

NATURAL GAS SUPPLY AGREEMENT

This NATURAL GAS SUPPLY AGREEMENT, made and entered into in duplicate original copies on this 27 day of May, 1999, between WAL-MART STORES EAST, INC., 2001 Southeast Tenth Street, Bentonville, Arkansas 72712, hereinafter referred to as "Buyer", and MILLENNIUM ENERGY, INC., 951 Fairview Avenue, P.O. Box 1118, Bowling Green, Kentucky 42102, hereinafter referred to as "Seller".

WITNESSETH:

WHEREAS, subject to the terms and conditions hereinafter set forth, Seller desires to sell natural gas to the Buyer and Buyer desires to purchase natural gas from the Seller;

NOW, THEREFORE, in consideration of the promises, mutual covenants and agreements herein contained, the parties hereto agree as follows:

1. Scope of Agreement. The terms, provisions, agreements, representations, conditions and warranties of this Agreement are applicable to the distribution and sale of natural gas by Seller to Buyer.

2. Gas to be sold. Seller shall sell and deliver and Buyer shall purchase quantities of natural gas as requested each month by Buyer at Buyer's place of business known as the "Wal-Mart Super Store," U. S. 31W and VFW Road, Franklin, Kentucky 42134. Natural gas shall be provided to Buyer at a minimum pressure no less than 5 PSIG. Title to the natural gas shall pass from Seller to Buyer at the point of delivery being the outlet of Buyer's header piping, U. S. 31W and VFW Road, Franklin, Kentucky. In addition to the local distribution charges hereinafter set forth, Buyer shall further pay to Seller TEN THOUSAND DOLLARS

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(\$10,000.00), representing a portion of Seller's distribution installation expense, which sum shall be payable upon delivery by Seller to Buyer of Seller's invoice upon commencement of service.

3. **Rates and Payment.** For all natural gas sold by Seller and purchased by Buyer, Buyer shall pay Seller the following rates:

A. **Local Distribution Charges.**

(1) Seller shall charge and Buyer shall pay a Customer Charge of FIFTY DOLLARS (\$50.00) per month.

(2) Seller shall charge and Buyer shall pay a Distribution Charge of TWO DOLLARS AND 20/100 (\$2.20) per MCF.

B. **Wholesale gas supply.** Seller shall charge and Buyer shall pay a Commodity Charge at a price established by the current NYMEX commodity price, plus any and all transmission charges and marketing costs per MCF charged by Midwestern Gas Transmission. The Seller will assist Buyer in negotiating a wholesale gas price with natural gas suppliers on an annual basis in July of each year during the term of this Agreement. Should a wholesale gas price not be negotiated which is acceptable to Buyer, then, and in that event, this Agreement shall terminate.

4. **Billing and payment.** Seller shall read the meter on a monthly basis and provide a statement of natural gas usage within five (5) days after the meter has been read and natural gas usage determined. Buyer shall pay its monthly chargers within ten (10) business days following the receipt by Buyer of its statement of natural gas usage. Any charges not paid within fifteen (15) days following receipt by Buyer of its statement of natural gas usage will be subject to a late payment penalty equal to 1½% per month.

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5. **Term.** The initial term of this agreement is five (5) years from its commencement date. The commencement date is 2 August 1999 at which time Seller shall be in a position to supply natural gas to Buyer. Should either the distribution line of Seller or business premises of Buyer not be completed by 2 August 1999 as a result of delay which is due exclusively to causes beyond the control and without the fault of Seller or Buyer, including acts of God, then, and in that event, the commencement date shall be the date upon which both facilities are complete.

6. **Disclaimer of Warranties.** THE SELLER AND BUYER EXPRESSLY ACKNOWLEDGE THAT SELLER ACTS AS A DISTRIBUTOR ONLY IF NATURAL GAS PURCHASED AT WHOLESALE AND IT DOES NOT WARRANT, EITHER EXPRESSLY OR IMPLIEDLY, THE QUALITY OR PURITY OF THE NATURAL GAS PROVIDED THROUGH ITS DISTRIBUTION SYSTEM. UNLESS CAUSED BY SELLER'S AFFIRMATIVE ACT OF NEGLIGENCE, SELLER SHALL NOT BE LIABLE FOR ANY FAILURE OF THE GAS SUPPLY TO BUYER'S BUSINESS ENTERPRISE OR FOR ANY INJURY OR DAMAGE TO PERSONAL PROPERTY OR LOSS SUFFERED BY THE BUSINESS OR OCCUPATION OF BUYER. IT IS FURTHER EXPRESSLY AGREED AND UNDERSTOOD THAT SELLER SHALL NOT BE LIABLE FOR FAILURE TO DELIVER NATURAL GAS PURSUANT TO THE TERMS OF THIS NATURAL GAS SUPPLY AGREEMENT IF THROUGH NO FAULT OF SELLER, IT IS UNABLE TO OBTAIN DELIVERY OF NATURAL GAS THROUGH ITS HOT TAP CONNECTED TO THE EL PASO MIDWESTERN PIPELINE NEAR THE INTERSECTION OF BUTTS ROAD AND LAKESPRING ROAD IN SIMPSON COUNTY, KENTUCKY.

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7. Indemnification. Each party agrees to and shall defend, indemnify and hold harmless the other party, that indemnified party's parent company and all related or affiliated companies, and all affiliates, officers, directors, shareholders, associates, employees, servants and agents of each, from and against all claims, damages, expenses, including reasonable attorneys' fees and costs, losses, causes of action or suits which arise out of or relate to this Agreement to the negligent act or omission, willful misconduct, other fault of any nature of the indemnifying party, its employees, agents, servants or subcontractors.

8. Notices. All notices and other communications required or permitted to be given hereunder shall be in writing and shall be mailed by certified or registered mail, postage prepaid, or by Federal Express, or similar overnight delivery service, addressed as follows:

If to Buyer:

Wal-Mart Stores East, Inc.
2001 Southeast Tenth Street
Bentonville, AR 72712
Attention: James Stanway, Director
Rate Procurement

If to Seller:

Millennium Energy, Inc.
951 Fairview Avenue
P. O. Box 1118
Bowling Green, KY 42102
Attention: _____

Notice shall be deemed to have been given upon receipt. Refusal of delivery or undeliverable for any reason shall be deemed receipt.

9. Amendment and Modification. No modification of this Agreement shall be valid or binding unless such modification is in writing, duly dated and signed by both parties.

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10. **Entire Agreement.** This Agreement contains the entire agreement of the parties, and all prior communications, oral or written, are without any force and effect as it is the specific intent of the parties that this Agreement alone sets forth the terms on which the parties have mutually agreed. Each party specifically agrees that it enters into this Agreement based on its own understanding of the terms hereof and does not rely, in whole or in part, on any interpretation or representation of the other party. Each party agrees that this Agreement is the result of good faith arms length negotiations.

11. **Severability.** If any term, covenant or condition of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby; and each and every remaining term, covenant or condition of this Agreement shall be valid and enforced to the fullest extent permitted by law.

12. **Successors.** It is mutually understood and specifically agreed that this Agreement is binding upon the respective heirs, successors, administrators, executors and assigns of the parties hereto.

13. **Partnership/Joint Venture Relationship.** This Agreement does not create any obligation or relationship such as a partnership, joint venture or other similar legal relationship under the laws of any state or the federal government. Any correspondence or other references to "partners" or other similar terms will not be deemed to alter, amend or change the relationship between the parties hereto unless there is a formal written agreement specifically

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detailing the rights, liabilities and obligations of the parties as to a new, specifically defined legal relationship.

14. **Insurance Provision.** The Seller shall purchase and maintain, in a company or companies licensed to do business in the state in which the project is located, such insurance as indicated below and with the limits listed below. Such insurance shall protect Buyer and the Seller from claims which may arise out of or result from the operations under this Agreement, whether such operations be by itself or by any subcontractor or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable. All insurance contracts shall contain a waiver of subrogation in favor of Buyer and its affiliates.

A certificate of insurance, acceptable to Buyer, **MUST BE RECEIVED** by Wal-Mart Contract Administration Department before Buyer will execute this Agreement or before any work is performed on the project, whichever is the earliest date. The certification must indicate that the limits listed below are provided and that the insurance will not be canceled while the work specified therein is in progress without thirty (30) days' prior written notice by registered mail to Buyer. Buyer acknowledges that it has received an appropriate certificate of insurance acceptable to it. **WAL-MART STORES, INC., ET AL, MUST BE NAMED AS AN ADDITIONAL INSURED ON ALL POLICIES OF INSURANCE.**

TYPE	LIMITS OF INSURANCE
<u>WORKMEN'S COMPENSATION</u> Employer's Liability Stop Gap Endorsement (monopolistic states)	Statutory Per Each Occurrence \$1,000,000



TYPE	LIMITS OF INSURANCE
<p><u>COMPREHENSIVE GENERAL LIABILITY</u></p> <p>Including Contractor's Protective, Contractual Liability, Manufacturer's and Contractors Premises-Operations Liability, and Products and Completed Operations Liability for period following completion of the work (covering liability assumed hereunder) with no exclusion of coverage for liability resulting from the hazards of explosion, collapse and underground property damage. Personal Injury Liability, Broad Form Property Damage (Including completed operations) and Fire Legal Liability.</p>	<p>Per Each Occurrence \$2,000,000</p>
<p><u>BUSINESS AUTO LIABILITY</u></p> <p>Including Hired and Non-Owned Waiver of Subrogation</p>	<p>Per Each Occurrence \$2,000,000</p>

The Seller shall be responsible for securing certificates of insurance from all subcontractors for insurance coverage limits not less than the limits indicated above and shall make such certificates available to Buyer upon request.

Seller shall pay off and discharge any and all debts and obligations incurred pursuant to performing the work set out above including, but not limited to, obligations owed to suppliers of material and subcontractors.

15. **Governing Law.** This Agreement shall be construed in accordance with and governed by the laws of the Commonwealth of Kentucky.

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IN WITNESS WHEREOF, the parties hereto have caused their duly authorized

representatives to execute this agreement the day and year first written above.

WAL-MART STORES EAST, INC.
2001 Southeast Tenth Street
Bentonville, AR 72712

BY: [Signature]
DIRECTOR SYSTEMS & ENERGY DEVELOPMENT

MILLENNIUM ENERGY, INC.
951 Fairview Avenue
P.O. Box 1118
Bowling Green, KY 42102

BY: [Signature]
FLOYD H. ELLIS, President
203237-1

Approved as to legal terms only
by [Signature]
WAL-MART LEGAL TEAM
Date: 5/25/99



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