

17th copy

P. S. C. Ky. No. 1

Cancels P. S. C. Ky. No. 3590

Petroleum Exploration, Inc.

OF

Sistersville, West Virginia

**Rates, Rules and Regulations for Furnishing
NATURAL GAS**

AT

Laurel, Clay, Knox, and Whitley Counties, Kentucky.

**Filed with PUBLIC SERVICE COMMISSION OF
KENTUCKY**

ISSUED Oct. 25, 19 60

EFFECTIVE Nov. 1, 19 60

RECEIVED
NOV 18 1960
PUBLIC SERVICE
COMMISSION

ISSUED BY **Petroleum Exploration**
(Name of Utility)

BY *Paul W. Neuenschwander*
Paul W. Neuenschwander
President

RULES AND REGULATIONS

I. Rules and Regulations for the Government of gas utilities which may be adopted by the Public Service Commission of Kentucky, and all amendments thereto and modifications thereof which may be made by said Commission.

II.

RECEIVED
MAY 10 1950
PUBLIC SERVICE COMMISSION

Rate:

London Gas Company	70 cents per Mcf
Oneida Baptist Institute	70 cents per Mcf
Peoples Gas Company of Kentucky	70 cents per Mcf

Other rates and charges: None.



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P. S. C. Ky. No. 3580

Cancels P. S. C. Ky. No. 2783

PETROLEUM EXPLORATION

OF

TRICO BUILDING, SISTERSVILLE, W. VA.

**Rates, Rules and Regulations for Furnishing
NATURAL GAS**

AT

Barbourville, Burning Springs, Corbin, London

Manchester and Oneida

**Filed with PUBLIC SERVICE COMMISSION OF
KENTUCKY**

ISSUED December 19, 1958

EFFECTIVE December 20, 1958
December 29, 1958

FILED

FEB 11 1959

**PUBLIC SERVICE
COMMISSION**

ISSUED BY PETROLEUM EXPLORATION
(Name of Utility)

BY *Paul H. Kramm*
President

P.S.C. Case No. 3580

RULES AND REGULATIONS

I. Rules and Regulations for the Government of gas utilities which may be adopted by the Public Service Commission of Kentucky, and all amendments thereto and modifications thereof which may be made by said Commission.

II.

- (1) For gas sold to Peoples Gas Company of Kentucky, Inc. at Barbourville, Burnings Springs, Corbin and Manchester, Kentucky, effective December 20th, 1958:

\$.54 per MCF.

- (2) To Oneida Baptist Institute, Oneida, Kentucky, effective December 20th, 1958:

\$.54 per MCF.

- (3) To London Gas Company, London, Kentucky, effective December 29th, 1958:

\$.54 per MCF.

CHECKED

FEB 11 1959

BY *fm*

ENERG

P. S. C. Ky. No. 2783

Cancels P. S. C. Ky. No.

PETROLEUM EXPLORATION

OF

SISTERSVILLE, WEST VIRGINIA

**Rates, Rules and Regulations for Furnishing
NATURAL GAS**

AT

WHOLESALE TO PEOPLES GAS COMPANY, EVERSELE GAS COMPANY,
AND ONEIDA BAPTIST INSTITUTE.

RECEIVED
DEC 1 1956
PUBLIC SERVICE
COMMISSION

**Filed with PUBLIC SERVICE COMMISSION OF
KENTUCKY**

ISSUED December 14, 1956

EFFECTIVE December 15, 1954*

*First meter reading after above date.

FILED

DEC 27 1956

PUBLIC SERVICE

COMMISSION

ISSUED BY PETROLEUM EXPLORATION
(Name of Utility)

BY *Paul W. Neuschwander*
Paul W. Neuschwander,
President

RULES AND REGULATIONS

I. Rules and Regulations for the Government of gas utilities which may be adopted by the Public Service Commission of Kentucky, and all amendments thereto and modifications thereof which may be made by said Commission.

II.

Thirty-four cents per MCF.

THIS AGREEMENT, Made this 31st day of December, 1951, between PETROLEUM EXPLORATION, a Maine Corporation qualified in Kentucky, and CENTRAL KENTUCKY NATURAL GAS COMPANY, a Kentucky Corporation, hereinafter respectively called "Petroleum" and "Central".

W I T N E S S E T H:

That WHEREAS:

a) Petroleum is engaged, among other things, in the production and purchase of natural gas in fields in Clay and Knox Counties, Kentucky, which it gathers and transmits; and Central is engaged, among other things, in the distribution of natural gas to consumers in the municipalities of Lexington, Irvine and Ravenna, Kentucky, and their respective environs and elsewhere in central Kentucky.

b) Petroleum has heretofore constructed

1) A measuring and regulating station in Lexington, Kentucky, on land furnished by Central alone, hereinafter called "Lexington Station".

ii) A measuring and regulating station near the corporate limits of Richmond, Kentucky, hereinafter called "Richmond Station".

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iii) A measuring and regulating station near the corporate limits of Irvine, Kentucky, hereinafter called "Irvine-Ravenna Station".

iv) A compressor station near Barbourville, Kentucky, hereinafter called "Knox Station".

v) A compressor station at Oneida, Kentucky, hereinafter called "Clay Station".

vi) A pipeline, of six inches inside diameter leading from Knox Station to Clay Station, and of eight inches inside diameter leading from Clay Station to Lexington Station, hereinafter called "Petroleum Pipeline", which is connected to Richmond Station by a pipeline of four inches inside diameter, hereinafter called the "Richmond Lateral", and which is also connected to Irvine-Ravenna Station by another pipeline of four inches inside diameter.

The foregoing facilities are used in gathering, transmitting, measuring and regulating natural gas produced and purchased by Petroleum in the fields recited in paragraph a).

c) By agreement dated December 28, 1945, hereinafter called the "Old Agreement", Petroleum agreed to sell and deliver to Central, which agreed to purchase and accept at the Lexington and Irvine-Ravenna Stations, and at the

Richmond Station at Central's option, natural gas from the fields recited in paragraph a).

d) Afterward, by indenture dated September 25, 1947, Petroleum leased to Central until October 1, 1948, a portion of Petroleum's facilities recited in paragraph b), hereinafter called the "Leased Portion", consisting of:

- 1) The portion of Petroleum Pipeline from Lexington Station to a point about one mile southeast of its connection with the Richmond Lateral;
 - ii) Such Lateral;
 - iii) Richmond Station; and
 - iv) All equipment used in the operation of Richmond Station.

Pursuant to the requirements of said indenture, Central constructed a measuring and regulating station, hereinafter called "Central Station", at the southeasterly terminus of the portion of Petroleum Pipe line included in the Leased Portion. Said indenture also modified the Old Agreement to substitute during the term of said indenture Central Station and Irvine-Ravenna Station as the points for the sale, delivery, purchase and acceptance of gas under

the Old Agreement. The term of said indenture has been extended from year to year and is currently extended until October 1, 1952, when it will be superseded by a lease bearing even date herewith, effective as of October 1, 1952, substantially preserving and extending the terms thereof to run concurrently herewith.

e) It is the desire of Petroleum and Central by this agreement to supersede the Old Agreement and to modify said indenture to the extent necessary to make paragraphs 4) and 7) thereof conform herewith.

f) "Mcf", as hereinafter used, means a quantity of natural gas which will occupy one thousand dimensional cubic feet, when at a pressure of six ounces per square inch above an atmospheric pressure of 14.4 pounds per square inch, or 14.775 pounds per square inch absolute pressure (commonly called "pressure base"), and at a temperature of fifty degrees Fahrenheit (commonly called "temperature base").

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein contained to be paid, kept and performed, it is agreed between the parties hereto that

1) Petroleum shall sell and deliver to Central, which shall purchase and accept, at the price set forth below in paragraph 5), natural gas produced and purchased by Petroleum in the fields recited above in paragraph a), at Central Station and Irvine-Ravenna Station.

2) So long as Petroleum can so deliver so much from those fields over other uses therefrom excepted below in paragraph 8) the minimum quantity of natural gas so to be sold, delivered, purchased and accepted in each month during the term of this agreement shall be the quantity set opposite such month next below:

<u>Month</u>	<u>Minimum Quantity</u>	<u>Month</u>	<u>Minimum Quantity</u>
January	168,700 Mcf	March	113,700 Mcf
February	127,400 Mcf	April	82,700 Mcf
May	62,000 Mcf	September	41,300 Mcf
June	41,300 Mcf	October	69,000 Mcf
July	41,300 Mcf	November	106,600 Mcf
August	41,300 Mcf	December	154,700 Mcf

3) So long as Petroleum can so deliver so much from those fields over other uses therefrom so excepted and the monthly minimum quantities set out above in paragraph

2), Central shall have the priority and option to purchase and accept, in like manner, that is, at the same Stations aforesaid and for the price hereinafter set forth in paragraph 5), additional quantities of such natural gas not to exceed in each month the quantity set opposite such month next below; subject, however, to the provisions of paragraph 8) hereof:

<u>Month</u>	<u>Additional Quantity</u>	<u>Month</u>	<u>Additional Quantity</u>
January	6,300 Mcf	July	93,700 Mcf
February	27,600 Mcf	August	93,700 Mcf
March	61,300 Mcf	September	93,700 Mcf
April	92,300 Mcf	October	81,000 Mcf
May	88,000 Mcf	November	53,400 Mcf
June	93,700 Mcf	December	15,300 Mcf

4) If in any month, at those Stations, Central should take such natural gas in excess of the quantities mentioned in paragraphs 2) and 3), Central shall pay Petroleum therefor at the price prescribed in paragraph 5).

5) The price referred to in paragraphs 1), 3) and 4) to be paid by Central to Petroleum shall be:

1) For the first 1,250,000 Mcf of such gas in the aggregate in each calendar year,

thirty-five cents per Mcf; and

ii) For all such gas in the aggregate in excess of 1,250,000 Mcf in each calendar year, twenty-five cents per Mcf.

6) So long as Petroleum can deliver at the Stations mentioned in paragraph 1) the minimum monthly quantities of gas set forth in paragraph 2), Central shall for each month during the term of this agreement pay Petroleum for the entire minimum quantity for such month at the price mentioned in paragraph 5), although Central may not in such month accept that entire quantity. The excess, if any, of the sum so paid over the quantity actually accepted by Central in that month at the same price shall thereafter be applied by Petroleum in payment of Central's acceptances, if any, under paragraph 3), in each of the months following during the same calendar year, or within two years next succeeding that in which such excess was paid, and not thereafter; provided that, in any event, such payment in excess of acceptance hereunder shall not be applicable after the expiration of the term hereof. Petroleum shall not be otherwise accountable or liable to Central for any such excess, except if Petroleum, after reasonable notice of Central's desire to purchase in any month during the same calendar year, or within the next two years succeeding that in which such excess was paid, all or any part of the additional quantity provided in

paragraph 3), shall be unable so to deliver the same partially or entirely, Petroleum shall make refund to Central for the deficit in such delivery in that month. Credit by Petroleum on any sum owing to it hereunder from Central shall be deemed such a refund.

7) Notwithstanding Petroleum's inability to deliver at the Stations mentioned in paragraph 1) the monthly minimum quantities of natural gas set forth in paragraph 2), nevertheless the sale, delivery, purchase and acceptance of natural gas under paragraph 1) shall continue to the extent of Petroleum's ability so to deliver such gas; except if Petroleum's production and purchase of gas in the fields recited in paragraph a) upon which Central has priority under paragraph 8) shall fall to where Petroleum is unable so to deliver

1) The aggregate of such monthly minimum quantities during any winter period, that is, from November 1 to April 30 following, then Central at its option may reduce the minimum monthly quantities to be purchased and accepted by it during each month of the ensuing summer period, that is, from May 1 to October 31 following, in like proportion.

11) 500 Mcf a day on the average during any such winter period, then either party hereto shall have the right, upon six months' written notice to the other, to terminate this agreement.

8) In addition to the volumes of gas mentioned above in paragraphs 2) and 3), Central shall have priority upon all natural gas that Petroleum is able to deliver as it is produced or purchased by Petroleum in the fields above recited in paragraph a), except for the following uses thereof: For exploration, development and operation of those fields; for Petroleum's lessors and employees in those fields; for the operation or repressuring or both of Petroleum's oil-producing lands and leaseholds in Lee, Wolfe, Powell and Estill Counties, Kentucky; for distribution to consumers in the municipalities of Corbin, Barbourville, Manchester, London and Somerset, and the village of Burning Springs, Kentucky, and their respective environs; for gathering and transmitting such natural gas; and for right of way consumers directly connected with Petroleum Pipeline.

+ 9) The natural gas delivered and accepted hereunder shall be measured by orifice or displacement type meters or other approved measuring devices of equal accuracy. The quantities of such natural gas shall be computed upon the

basis above recited in paragraph f). For the purpose of such computation atmospheric pressure is assumed to be 14.4 pounds per square inch and the temperature of such gas is assumed to be fifty degrees Fahrenheit without consideration of actual barometric or thermometric readings. Such computation shall be according to Boyle's Law for the measurement of gas at varying pressures with due consideration of any deviations from that law of such natural gas actually shown to exist. For orifice type meters the method of computation shall conform with the recommendations contained in Report No. 2 of the Gas Measurement Committee of the American Gas Association, including any revisions made thereto, applied in a practical manner. The specific gravity of the gas measured shall be determined by the use of an Edwards Gas Balance or an equally accurate instrument at the commencement of this agreement and as often thereafter as conditions may warrant. For displacement meters the meter readings at varying pressures shall be converted to gas quantities at base pressure by applying pressure multipliers, such multipliers to be computed according to Boyle's Law modified to take into consideration any deviations therefrom. The deviation of the natural gas from Boyle's Law shall be determined by tests at intervals of three months or at such other intervals as are found necessary in practice. The apparatus and the method to be used in

making such tests shall be in accordance with the recommendations of the National Bureau of Standards of the Department of Commerce or any other method or methods mutually agreed upon. When the deviation factors, based on the results of such tests, agree with those published by the California Natural Gasoline Association in Bulletins TS-354 or TS-402, or amendments thereof, for the composition and conditions at point of measurement, within a tolerance of plus or minus two-tenths of one per cent (0.2%), said California factors shall be used in computing the volume of gas delivered hereunder. When the results of such tests do not agree with said California deviation factors within said tolerance, then beginning on the date such tests are run, provided the results of such tests are accepted by both parties hereto, computation of deliveries hereunder shall be based on the results of such tests retroactive to the date thereof, and deliveries shall continue to be so computed until additional tests have been made as provided herein.

10) From time to time, but not oftener than monthly, any of the equipment employed to meter the quantities of natural gas delivered hereunder shall be tested at the request in writing of either party hereto. Both parties shall be entitled to have representatives present at all tests. If

upon any test any such equipment is found to be in error no more than 2%, previous readings shall be considered correct, but the equipment shall be adjusted to record accurately. If upon any test such equipment shall be found to be in error more than 2%, previous readings shall be corrected accordingly for not to exceed one month. Each test so made shall be at the expense of the party requesting it, unless it appears therefrom that the equipment tested is in error more than 2% against such party. In that event, such expense shall be borne by the other party.

11) So far as practicable from the quantities of natural gas produced and purchased by Petroleum in the fields recited in paragraph a) upon which Central has priority under paragraph 8), Petroleum shall maintain adequate pressures on the discharge side of its compressors connected with Petroleum Pipeline at Clay Station, reasonably to assure deliveries of the minimum and additional quantities of such gas set forth in paragraphs 2) and 3); provided, however, that Petroleum shall not, in any event, be required to maintain such pressures in excess of 350 pounds per square inch gauge.

12) Petroleum shall reasonably develop its holdings in the fields recited in paragraph a) consistent with sound economical gas field practice to enable it to perform

its obligations hereunder for the delivery of such natural gas; but it shall not be obliged to operate its gas wells in those fields beyond the reserves of gas economically recoverable therefrom.

13) Central's acceptances of natural gas hereunder shall be made in daily amounts throughout each month as nearly uniform as practicable.

14) The natural gas delivered hereunder shall contain no more than a trace of hydrogen sulphide, as determined by the Standards for Gas Service Circular of the National Bureau of Standards, No. 405, page 134 (1934 Ed.). Such gas shall be considered free from hydrogen sulphide if a strip of white filter paper moistened with a solution containing five per cent by weight of lead acetate is not distinctly darker than a second paper freshly moistened with the same solution after the first paper has been exposed to such gas for one minute in an apparatus of approved form through which the gas is flowing at a rate of approximately five cubic feet per hour but not impinging directly from a jet upon the test paper. Such gas shall not contain more than twenty grains of total sulphur per hundred cubic feet by test prescribed by the Bureau of Standards or other recognized method. If such

gas is so ascertained to contain more than a trace of hydrogen sulphide or more than twenty grains of total sulphur per hundred cubic feet, then upon Central's request Petroleum shall at its own expense treat such gas so as to reduce the hydrogen sulphide content to no more than a trace and the total sulphur content to no more than twenty grains per hundred cubic feet. Such gas shall contain not less than 1050 Btu per cubic foot (at 30" hg 60° saturated).

15) At the expiration of the term of this agreement, as herein provided, the present equipment and buildings at the Lexington Station and any additions thereto shall belong to the party hereto originally furnishing the same, with the right of removal in the case of Petroleum at any time within one year following such termination. The land on which that Station is constructed shall continue to belong to Central, but free of rent or cost to Petroleum.

16) Central shall at all reasonable times have free and uninterrupted access to the Irvine-Ravenna Station.

17) Any nonperformance hereof by either party hereto, except to make payments becoming due hereunder, to the extent caused by circumstances beyond its control, including but not limited to acts of God or the public enemy; strikes or

other labor troubles or disputes; riots; injunctions or other legal process; landslides, washouts, earthquakes, storms or freezing; inability to procure necessary labor or engineering service; inability to procure necessary materials, machinery or other facilities, or delivery thereof; inability to procure necessary sites or rights of way; breakage of lines, machinery or other facilities, or necessary repairs thereto, alterations therein, or replacements thereof; sudden gas-well or gas-field failure; fire, explosion or lightning; or governmental restraint or intervention, shall not be deemed a breach hereof and shall be excused without liability to the other party; but the nonperforming party so excused shall use due diligence to restore full performance hereof.

18) If Petroleum has excess capacity in its transmission lines and facilities other than the "Leased Portion", used in connection herewith at any time during the continuance of this agreement, and Central has fully complied with the several terms, conditions, and provisions hereof, then Central shall have the exclusive right and privilege of utilizing such excess capacity for the purpose of transporting its gas produced or purchased in Kentucky therethrough, at and for a fair remuneration to be then agreed upon by the parties.

19) Petroleum shall, on or before the tenth day of each month, render to Central a billing for the preceding calendar month, and payment of all amounts due hereunder by Central to Petroleum for each calendar month shall be made on or before the twentieth day of the following month. The corresponding pressure charts from the meters shall accompany such billings. The charts shall be returned by Central to Petroleum within thirty days.

20) The Old Agreement recited above in paragraph c) is hereby superseded as of midnight December 31, 1951, when this agreement shall become effective. Said indenture of September 25, 1947, as extended, shall remain in full force and effect until October 1, 1952, except as modified hereby; to the extent, however, that there may be a conflict between said indenture and this agreement, the latter shall control.

21) Before Petroleum shall, during the term of this agreement, sell in substantial entirety its gas fields and gathering and transmission equipment devoted to the performance of this agreement, it shall first give Central a ninety days' option to purchase the same, subject to all Petroleum's then contractual commitments for deliveries of gas

therefrom, at the best price any responsible bidder would in good faith pay therefor; provided that no disposition of such fields and equipment in any corporate merger, consolidation, combination, or reorganization shall be deemed a sale thereof so as to entitle Central to such an option.

22) This agreement shall not be assigned by Central without the written consent of Petroleum, except to any subsidiary of The Columbia Gas System, Inc., qualified in Kentucky, and only then upon the latter's agreeing in writing with Petroleum to be bound by all the terms and provisions hereof and to pay, keep and perform all the agreements herein contained to be paid, kept and performed by Central.

23) Either party hereto asserting a cause of action upon this agreement against the other shall give notice in writing thereof to such other, and such other party shall admit or deny the asserted cause of action in whole or in part and give notice in writing thereof to the asserting party. Any civil action upon such cause to the extent so denied shall be brought by the asserting party within one year after the receipt of such denial and not thereafter, regardless of the limitation on such an action otherwise provided by law.

24) Unless previously terminated pursuant to the provisions hereof or by mutual consent of the parties hereto,

this agreement shall be in force until and shall terminate at midnight on December 31, 1961.

Petroleum represents that the price set forth in this agreement is in accordance with the regulations issued under the Defense Production Act of 1950.

IN WITNESS WHEREOF, each of Petroleum and Central has caused its corporate name to be signed and its corporate seal, duly attested, to be affixed hereto by its proper corporate officers, thereunto duly authorized, in duplicate.

PETROLEUM EXPLORATION

Attest:

By

Paul W. Hunschman
President

L. E. Bugg
Secretary

CENTRAL KENTUCKY NATURAL GAS COMPANY

Attest:

By

W. J. Lightner
Vice President

C. A. Ashman
Asst. Secretary