

Contract No. WKG-1005

LARGE VOLUME NATURAL GAS SERVICE AGREEMENT

BETWEEN

ISP CHEMICALS INC.

AND

WESTERN KENTUCKY GAS COMPANY,  
A Division Of  
ATMOS ENERGY CORPORATION

DATED

JULY 1, 1992

RECEIVED

JUL 08 1992

P.S.C.  
RESEARCH DIVISION

PUBLIC SERVICE  
COMMISSION

JUL 7 3 21 PM '92

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AUG 6 1992

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

BY: Sharon Deller  
PUBLIC SERVICE COMMISSION MANAGER

LARGE VOLUME NATURAL GAS SERVICE AGREEMENT

THIS NATURAL GAS SERVICE AGREEMENT ("Service Agreement" or "Agreement") is made and entered into this 1st day of July, 1992, by and between WESTERN KENTUCKY GAS COMPANY, a division of Atmos Energy Corporation, a Texas corporation (WKG), and ISP CHEMICALS INC., a Delaware corporation ("Customer"), also jointly referred to as the "parties".

W I T N E S S E T H :

WHEREAS, WKG desires to provide to Customer, and Customer desires to obtain natural gas service 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. WKG agrees to provide to Customer, and Customer agrees to receive from WKG, all of Customer's natural gas volume requirements (gas service) for Customer's facility located at or near Calvert City, Kentucky, as specified below, subject to the provisions of the referenced tariffs, and subject to the related government rules and regulations governing natural gas service and this Service Agreement including its attached exhibits and general terms and conditions; provided, however, that WKG shall have no obligation to provide gas service to Customer in excess of the maximum volumes hereinafter specified:

<u>Tariffs</u>	<u>Maximum MCF/Day</u>
Sales Rate G-1 (Priority 4)	PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE
Sales Rate G-2 (Priority 5)	260
Sales Rate G-2 (Priority 6)	AUG 6 1992
Transportation Rate T-2 (Priority 4, 5, or 6)	260 PURSUANT TO 807 KAR 5:011, SECTION 9 (1)
Carriage Rate T-3 (Priority 7)	5,700 <i>Glenn Walker</i> PUBLIC SERVICE COMMISSION MANAGER

During any billing period, volumes delivered to Customer shall, regardless of nominations, be deemed to first satisfy the G-1/T-2 commitment, if any; then the G-2/T-2 commitment, if any; and finally the T-3 commitment, if any. Subject to the above-stated daily levels, the parties further agree to the following levels of gas service:

(a) Base Period Volumes in Mcf		
	Priority No. 5	Priority No. 7
November	7,800	102,200
December	8,060	94,940
January	8,060	105,940
February	7,280	89,720
March	8,060	87,940
<b>TOTAL WINTER</b>	<b>39,260</b>	<b>480,740</b>
April	7,800	82,200
May	8,060	64,940
June	7,800	44,200
July	8,060	46,940
August	8,060	61,940
September	7,800	48,200
October	8,060	79,940
<b>TOTAL SUMMER</b>	<b>55,640</b>	<b>428,360</b>

(b) Utilization: Chemical Mfg.

(c) Maximum Hourly Demand - Priority 5 Mcf 20

(d) Maximum Hourly Demand - Priority 7 Mcf 280

(e) Maximum Hourly Demand - Priority Mcf

(f) Maximum Daily Demand - Priority 5 Mcf 260

(g) Maximum Daily Demand - Priority 7 Mcf 5,700

(h) Maximum Daily Demand - Priority Mcf

(i) Delivery Pressure: 33 psig

(j) Customer's Service   ISP CHEMICALS INC.  
 Address                   Highway 95  
                                   Calvert City, Kentucky 42029

(k) Total Connected Load: 300 Mcfh

(l) Notwithstanding the foregoing, Customer shall retain the right, at any time, upon sixty (60) days written notice to WKG, to redistribute its service mix between G-2/T-2 and T-3 or any new service which is available. This right may be exercised once during the Primary Term of this Agreement.

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 BY: Clayton J. Miller  
 PUBLIC SERVICE COMMISSION MANAGER

2. Price. Except as provided in the following two paragraphs, the price to be paid by Customer shall be in accordance with the rate schedule under which the service is rendered. Such rates, including gas cost adjustments, shall be subject to change as permitted by law. Any Federal, State or other legal taxes resulting from the sale or transportation of natural gas hereunder, other than those based upon or measured by WKG's income which apply now or may hereafter be imposed shall be paid by the Customer in addition to the rates as specified. In the event that rates applicable to the Customer are increased, excluding increases resulting from WKG's Gas Cost Adjustment provision as stated in WKG's Rates, Rules, and Regulations for Furnishing Natural Gas, Customer may (1) change the tariff classifications of the volumes set forth in Paragraph 1 of the Agreement, or (2) terminate this Agreement, by giving written notice thereof at any time prior to sixty (60) days after the rate increase becomes effective. Customer may change such tariff classifications only if WKG can accommodate such changes based upon its existing contractual arrangements with its suppliers, or if WKG is able to negotiate the proper arrangements. Gas service supplied after higher rates become effective shall be taken and paid for at such increased rates.

Customer shall receive a five-cent (\$.05) per Mcf discount off the otherwise applicable rate for all volumes delivered by WKG to Customer. An additional discount may apply to all volumes in excess of "base period volumes" as set out in the foregoing Subsection 1.(a), pursuant to WKG's fuel flex tariff provisions.

For gas service under Carriage Service Rate T-3, the overrun charge per Mcf shall be 110% of the Interruptible Service Rate G-2 and any assessed Texas Gas Transmission Company (TGT) charges related to the overrun volumes. The terms "overrun volumes" and "overrun charges" refer to volumes in excess of the aggregate of transportation volumes delivered to the receipt point on behalf of Customer, its available "banked" volumes and its residual G-1 and G-2 contract levels, if any. The Customer agrees to notify the Company in advance of Customer attempting to take any overrun volumes. Such notification does not, however, entitle Customer to any overrun volumes. The pricing provision above shall not apply to overrun volumes, and the curtailment violation penalty charge provided in the Rate T-3 tariff is not changed by this Agreement, but may be waived by WKG in its discretion. During any applicable curtailment period, overrun volume PUBLIC SERVICE COMMISSION OF KENTUCKY CURTAILABLE BEFORE CURTAILMENT OF G-2 standby sales. EFFECTIVE AUG 6 1992 PURSUANT TO 807 KAR 5:011, SECTION 9 (1)

extent that TGT's notice or grace periods related to lost gas supply replacement are more advantageous to Customer than those provided in WKG's Rate T-3 Terms and Conditions, the TGT procedures will apply. Customer will be responsible for charges assessed by TGT related to Customer's lost gas supply replacement activity, if any. The Company shall

Customer for "banked" volumes (see Section 6 of attached "General Terms and Conditions") except to the extent the balance of Customer's banked volumes exceed 15% of deliveries by WKG in any month, and then, only in accordance with charges, if any, approved or accepted by the appropriate regulatory authority after notice to Customer.

3. Term. This Service Agreement shall become effective on July 1, 1992 (or the first day of the month when accepted by the Kentucky Public Service Commission, whichever is later), and shall continue in full force and effect until October 31, 1993 (the "Primary Term"), and year-to-year thereafter unless and until terminated at the end of the Primary Term or any year thereafter by either party hereto upon one hundred twenty (120) days prior written notice to the other party. Customer agrees that while this Service Agreement is in effect, it will not circumvent or bypass WKG's service or facilities.

4. Notices. Any notice required to be given under this Service Agreement or any notice which either party hereto may desire to give the other party shall be in writing and shall be considered duly delivered when hand-delivered or when deposited in the United States mail, postage prepaid, registered or certified, and addressed as follows:

If to WKG: WESTERN KENTUCKY GAS COMPANY  
311 W. 7th Street  
P.O. Box 866  
Owensboro, Kentucky 42302  
Attention: Large Volume Sales  
Department

If to Customer: ISP CHEMICALS INC.  
Purchasing Department  
1361 Alps Road, Bldg. 8, Floor 2  
Wayne, New Jersey 07470  
Attention: Mr. Charles R. Nuckolls  
Manager of Energy

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

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

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BY: Charles R. Nuckolls  
PUBLIC SERVICE COMMISSION MANAGER

6. Other Terms. No waiver by either party hereto of any default of the other under this Agreement shall operate as, or be deemed to be, a waiver of any other or subsequent default, whether of a like or different nature. No modification or amendment of the terms of this Agreement shall become effective unless in writing and signed by the party or parties to be bound by such modification or amendment.

7. Regulatory Approvals. Notwithstanding the foregoing, if all regulatory approvals and consents are not obtained within sixty (60) days from July 1, 1992, Customer may terminate this Agreement upon ten (10) days prior written notice.

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, <sup>GRW</sup>  
A Division Of  
Atmos Energy Corporation

By: Paul Fischer <sup>GRW</sup>

Title: President

ISP CHEMICALS INC.

By: [Signature]

Title: VICE PRESIDENT, PURCHASING

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BY: [Signature]  
PUBLIC SERVICE COMMISSION MANAGER

EXHIBIT "A"

GENERAL TERMS AND CONDITIONS  
TO  
LARGE VOLUME NATURAL GAS SERVICE AGREEMENT

1. This Service Agreement is subject to all applicable and valid statutes, ordinances, and the rules, regulations and orders of the Kentucky Public Service Commission.

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. Title to sales gas shall pass from WKG to Customer, upon the delivery thereof, at the delivery point. 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 "B" attached hereto.

4. As between the parties hereto solely, WKG shall be deemed in exclusive control and possession of the gas after the delivery thereof at the Receipt Point(s) and prior to the redelivery thereof, to or for the account of Customer at the delivery point. At all other times, as between the parties hereto solely, Customer shall be deemed in exclusive control and possession of the gas and responsible for any damages, losses, or injuries caused by Customer's handling, delivery, or receipt thereof. Customer agrees to indemnify, defend, and hold WKG harmless from and against any and all claims, liabilities, damages, losses, costs, and expenses (including reasonable attorneys' fees) incurred by WKG arising from or relating to any damages, losses, or injuries for which Customer is responsible pursuant to the provisions of this Service Agreement, except in instances of WKG's breach of this Agreement or the negligent acts or omissions of WKG, its employees or agents, in the performance of this Agreement. WKG agrees to indemnify, defend, and hold Customer harmless from and against any and all claims, liabilities, damages, costs, and expenses (including attorneys' fees) incurred by Customer arising from or relating to any damages, losses, or injuries for which WKG is responsible pursuant to the provisions of this Service Agreement except in instances of

Customer's breach of this Agreement or the negligent acts or omissions of Customer, its employees or agents, in the performance of this Agreement.

5. In the event that either WKG or Customer is rendered unable, wholly or in part, by reason of an event of force majeure, to perform its obligations under this Service 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 other party as soon as possible after the occurrence of the cause which constitutes the force majeure event, 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 Service Agreement; or any other cause of a similar nature 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 incurred by WKG related to the transporting activity on the transporting interstate pipeline system. To the extent imbalances owed to Customer 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 the Customer to have a monthly "banked" gas balance of up to 15% of deliveries by WKG in any month without charge. Customer understands that system operational constraints may occasionally restrict the ability to access or increase "banked" volumes. To the extent authorized by the G-1 and G-2 contract levels, if any, specified in this Agreement, when the volume of gas taken by Customer during a billing period exceeds the aggregate of its T-2 and T-3 transportation volumes and its available "banked" volumes, Customer shall pay WKG for such volumes at the applicable sales tariff rate. Provided, however, during any billing period during which Customer nominated under rate T-3, all overrun volumes in excess of transportation volumes, available T-3 "banked" volumes and residual G-1 and G-2 contract levels, if any, shall be deemed rate T-3 overrun gas for billing purposes.

7. In the event of default hereunder by either party, in addition to all rights and remedies at law or in equity to which the other party may be entitled, the defaulting party agrees to reimburse the non-defaulting party for all reasonable attorneys' fees, court costs and other expenses incurred. Further, Customer agrees to indemnify and hold WKG harmless with regard to any and all fees, costs and expenses (including reasonable attorneys' fees) incurred by WKG in relation to all claims, disputes and suits which arise under or are related to this Service Agreement, except to the extent WKG was negligent in the performance of its duties as expressly defined in this Service Agreement.

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

9. This Service Agreement and all exhibits hereto constitutes the entire agreement between the parties 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.

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BY: Sharon Deller  
PUBLIC SERVICE COMMISSION MANAGER

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

Receipt Point: A metering station located in Marshall County, Kentucky, at Longitude 88 degrees, 18 minutes, 15 seconds, Latitude 37 degrees, 1 minute, 45 seconds, approximately 0.5 miles west of Gilbertsville, Kentucky. (Meter No. 1884)

Delivery Point: Western Kentucky Gas Company's meter(s) located at ISP Chemicals Inc.'s Calvert City Plant Highway 95 Calvert City, Kentucky 42029

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BY: Chas. Latta  
PUBLIC SERVICE COMMISSION MANAGER

EXHIBIT "C"

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

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

1. WKG has the authority, as Customer's agent, to negotiate and execute, with Customer's prior approval, such gas agreements as may be necessary or convenient to carry out the terms of this Service 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 or supplies.
2. WKG shall transmit payments due under said agreements from Customer to the parties to whom said payments are due. In furtherance of this, WKG shall invoice Customer for said charges, and Customer shall pay the same contemporaneously with billings and due dates for services under the Service Agreement.
3. Customer agrees that WKG assumes no obligations or liabilities (except for administrative obligations) regarding (i) any nomination received by WKG from Customer, and (ii) any fees incurred by Customer in furtherance of this Exhibit "C", unless in either case such obligations or liabilities arise as a result of WKG's negligence.

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BY: Cheryl H. Miller  
PUBLIC SERVICE COMMISSION MANAGER