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PUBLIC SERVICE COMMISSION

AGREEMENT

THIS AGREEMENT is made and entered into effective the 1st day of February, 2001, by and between DELTA NATURAL GAS COMPANY, INC. (Delta), a Kentucky corporation, and NAMI RESOURCES COMPANY, L.L.C., (NRC), a Kentucky limited liability corporation.

W I T N E S S E T H:

THAT WHEREAS, NRC intends to produce certain quantities of natural gas in southeast Kentucky; and

WHEREAS, NRC desires to have said quantities of produced natural gas received, transported and delivered to NRC's Wofford pipeline at a point near Rockholds, Whitley County, Kentucky, by Delta; and

WHEREAS, Delta, subject to the terms and conditions set forth herein, desires to transport and deliver to NRC said quantities of natural gas delivered by NRC to ~~public service at certain~~ designated points;

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE 1. DEFINITIONS.

Unless this Agreement provides otherwise, the following definitions shall apply:

1.1. "Natural Gas" or "Gas" shall mean any mixture of hydrocarbons or hydrocarbons and non-combustible gases in a gaseous state, consisting essentially of methane.

PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE

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PURSUANT TO 802 KAR 50.010, SECTION 9(1)
BY Stephan B. Bell
SECRETARY OF THE COMMISSION

1.2. "Delivery Point" shall mean each of the following points (i) the point of interconnection between the pipeline facilities of Delta and of NRC in Whitley, Bell, or Knox Counties, Kentucky,

Station 615	Mountain
Station 623	Gausdale
Station 137	Stoney Fork
Station 634	Highway 11
Station 635	Wofford

or (ii) other points which may be agreed to through mutual written agreement of the parties hereto.

1.3. "Redelivery Point" shall mean the point of interconnection between the pipeline facilities of Delta and the metering facilities of Delta for gas deliveries into NRC's Wofford pipeline at Delta Station #636.

1.4. "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 degrees Fahrenheit (60° F).

ARTICLE 2. TERM.

Subject to the terms and conditions herein, the term of this Agreement shall become effective on February 1, 2001 and shall continue in full force and effect until February 28, 2005, unless otherwise terminated under the provisions contained herein.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
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PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)
BY: Stephan D. Bell
SECRETARY OF THE COMMISSION

ARTICLE 3. TRANSPORTATION AND DELIVERY OF GAS.

3.1. Subject to the terms and conditions herein, gas transported by Delta hereunder shall be the exclusive supply of natural gas to NRC for delivery to General Shale's Corbin Brick Plant while this Agreement is in effect.

3.2. Subject to the provisions herein and the daily needs of General Shale, Delta shall accept from NRC at various points of delivery and shall re-deliver into NRC's Wofford pipeline at Delta Station #636 all volumes required by General Shale's Corbin Brick Plant up to one thousand (1000) Mcf per day.

3.3. Delta shall transport and deliver to NRC natural gas in quantities which are equivalent to the volume received by Delta from NRC for transportation hereunder less NRC's pro rata share of compressor fuel consumed by the Woodbine compressor.

3.4. Volumes transported and delivered by Delta as provided in paragraph 3.2 herein shall be as closely balanced on a daily basis as is reasonable and practical.

3.5. Delta's transportation obligation hereunder shall be to provide interruptible service to NRC as ^{as provided in the} ~~defined in the~~ Interruptible Service Rate schedule of Delta on ^{with the} ~~filed with the~~ Kentucky Public Service Commission, as same may be changed from time to time.

3.6. Delta shall not be responsible for ^{interstate} ~~interstate~~ pipeline transportation or storage costs, ^{including} ~~including~~ line loss, compressor fuel, any penalties, transition costs or any other costs associated with the transportation of NRC's gas to the Delivery Points set forth in Paragraph 1.2.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

APR 14 2001

PURSUANT TO 807 KAR 50.11
SECTION 9 (1)
BY Stephan B. Bell
SECRETARY OF THE COMMISSION

ARTICLE 4. PRICE.

During the term of this Agreement, for the services described herein and subject to NRC transporting the minimum quantities specified herein, NRC shall pay Delta the rate of Sixty Five Cents (\$0.65) per Mcf transported. If Delta does not receive and transport a total annual volume of one hundred thousand (100,000) Mcf of gas during any contract year, the amount to be paid by NRC to Delta for all gas transported during said twelve month period shall be Sixty Five Thousand Dollars (\$65,000.00).

ARTICLE 5. STATEMENTS AND PAYMENTS.

5.1. Statements shall be rendered by Delta as appropriate to NRC each month showing the amounts due to Delta for services rendered by Delta for NRC during the preceding billing month.

5.2. Each statement required to be furnished shall be mailed to the address set forth in this Agreement. Payment by check payable to the order of Delta Natural Gas Company, Inc. shall be made by NRC by mailing same within twenty (20) days after receipt of the bill. NRC agrees to pay interest at the rate of one and one-half percent (1 1/2%) per month on any outstanding balance which is due Delta under the Agreement and which is not paid within the time period previously set forth.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

APR 14 2001

ARTICLE 6. QUALITY.

All gas delivered to Delta hereunder shall at all times be in compliance with Delta's gas quality specifications.

PURSUANT TO 807 KAR 5.011,
SECTION 9(1) be
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SECRETARY OF THE COMMISSION

ARTICLE 7. MEASUREMENT

7.1. Meters 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 received by Delta or redelivered to NRC for transportation hereunder. Reading, calibration and adjustment of Delta's meters 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 maintaining said meters, excluding repair of damage due to the negligence or willful misconduct of NRC, shall be borne by Delta. Delta shall test the accuracy of any Delta-owned meter in use under this Agreement in accordance with its standard practices and, upon request, will timely communicate the test results to NRC.

7.2. If NRC challenges the accuracy of any meters maintained by Delta and requests to have the meters tested, Delta shall test the meters in the presence of NRC or its representatives, if NRC exercises the right to be present or represented at such test. If the test shall prove the meter to be accurate within plus or minus two percent (2%), the cost of testing the same shall be borne by NRC, but if the test proves the meter to be in error by more than plus or minus two percent (2%), then the cost of testing and repairing the same shall be borne by Delta. Meter measurements found to be in error more than plus or minus two percent (2%) shall be corrected and the accounts for the period during

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
APR 14 2001
PURSUANT TO 807 KAR 5.011,
SECTION 1(1) BE
BY Stephan O. Bell
SECRETARY OF THE COMMISSION

meter error existed shall be adjusted accordingly. In the event the period during which the meter error existed is unknown, then the accounts shall be adjusted for one-half of the elapsed time since the last previous test but in no event shall the accounts be adjusted for a period of more than one hundred and eighty (180) days.

ARTICLE 8. DELIVERY POINTS AND TITLE.

8.1. The point of delivery from NRC to Delta for the account of NRC shall be those Delivery Points herein described in Paragraph 1.2. While Delta is in control and possession of the gas, it shall be responsible for any damage, claim, liability or injury caused by the gas.

8.2. After delivery at the Redelivery Point of the gas transported by Delta to NRC hereunder, NRC shall be deemed in control and possession thereof and shall be responsible for any damage, claim, liability or injury caused by the gas.

ARTICLE 9. TAXES AND FEES.

Delta may collect from NRC any taxes and franchise fees, including, but not limited to, sales tax, school tax and gross receipts tax, which, by regulatory authority or by law, are generally collected by utilities or other providers of the services which are the subject of this Agreement from customers based upon the services rendered, whether such tax exists or hereinafter promulgated or applied. The obligation to pay such taxes shall be in addition to the obligation to pay the appropriate rates set forth in Article 4 of this Agreement.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
APR 14 2001
PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)
BY: Stephan D. Bell
SECRETARY OF THE COMMISSION

ARTICLE 10. FORCE MAJEURE.

10.1. Suspension of Obligations. If by reason of force majeure any party hereto is rendered unable, wholly or in part, to carry out its obligations under this Agreement, and if such party gives notice and reasonably full particulars of such force majeure, by an express means of written communication, to the other party within a reasonable time after the occurrence of the event of force majeure relied on, the party giving such notice, to the extent that it is affected by such event of force majeure, shall not be in default of its obligations hereunder or liable in damages during the continuation of any inability so caused. The party claiming suspension due to force majeure shall use due diligence to put itself again in position to carry out all of the obligations which it assumes in this Agreement.

10.2. Force Majeure. The term "force majeure" as used herein means any cause not reasonably in the control of the party claiming suspension, including but not limited to, acts of God or a public enemy, strikes, riots, injunctions or other interference through legal proceedings, breakage or accident to machinery, equipment or pipelines not due to negligence or willful misconduct of the party invoking force majeure, wash-outs, earthquakes, storms, freezing of lines of KENTUCKY WELLS, blowouts, shutdowns to make emergency or unexpected repairs to machines, equipment or pipelines.

10.3. Obligation to Pay. Notwithstanding the foregoing provisions of this Article, NRC shall not claim

PUBLIC SERVICE COMMISSION
SECTION 9(1)
EFFECTIVE
APR 14 2001
Notwithstanding the
SUBJECT TO 807 KAR 5.011,
SECRETARY OF THE COMMISSION

suspension, by reason of force majeure, of its obligations under Articles 4 and 9 of this Agreement to pay Delta for transportation service previously rendered, including applicable taxes and franchise fees, which Delta is permitted to collect from NRC hereunder.

ARTICLE 11. GOVERNMENTAL REGULATION.

11.1. 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, 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 the parties to this Agreement or transactions herein require approval for the sale or transportation 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.

11.2. Neither party shall 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.

11.3. If at any time during the term of this Agreement, the Kentucky Public Service Commission, the Federal Energy Regulatory Commission, or their successor agencies shall take action (a) whereby Delta will be prohibited or prevented from receiving in full all amounts and monies which NRC has agreed to pay Delta for service rendered hereunder which

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
APR 14 2001
PURSUANT TO 807 KAR 5.011
SECTION 9 (a)
BY Stephen B. [Signature]
SECRETARY OF THE COMMISSION

action in the reasonable judgment of either party, would cause performance of this Agreement to be unduly burdensome, the affected party may cancel and terminate this Agreement as of the date on which such action would so prevent, prohibit or unduly burden that party. Notification, in writing, of such cancellation and termination and the reason therefor shall be as soon as is practicable. The non-terminating party shall have seven (7) business days to assist in alleviating, to the other's satisfaction, such prevention, prohibition or burden, after which time such cancellation and termination shall be effective at the terminating party's discretion.

11.4. Nothing in this Agreement shall prevent any party from contesting the validity of any law, order, rule, regulation or directive of any state, federal or other governmental regulatory authority or agency, nor shall anything in this Agreement be construed to require any 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 thereto.

11.5. This Agreement shall not be effective in whole or in part until and unless all necessary regulatory approvals or authorizations shall have been obtained to the satisfaction of each of the parties hereto. In the event any such approval or authorization is withdrawn or expires (and any renewal is refused by the appropriate regulatory authority) this Agreement may be canceled at the option of any party hereto.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
APR 14 2001
PURSUANT TO 807 KAR 5.011,
SECTION 9(1)
BY Edward Bu
SECRETARY OF THE COMMISSION

11.6. Except as otherwise provided herein, this Agreement is subject to the terms and conditions of Delta's Rates, Rules and Regulations, as set forth in Delta's tariffs on file with the Kentucky Public Service Commission, as same may be changed from time to time.

ARTICLE 12. CONFIDENTIALITY.

Except as otherwise provided herein, Delta and NRC shall maintain the confidentiality of the terms and conditions of this Agreement, and Delta and NRC agree not to divulge same to any third party except to the extent required by law, court order or the order or regulation of any administrative agency having jurisdiction over either party.

ARTICLE 13. GOVERNING LAW.

This Agreement was entered into under and shall be construed in accordance with the laws of the Commonwealth of Kentucky.

ARTICLE 14. NOTICES.

Any notice, request, demand, statement, bill, payment, or other communication from any party to any other shall be in writing and shall be delivered to the addresses listed below or at such other address as the receiving party may designate in writing:

To DELTA:

Delta Natural Gas Company, Inc
3617 Lexington Road
Winchester, KY 40391
Attention: George S. Billings

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

APR 14 2007

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

NAMI RESOURCES COMPANY, L.L.C.
1222½ North Main Street
London, Kentucky 40741

ARTICLE 15. ASSIGNMENT.

Either party may assign this Agreement or any of its rights or obligations hereunder with the express written consent of the other party which shall not be unreasonably withheld provided that Delta may assign this Agreement or any of its rights or obligations hereunder to another entity affiliated with or controlled by Delta without NRC's consent.

ARTICLE 16. SUCCESSORS.

Subject to the terms and conditions of this Agreement, this Agreement shall extend to and be binding upon the successors and assigns of the parties hereto.

ARTICLE 17. WAIVER.

A waiver by any party of any one or more defaults by any other party in the performance of any provision of this Agreement, shall not operate as a waiver of any future default.

ARTICLE 18. 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 this Agreement.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

ARTICLE 19. HEADINGS.

APR 14 2001

PURSUANT TO 807 KAR 5.011,
SECTION 9 (1)
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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.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands this the 13th day of March, 2001.

DELTA NATURAL GAS COMPANY, INC.

By Al L. Heath

Title V.P. OPAS & ENG.

NAMI RESOURCES COMPANY, L.L.C.

By May D. Lee

Title Managing Member

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

APR 14 2001

PURSUANT TO 807 KAR 5.011,
SECTION 9(1)
BY Stephan D. Bell
SECRETARY OF THE COMMISSION