day of December, 1992

SELLER

Kentucky Ohio Gas Company

Jeremy F. Sutherland
WITNESS

BY Jeffrey J. Decker
TITLE VP President

BUYER

Ashland Petroleum Company,
Division of Ashland Oil, Inc.

Deborah S. Cooney
WITNESS

BY James E. Carbell
TITLE Vice President - Refining