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JUN 16 1987

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AGREEMENT

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THIS AGREEMENT made and entered into this the 1st day of June, 1987 by and between Delta Natural Gas Company, Inc., a Kentucky corporation ("Delta") and National Standard Company, a Delaware corporation of Corbin, Kentucky ("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 Jimmy Hamilton Gas and Oil Inc. ("Hamilton") and Hamilton has agreed to sell the same to National Standard; and

WHEREAS, National Standard desires to have said quantities of natural gas purchased from Hamilton transported and delivered to it in Corbin, Kentucky by Delta; 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 Hamilton and accordingly desires to purchase same from Delta; and

WHEREAS, Delta, subject to the terms and conditions set forth herein, desires to transport and deliver to National Standard that quantity of natural gas purchased by National Standard from Hamilton and delivered by Hamilton to a certain designated Delivery Point and Delta likewise desires to sell and deliver to National Standard those quantities of natural gas in excess of or in addition to the Hamilton quantities that National Standard may from time to time require during the term hereof.

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JUN 29 1987

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

BY: B. J. [Signature]

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I. TERM

Subject to the terms and conditions herein, the term of this Agreement shall commence upon the date first above written and continue in full force and effect for a period of one year and thereafter for any period which may be agreed to through mutual written agreement of the parties hereto.

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. "Delivery Point" shall mean that existing delivery point at the interconnection of the facilities of Delta and Hamilton at Station # 624 near Swan Pond Hollow in Knox County, Kentucky, and at such other delivery points as may hereafter be agreed to by Delta.

2.3. "Hamilton Contract Quantities" shall mean that amount or quantity of natural gas purchased by National Standard from Hamilton and delivered by Hamilton to National Standard (or accepted by Delta on behalf of National Standard) at the Delivery Point.

2.4. "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 Hamilton Contract Quantities.

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

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OF KENTUCKY
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JUN 29 1987

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

BY: B. J. [Signature]

ARTICLE III. TRANSPORTATION AND DELIVERY OF HAMILTON CONTRACT QUANTITIES.

3.1. Subject to the provisions of Article VIII hereof, Delta shall accept from Hamilton on behalf of National Standard all Hamilton Contract Quantities, up to a daily maximum of four hundred (400) Mcf which are delivered by Hamilton to the Delivery Point. Such Contract Quantities may be increased after written notice of such requested increase is furnished to Delta by National Standard at least thirty (30) days prior to the date such increase is needed, and then only upon mutual agreement of the parties hereto.

3.2. Delta shall transport and deliver to National Standard in Corbin, Kentucky, natural gas in quantities which are equivalent to the Hamilton Contract Quantities (minus two percent (2%) for line loss).

ARTICLE IV. 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.

ARTICLE V. PRICE.

For all quantities of natural gas delivered by Delta to National Standard under the terms of this Agreement, National Standard shall pay Delta as follows:

- (a) For all quantities of natural gas transported or delivered by Delta to National Standard under the terms of this Agreement which are equal to or less than the Hamilton Contract Quantities (minus two percent (2%) for line loss), National Standard shall pay Delta the applicable General Service Base Rate of Delta, ~~as set forth in~~ ^{PUBLIC SERVICE COMMISSION} Delta's tariffs on file with the Public Service Commission of ^{EFFECTIVE} Kentucky ("PSC") as same may be changed from time to time. ^{JUN 29 1987}

PURSUANT TO 307 KAR 6:011,
SECTION 9(1)
BY: B. Jones

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

ARTICLE VI. STANDBY CHARGE.

In addition to the amounts set forth in Article V, National Standard agrees to pay an annual standby charge to Delta of \$9,120 which shall be divided into equal monthly payments of \$760 during the term of this Agreement.

ARTICLE VII. STATEMENT AND PAYMENTS.

7.1. Statements shall be rendered by Delta to National Standard 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.

7.2. 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. National Standard, additionally, agrees to pay a late charge at the rate of one and one half percent (1½%) per month of any outstanding balance which is due Delta under the terms of this Agreement and which is not paid by National Standard within the time periods previously set forth.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JUN 29 1987

PURSUANT TO 307 KAR 5:011,
SECTION 9 (1)

DYL B. Jones

ARTICLE VIII. QUALITY.

8.1. The gas delivered hereunder by Hamilton to Delta shall at all times be merchantable and shall be free from gasoline, oil, water, salt, gum dust and other foreign substances that might interfere with the marketability of the gas. The gas delivered by Hamilton shall contain not less than 1,000 BTU per cubic foot (as determined by calorimeter tests at 60° Fahrenheit and saturated with water vapor), and a utilization factor of 1,300 plus or minus 6% (U.F. = heating value [BTU] divided by the square root of the specific gravity). The gas delivered shall not contain more than:

- (a) Seven (7) pounds of water per million cubic feet measured at 14.7 psi and 60° F on an approved dew point apparatus;
- (b) Three percent (3%) by volume of carbon dioxide;
- (c) Twenty-five hundredths (0.25) grains of hydrogen sulfide per one hundred (100) cubic feet; or
- (d) Ten (10) grains of total sulphur per one hundred (100) cubic feet.

8.2. The requirement that Hamilton tender natural gas to Delta in conformity with the foregoing specifications is a condition precedent to the performance by Delta of any obligation imposed by this Agreement.

ARTICLE IX. MEASUREMENT.

9.1. 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 or to Delta on behalf of 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

PUBLIC SERVICE COMMISSION
OF KENTUCKY

EFFECTIVE

JUN 29 1997

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

[Signature]

maintaining said meter(s), excluding repair of damage caused by National Standard or Hamilton, 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.

9.2. 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 benefited from the inaccuracy. Meter measurements found to be in error more than two percent (2%) shall be corrected and accounts adjusted accordingly.

ARTICLE X. DELIVERY POINT AND TITLE.

10.1. Hamilton Contract Quantities. The point of delivery from Hamilton to National Standard shall be at that Delivery Point herein described in Paragraph 2.2. Title to the Hamilton Contract Quantities shall pass from Hamilton to National Standard at said Delivery Point; provided, however, that Delta shall be in control and possession thereof from the time the Hamilton Contract Quantities pass said Delivery Point until the time the Hamilton Contract Quantities less 2% retainage are delivered to National Standard at the point of interconnection between the facilities of Delta with the metering facilities of National Standard ("Redelivery Point").

REGULATORY COMMISSION
OF KENTUCKY
EFFECTIVE
JUN 29 1987
PURSUANT TO 507 KAR 5:011
SECTION 9(1)

10.2. 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 Redelivery Point.

10.3. After delivery of the Excess Quantities of natural gas sold by Delta to National Standard hereunder and the Hamilton Contract Quantities at the Redelivery 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 XI. 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 V of this Agreement, all as set forth in Delta's tariffs on file at the PSC.

ARTICLE XII. FORCE MAJEURE.

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 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

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
JUN 29 1987

PURSUANT TO 807 KAR 58
SECTION 9(1)
B. J. [Signature]

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.

ARTICLE XIII. GOVERNMENTAL REGULATION.

13.1. 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 Hamilton, 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 delivery 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.

13.2. 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 moneys 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.

13.3. Nothing in this Agreement shall prevent either party from contesting the validity of any law, order, rule, regulation or directive of

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JUN 29 1987

PURSUANT TO 807 KAR 8:011
SECTION 9(1)

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 XIV. 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.

ARTICLE XV. NOTICES.

Any notice, request, demand, statement, bill or payment or other communication which either party may desire to give to the other, shall be in writing and shall be delivered to the 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: Don Brinley

ARTICLE XVI. 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 XVII. 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.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JUN 29 1997

PURSUANT TO 807 KAR 5:0
SECTION 9 (1)

ARTICLE XVIII. 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 XIX. 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.

ARTICLE XX. 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 XXI. 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.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JUN 29 1987

PURSUANT TO 807 KAR 5:01
SECTION 9 (2)

[Signature]

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: Glenn R. Jennings
Title: President

National Standard Company

By: B. McBrayer
Title: Gen'l Mgr

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OF KENTUCKY
EFFECTIVE

JUN 29 1997

PURSUANT TO 807 KAR 9:
SECTION 9 (1)

B. McBrayer