

NATURAL GAS TRANSPORTATION AGREEMENT

THIS NATURAL GAS TRANSPORTATION AGREEMENT, hereinafter "Agreement", is made and entered into this 27th day of August, 1985, by and between NATIONAL-SOUTHWIRE ALUMINUM COMPANY, a Delaware corporation, hereinafter "NSA", and TEXAS AMERICAN ENERGY CORPORATION, by and through its unincorporated division, Western Kentucky Gas Company, a Delaware corporation, hereinafter "Western".

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W I T N E S S E T H:

DEC 20 1988

PURSUANT TO KRS 5:011,
SECTION 9(4)

BY: *[Signature]*
PUBLIC SERVICE COMMISSION MANAGER

WHEREAS, NSA has contracted to purchase natural gas for use at its existing facility located at the NSA complex, Hawesville, Hancock County, Kentucky, from sources other than Western; and,

WHEREAS, NSA desires to have said natural gas transported by way of Western's natural gas distribution system to the above-mentioned facility; and,

WHEREAS, Western is agreeable to transporting said natural gas to the above-mentioned facility pursuant to the terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the premises and mutual covenants hereinafter set out, NSA and Western hereby covenant and agree as follows:

EXHIBIT A

ARTICLE I

DEFINITIONS

1. The following definitions shall apply to this Agreement:

- a. "Point(s) of Receipt" shall mean the location(s), as specified in Exhibit "A" attached hereto, at which the natural gas to be transported under this Agreement first enters the natural gas distribution system owned and/or controlled by Western.
- b. "Point(s) of Delivery" shall mean the location(s), as specified in Exhibit "A" attached hereto, at which the natural gas transported under this Agreement leaves the natural gas distribution system owned and/or controlled by Western and enters into pipes owned and/or controlled by NSA. PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE
- c. "Legally Effective Rate" shall mean Western's General Transportation Rate as filed with the Public Service Commission of Kentucky. A copy of said rate in effect as of the effective date of the Agreement is attached hereto and marked Exhibit B. DEC 20 1988 PURSUE IN... MARK 5:011, SECTION 9.11 PUBLIC SERVICE COMMISSION MANAGER
- d. "Mcf" shall mean one thousand (1,000) cubic feet of natural gas as determined pursuant to the terms of the measurement basis as set forth in paragraph two (2) of Article II herein.
- e. "Month" shall mean a period beginning at 8:00 a.m., local time, on the first day of a calendar month and ending at 8:00 a.m., local time, on the first day of the next succeeding calendar month.
- f. "Day" shall mean a period of twenty-four (24) consecutive hours beginning and ending at 8:00 a.m. local time.

- g. "Receive" and/or "Received" shall mean to take or to have taken into possession and/or control. In the case of the natural gas to be transported under this Agreement, said natural gas shall be deemed to be received when said natural gas first enters the natural gas distribution system owned and/or controlled by Western at the Point(s) of Receipt.
- h. "Transport" and/or "Transported" shall mean to carry or convey or to have carried or conveyed the natural gas covered by this Agreement by and through the natural gas distribution system owned and/or controlled by Western from the Point(s) of Receipt to the Point(s) of Delivery.
- i. "Deliver" and/or "Delivered" shall mean to give or to have given possession and/or control. In the case of the natural gas to be transported under this Agreement, said natural gas shall be deemed to be delivered when said natural gas passes from the natural gas distribution system owned and/or controlled by Western into pipes or other structures owned and/or controlled by NSA at the Point(s) of Delivery.

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ARTICLE II

TRANSPORTATION SERVICE

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PURSUANT TO KY KAR 5:011,
SECTION 9.41)
BY: [Signature]
PUBLIC SERVICE COMMISSION MANAGER

1. Western agrees to receive at the Point(s) of Receipt those volume(s) of natural gas owned by NSA, and to transport and deliver the same to and at the Point(s) of Delivery.

2. The unit of volume of the natural gas subject to this Agreement shall be as determined in Western's "Rates, Rules and Regulations for Furnishing Natural Gas" as filed with the Public Service Commission of Kentucky.

3. NSA warrants that the natural gas received, transported and delivered by Western under this Agreement is owned by NSA and is free from all liens and adverse claims, including liens to secure payment of production and/or severance taxes, and any and all other taxes of whatever nature. NSA agrees to release, indemnify and hold harmless Western from any and all liability from any suit, action, loss and expense arising from or out of adverse claims of any and all parties to said natural gas. In addition, NSA agrees to release, indemnify and hold harmless Western from any and all liability for any royalty, tax, license fee or charge on the natural gas covered by this Agreement which are or may be applicable thereto before said natural gas transported under this Agreement is delivered to Western at the Point(s) of Receipt, or which may be levied and/or assessed thereon during the period in which said natural gas is transported under this Agreement.

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ARTICLE III

DEC 20 1988

SCHEDULING

PURSUANT TO KRS 201.011,
SECTION 9(1)

1. NSA shall furnish Western with ~~BY a schedule of the~~ ^{the} monthly volume(s) of natural gas it desires to have transported under the terms of this Agreement at least ten days prior to the commencement of said month. In addition, such schedules shall show the daily volume(s) Western will receive at the Point(s) of Receipt hereunder.

[Signature]
PUBLIC SERVICE COMMISSION MANAGER

2. NSA shall give Western at least twenty-four (24) hours notice prior to the commencement of any day in which NSA desires to change any volume(s) previously furnished under paragraph one (1) of this Article III. Western may waive this notice requirement upon written request if, in its sole judgment, operating conditions permit.

3. It is the intent of the parties hereto that the natural gas NSA causes to be received by Western at the Point(s) of Receipt hereunder shall be as nearly as possible at uniform hourly rates. Departures from scheduled deliveries by NSA shall be kept to the minimum permitted by the operating conditions of the natural gas distribution system owned and/or controlled by Western.

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ARTICLE IV

RATES

DEC 20 1988

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

BY: [Signature]
PUBLIC SERVICE COMMISSION MANAGER

1. NSA agrees to pay Western for the natural gas transported and delivered to and at the Point(s) of Delivery hereunder at Western's Legally Effective Rate in effect at the times of delivery.

2. For purposes of paragraph one (1) of this Article IV, the volumes of natural gas transported and delivered hereunder shall be measured at the Point(s) of Delivery.

3. Western shall render NSA an invoice on or before the fifteenth (15th) day of each month indicating the amount(s) due under paragraph one (1) of this Article IV. NSA shall pay Western within ten (10) days of receipt of said invoice the amount indicated as due therein. In the event NSA fails to pay all of the amount of any invoice within ten (10) days, NSA shall be liable for interest on the unpaid amount, with said interest accruing at the then effective prime interest rate according to Citizens Fidelity Bank & Trust Company, Louisville, Kentucky, from the due date until paid.

4. Notwithstanding the foregoing, it is recognized by the parties hereto that imbalances may exist between the volume(s) of natural gas owned by NSA and received by Western under this Agreement, and the volume(s) Western transports and delivers to and at the Point(s) of Delivery, whether such latter volumes(s) are subject to this Agreement or otherwise.

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a. If at the end of any billing period those volume(s) of natural gas owned by NSA and received by Western under this Agreement exceeds those volume(s) Western has transported and delivered to and at the Point(s) of Delivery during such billing period, such excess shall be deemed to be transported and delivered hereunder during the next succeeding billing period. As to any such excess in existence as of the termination date of this Agreement, Western agrees to pay NSA its, Western's, company-wide average suppliers' commodity rate corresponding with its effective Purchased Gas Adjustment as of the termination date for such excess.

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SECTION 5 (1)
MANAGER

- b. If at the end of any billing period those volumes(s) of natural gas owned by NSA and received and delivered by Western hereunder during such month is less than the total volumes(s) Western has delivered during such billing period, whether subject to this Agreement or otherwise, NSA agrees to pay Western the latter's applicable tariff as filed with the Public Service Commission of Kentucky, for the particular type of service rendered.

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ARTICLE V

DEC 20 1988

CONDITIONS PRECEDENT PURSUANT TO 1987 KAR 5:011,
SECTION 9(1)

BY: [Signature]
PUBLIC SERVICE COMMISSION MANAGER

1. It is a condition precedent of this Agreement that NSA and Western execute, either simultaneously herewith or within ten (10) days of the date first hereinabove written, an Agency Agreement which provides, inter alia, that Western act as agent for NSA in the negotiation and execution of any and all contracts and/or agreements necessary to provide for the transportation of the natural gas owned by NSA from the Point of Sale, as defined in that certain Agreement dated August 27, 1985, by and between NSA, as Purchaser, and TXG Gas Marketing Company, as Seller, to the Point(s) of Receipt. NSA may nominate alternate Point(s) of Sale from which the natural gas owned by it is to be transported as hereinabove provided. Such nomination shall be in writing, shall be given at least thirty (30) days prior to the proposed effective date thereof, and shall be deemed, for all purposes hereunder, as an offer to amend this Agreement pursuant to paragraph six (6) of Article VIII herein. In the event Western

and NSA fail to execute said Agency Agreement within the ten (10) day period as set out above, and/or should Western be unsuccessful in negotiating and executing any contracts and/or agreements for the transport of said natural gas to the Point(s) of Receipt hereunder, this Agreement shall be null and void.

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ARTICLE VI

FORCE MAJEURE

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

1. NSA agrees to indemnify and hold ~~harmless Western~~ for any loss suffered by NSA as a result of any failure, shortage, or interruption of deliveries of the natural gas covered by this Agreement due to Force Majeure. Force Majeure shall include, but not be limited to, acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, tornados, fires, storms, floods, washouts, arrests and restraints of rulers and people, civil disturbances, explosions, breakages or accidents to gas transmission and/or distribution lines, or any other cause, whether of the kind herein enumerated or not, not within the control of Western, and which, by exercise of reasonable care, Western is unable to prevent or overcome, and whether occurring within Western's distribution system or on the transmission lines through which the natural gas covered by this Agreement is delivered to the Point(s) of Receipt to Western.

[Signature]
PUBLIC SERVICE COMMISSION MANAGER

ARTICLE VII

EFFECTIVE AND TERMINATION DATES

1. It is contemplated by the parties hereto that the transportation service provided for by this Agreement will be initiated hereunder pursuant to and under the authority of either (a) the Blanket Certificate End-User Transportation Program as set out in Section 157.209 of the Regulations of the Federal Energy Regulatory Commission ("Commission"), or, (b) any successor self-implementing program adopted by the Commission providing for the transportation of natural gas for end-users. In the event performance under this Agreement proceeds under (a), said Agreement shall become effective on the day and date first hereinabove written, and shall remain in full force and effect until 11:59 P.M., October 31, 1985. In the event performance under this Agreement proceeds under (b) above, said Agreement shall become effective on the day and date first hereinabove written, and shall remain in full force and effect through the term of such successor self-implementing transportation program, or October 31, 1985, whichever occurs first.

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PURSUANT TO K.A.R. 8:011,
SECTION 9.11

2. If the transportation service contemplated by this Agreement is initiated hereunder pursuant to the provisions of paragraph one (1) of this Article VII, and authority for such service is subsequently granted by the Commission pursuant to an application filed under Section 7 of the Natural Gas Act, 15

BY: *[Signature]*
PUBLIC SERVICE COMMISSION MANAGER

U.S.C. 717 et seq. (1985), this Agreement shall become effective as provided in paragraph one (1) of this Article VII, and shall remain in full force and effect for a primary term ending on the earlier of (i) October 31, 1985, or (ii) the termination date of a successor self-implementing transportation program, if any, and from year-to-year thereafter unless terminated by either party upon sixty (60) days prior written notice.

3. Notwithstanding the foregoing, NSA and Western acknowledge that this Agreement shall continue in full force and effect if and only if all regulatory approvals and consents are obtained and continue in effect during the term hereof from any and all governmental agencies deemed necessary by NSA and Western to consummate all transactions contemplated by this Agreement, including those transactions referred to in paragraph one (1) of Article V herein, all of such consents and approvals being in a form and substance satisfactory to both NSA and Western.

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ARTICLE VIII

DEC 20 1988

MISCELLANEOUS

PURSUANT TO KYR 8:011,
SECTION 9(1)

BY: [Signature]
PUBLIC SERVICE COMMISSION MANAGER

1. All of the Terms and Conditions contained in Western's Transportation Tariff Rate T-2 are hereby incorporated by reference herein and made an integral and material part of this Agreement.

2. Any notice, request, demand, statement, bill, or invoice provided for in this Agreement shall be in writing and shall be considered as received when mailed by registered mail to the post office address of the parties hereto as follows:

a. If to Western -

Western Kentucky Gas Company
P.O. Box 866
Owensboro, KY 42302
ATTN: Jack W. Reynolds,
Manager - Gas Supply

b. If to NSA -

National-Southwire Aluminum Company
P. O. Box 500
Hawesville, KY 42348
ATTN: Fred Tolin,
Chief Electrical Engineer
H. Gary Satterwhite,
Vice President

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BY: George A. Miller
PUBLIC SERVICE COMMISSION MANAGER

3. The address of either party to this Agreement may, from time to time, be changed by the party so changing mailing appropriate notice thereof to the other party.

4. NSA shall not assign this Agreement or any of its underlying rights and/or obligations without the prior written consent of Western.

5. No waiver by any party of any one or more defaults by the other in the performance of any duty or obligation under this Agreement shall operate or be deemed a waiver as to any future default or defaults.

6. This Agreement represents the complete, exclusive and entire understanding of the parties hereto with regard to the natural gas owned by NSA and received, transported and delivered by Western hereunder. This Agreement may be amended only by written instrument signed by both NSA and Western.

7. This Agreement shall be governed by the laws of the Commonwealth of Kentucky.

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

BY: *James H. Hester*
PUBLIC SERVICE COMMISSION MANAGER

IN TESTIMONY WHEREOF, witness the hands of the parties hereto this the day and date first hereinabove written.

ATTEST:

NATIONAL-SOUTHWIRE ALUMINUM COMPANY

By: *F. H. [Signature]*
Title: CHIEF ELECTRICAL ENGINEER

By: *W. H. [Signature]*
Title: Vice President

~~ATTEST:~~

TEXAS AMERICAN ENERGY CORPORATION
by and through its unincorporated
division,
Western Kentucky Gas Company

By: *Jeffrey Lloyd Kirk*
Title: _____

By: *Lee R. [Signature]*
Title: _____

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OF KENTUCKY

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PURSUANT TO KRS 9.011,
SECTION 9(1)

BY: *George [Signature]*
PUBLIC SERVICE COMMISSION MANAGER

EXHIBIT A

Points of Receipt and Delivery

1. Point of Receipt:

2. Point of Delivery:

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PURSUANT TO KYR 5:011,
SECTION 9(1)

BY: Steve Miller
PUBLIC SERVICE COMMISSION MANAGER

WESTERN KENTUCKY GAS COMPANY

Name of Issuing Corporation

CLASSIFICATION OF SERVICE

GENERAL TRANSPORTATION TARIFF RATE T-2

1. Applicable:

Entire service area of the Company.

2. Availability of Service:

Available to customers who have purchased their own natural gas supply and require transportation through state and/or Company pipelines to the point of destination, subject to suitable service being available from existing facilities.

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3. Rate:

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In addition to any charges assessed by other parties there will be applied a Company Transportation Charge which shall be calculated as the sum of:

PURSUANT TO KY KAR 6:011,
BY: *[Signature]*
PUBLIC SERVICE COMMISSION MANAGER

- A. The Company's approved rate for the applicable sales tariff, including the Purchased Gas Adjustment but not including any Refund Factor, less
- B. The Company-wide average supplier's commodity rate corresponding with its effective Purchased Gas Adjustment.

Any volumes used by the customer in excess of the Transportation volumes will be billed at the rate specified in the applicable rate schedule.

4. Terms and Conditions:

- A. Specific details relating to volumes, delivery points and other matters shall be covered by a separate contract with the individual customer.
- B. Gas transported under this rate schedule is subject to the same interruptible provisions as those contained in the applicable sales rate tariff.

WESTERN KENTUCKY GAS COMPANY

Name of Issuing Corporation

CLASSIFICATION OF SERVICE

GENERAL TRANSPORTATION TARIFF RATE T-2

4. Terms and Conditions: (Continued)

- C. The Company will not be obligated to deliver a total supply of gas to a customer in excess of that customers contracted volumes.
- D. It shall be the customer's responsibility to make all necessary arrangements including regulatory approval required to deliver gas transported under this tariff to the facilities of the Company.
- E. The Company reserves the right to refuse to accept gas that does not meet the Company's quality specifications.
- F. The rules and regulations and orders of the PSC and of the Company and the Company's Terms and Conditions applicable to industrial sales shall apply to this Tariff and all contracts thereunder.

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OF KENTUCKY
EFFECTIVE

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PURSUANT TO KRS 9.011,
SECTION 9(1)

BY: *[Signature]*
PUBLIC SERVICE COMMISSION MANAGER