

NEW HAMPSHIRE NATURAL GAS SUPPLIER REGISTRATION

PUC 3003.1

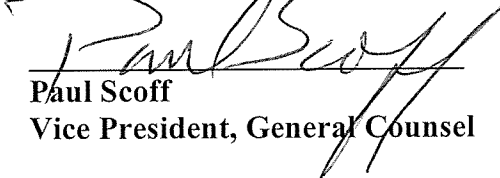
- a.) *Any CNGS seeking to sell natural gas to customers at retail in the State of New Hampshire shall file with the commission a registration application with 2 copies and an electronic copy on diskette, pursuant to PUC 202.08.*

Sprague Energy Corp. is filing with the New Hampshire Public Utilities Commission a registration application and will provide an original and two copies plus an electronic copy on a diskette pursuant to PUC 202.08.

- b.) *The registration application required by (a) above shall:*

- 1.) *Be signed by the CNGS; and*

Sprague Energy Corp.



Paul Scoff
Vice President, General Counsel

Date: January 14, 2010

- 2.) *Include the following*

- a.) *The legal name of the applicant as well as any trade name(s) under which it intends to operate in this state;*

Sprague Energy Corp.

- b.) *The applicant's business address, if any, principal place of business, telephone number, facsimile number and email address;*

**Two International Drive, Suite 200
Portsmouth, NH 03801
Phone: (603) 431-1000 ext. 338
Fax: (603) 430-5320**

- c.) *The applicant's place of incorporation;*

Delaware – state of incorporation

- d.) *The names, titles, business addresses, telephone numbers and facsimile numbers of the applicant's principal officers;*

See attachment (d)

assumption, the transferor shall remain liable for and shall not be relieved of or discharged from any obligations hereunder arising prior to the effective date of assignment.

(14) The following is added at the end of Section 15.5:

EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, SUIT OR PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS CONTRACT OR THE TRANSACTIONS CONTEMPLATED BY THIS CONTRACT.

(15) Delete Section 15.6 in its entirety and replace it with the following language:

This Contract and all provisions herein will be subject to all applicable and valid statutes, rules, orders and regulations of any governmental authority having jurisdiction over the parties, their facilities, or Gas supply, this Contract or transaction or any provision thereof. In the event any governmental authority or any law, rule, regulation, ordinance or an order of any court, tribunal or regulatory authority of competent jurisdiction adversely and materially impacts Seller's ability to perform under this Agreement and/or any Transaction Confirmation, Seller shall have the right, at its option, in its sole discretion, to either attempt to renegotiate the terms of this Agreement and/or the Transaction Confirmation at any time, or to entirely terminate this Agreement and/or the Transaction Confirmation, without penalty, upon sixty (60) days' notice.

(16) Delete Section 15.10 in its entirety and replace it with the following language:

Unless the parties have elected on the Base Contract not to make this Section 15.10 applicable to this Contract, neither party shall disclose directly or indirectly without the prior written consent of the other party the terms of any transaction or any financial information provided by one party to the other party under this Agreement to a third party (other than the employees, lenders, royalty owners, counsel, accountants and other agents of the party, or prospective purchasers of all or substantially all of a party's assets or of any rights under this Contract, provided such persons shall have agreed to keep such terms confidential) except (i) in order to comply with any applicable law, order, regulation, or exchange rule, (ii) to the extent necessary for the enforcement of this Contract, (iii) to the extent necessary to implement any transaction, (iv) to the extent necessary to comply with a regulatory agency's reporting requirements including but not limited to gas cost recovery proceedings; (v) to the extent such information is delivered to such third party for the sole purpose of calculating a published index; or (vi) to third-party credit rating agencies or to Seller's parent in conjunction with Seller's evaluation and/or review of Buyer's creditworthiness. Each party shall notify the other party of any proceeding of which it is aware which may result in disclosure of the terms of any transaction (other than as permitted hereunder) and use reasonable efforts to prevent or limit the disclosure. The existence of this Contract is not subject to this confidentiality obligation.

Subject to Section 13, the parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with this confidentiality obligation. The terms of any transaction hereunder shall be kept confidential by the parties hereto for one year from the expiration of the transaction.

SPRAGUE ENERGY CORP.:

BUYER:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT A**SPRAGUE ENERGY CORP.
NATURAL GAS TRANSACTION CONFIRMATION**

Date:
Buyer:
Attn:
Deal:
Facility Location:

Buyer Fax Nbr:
Agreement Date:
Contract Nbr: NGRA

This Transaction Confirmation is made pursuant to the terms and conditions of NAESB ("Agreement") entered into between the parties and dated [add date]. In the event that the parties have not executed an agreement governing this sale of natural gas, this Transaction Confirmation shall be subject to the NAESB Base Contract for the Purchase and Sale of Natural Gas version .6.3.1., dated April 19, 2002, which the parties agree Sprague has provided to Buyer. As already orally agreed, Sprague and Buyer agree to the following transaction terms:

Delivery Period	Contract Quantity (MMBTU/day)	Price*	Delivery Information **
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* The Price shall also include any other charges set forth herein and all applicable Taxes, as defined in the Agreement.

** The Delivery Information may include local distribution company ("LDC"), delivery pipeline, transportation tariff and other information relevant to natural gas delivery. Unless otherwise specified, the Delivery Point is the citygate interconnection between the LDC and delivery pipeline.

Transaction Terms:

Buyer may accept this Transaction Confirmation by signing below and faxing it to Sprague at 603-430-5320. Buyer shall be solely responsible for notifying Sprague in writing of any inaccuracies in this Transaction Confirmation not less than two (2) business days from Buyer's receipt of the Transaction Confirmation and a failure to do so shall be deemed an acceptance of this Transaction Confirmation.

Sprague Energy Corp.

By: _____
Title: _____
Date: _____

Buyer

By: _____
Title: _____
Date: _____

Account Manager: Salesman - (phone) () -

Contract No.IT-1999-018

GAS TRANSPORTATION CONTRACT
FOR INTERRUPTIBLE TRANSPORTATION SERVICE
BETWEEN
PORTLAND NATURAL GAS TRANSMISSION SYSTEM
AND
SPRAGUE ENERGY CORP.

This Gas Transportation Contract ("Contract") is made as of the 10th Day of December, 1999 by and between Portland Natural Gas Transmission System, a Maine general partnership, (herein called "Transporter") and Sprague Energy Corp., a Delaware corporation (herein called "Shipper"), pursuant to the following recitals and representations:

WHEREAS, the Federal Energy Regulatory Commission ("FERC") has, on July 31, 1997 in Docket No. CP97-238 and on September 24, 1997 in Docket No. CP96-249, issued certificates of public convenience and necessity authorizing Transporter to construct, own, operate, and maintain a natural gas transmission system ("System");

WHEREAS, Shipper desires to purchase interruptible transportation service on Transporter's System; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein assumed, Transporter and Shipper agree as follows:

ARTICLE I - SCOPE OF CONTRACT

1. On the Commencement Date and each Day thereafter on which Shipper and Transporter schedule Gas for transportation hereunder, Shipper shall cause the Scheduled Quantity, up to the Maximum Daily Quantity (MDQ), to be delivered to Transporter at the Receipt Point(s).

2. On the Commencement Date and each Day thereafter on which the Scheduled Quantity is delivered to Transporter at the Receipt Point(s) pursuant to Section 1 of this Article I, Transporter shall, subject to interruption of service by Transporter in accordance with this Contract and Transporter's Tariff, make the Scheduled Quantity available to or on behalf of Shipper at the Delivery Point(s).

3. Shipper shall be solely responsible for securing faithful performance by gas supplier(s) and/or any applicable upstream or downstream shippers and transporters in all matters which may affect Transporter's performance hereunder, and Transporter shall not be liable hereunder to Shipper as a result of the failure of gas supplier(s) and/or any applicable upstream or downstream shippers and transporters to so perform.

ARTICLE II - INTERRUPTIBLE TRANSPORTATION CAPACITY

1. Shipper hereby contracts for the right to cause Transporter to receive from or for the account of Shipper at each Receipt Point such quantities of Gas up to the MDQ for such Receipt Point as set forth on the currently effective Schedule 1 appended hereto, on any Day on which Transporter has interruptible capacity available to Shipper, and Transporter shall make available to or on behalf of

Shipper on an interruptible basis at each Delivery Point on such Day such quantities of Gas up to the MDQ for such Delivery Point as set forth on the currently effective Schedule 2 appended hereto. Schedules 1 and 2 are hereby incorporated as part of this Contract.

2. Transporter shall make available to Shipper the service contracted for under this Article II on the Days and for the quantities of Gas for which Transporter has interruptible capacity available to Shipper, subject to Shipper's compliance with the terms and conditions of this Contract.

ARTICLE III - RATE

1. For each Month, Shipper agrees to pay the Recourse Rate, or a negotiated rate mutually agreed to in writing by Shipper and Transporter, multiplied by the sum of the Receipt Point Scheduled Quantity or Quantities during such Month; provided, however, that in the event that Transporter determines, in its sole discretion on a basis that is not unduly discriminatory, or otherwise pursuant to this Contract to render service on behalf of Shipper for a discounted usage rate, Transporter shall notify Shipper in writing of the amount of such discounted usage rate, the Day(s) on which such rate shall be in effect and the quantities to which such rate applies. For each Dth of Scheduled Quantity to which a discounted usage rate applies, as set forth in Transporter's notice, Shipper agrees to pay and shall pay the applicable discounted usage rate in lieu of the maximum usage rate.

2. Shipper agrees to pay and shall pay all other applicable charges specified in Rate Schedule IT.

ARTICLE IV - RATE SCHEDULES AND GENERAL TERMS AND CONDITIONS

This Contract and all provisions contained or incorporated herein are subject to the provisions of Rate Schedule IT and of the General Terms and Conditions as such may be revised or superseded from time to time, all of which by this reference are made a part hereof. The General Terms and Conditions and Rate Schedule IT shall control in the event of a conflict between the General Terms and Conditions or Rate Schedule IT and this Contract. All of the terms defined in Transporter's Tariff shall have the same meaning wherever used in this Contract.

ARTICLE V - TERM

1. The Commencement Date shall be December 10, 1999.

2. This Contract shall be effective as of the date first hereinabove written; provided, however, that Transporter shall have no liability under this Contract and shall be under no obligation to receive or to deliver any quantities of Gas hereunder, and Shipper shall be under no obligation to pay for transportation, prior to the Commencement Date.

3. This Contract shall continue in force and effect until one (1) Year from Commencement Date, and Year to Year thereafter, unless terminated by either party upon twelve (12) Months prior written notice to the other; provided, however, that if the FERC authorizes Transporter to abandon service to Shipper on an earlier date, this Contract shall terminate as of such earlier date.

4. Any provision of this Contract necessary to correct or cash-out imbalances or to make payment under this Contract as required by the Tariff will survive the other parts of this Contract until such time as such balancing or payment has been accomplished.

ARTICLE VI - NOTICES

Notices to Transporter shall be addressed to:

Portland Natural Gas Transmission System
One Harbour Place
Suite 375
Portsmouth, New Hampshire 03801
Phone: (603) 427-2410
Fax: (603) 427-2807

Notices to Shipper hereunder shall be addressed to:

Hector Miranda
Sprague Energy Corp.
Two International Drive
Suite 200
Portsmouth, New Hampshire 03801
Phone: (603) 430-5392
Fax: (603) 430-5320

Either party may change its address under this Article by written notice to the other party.

ARTICLE VII - TRANSFER AND ASSIGNMENT OF CONTRACT

Any entity which shall succeed by purchase, merger or consolidation to the properties, substantially as an entirety, of either Transporter or Shipper, as the cause may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Contract. Any party may, without relieving itself of its obligations under this Contract, assign any of its rights hereunder to an entity with which it is affiliated, but otherwise no assignment of this Contract or of any of the rights or obligations hereunder shall be made unless there first shall have been obtained the written consent thereto of Shipper in the event of an assignment by Transporter or Transporter in the event of an assignment by Shipper, which consents shall not be unreasonably withheld. It is agreed, however, that the restrictions on assignment contained in this Article VII shall not in any way prevent either party to this Contract from pledging or mortgaging its rights hereunder as security for its indebtedness.

ARTICLE VIII - NONRECOURSE OBLIGATION OF PARTNERSHIP AND OPERATOR

Shipper acknowledges and agrees that: (a) Transporter is a Maine general partnership; (b) Shipper shall have no recourse against any partner in Transporter with respect to the obligations of Transporter under this Contract and that its sole recourse shall be against the partnership assets, irrespective of any

failure to comply with applicable law or any provision of this Contract; (c) no claim shall be made against any partner under or in connection with this Contract; (d) Shipper shall have no right of subrogation to any claim of Transporter for any capital contributions from any partner to Transporter; (e) no claims shall be made against the Operator, its officers, employees, and agents, under or in connection with this Contract and the performance of Operator's duties as Operator (provided that this shall not bar claims resulting from the gross negligence or willful misconduct of Operator, its officers, employees or agents) and Shipper shall provide Operator with a waiver of subrogation of Shipper's insurance company for all such claims; and (f) this representation is made expressly for the benefit of the partners in Transporter and Operator.

ARTICLE IX - LAW OF CONTRACT

Notwithstanding conflict-of-law rules, the interpretation and performance of this Contract shall be in accordance with and controlled by the laws of the State of Maine.

ARTICLE X - CHANGE IN TARIFF PROVISIONS

Shipper agrees that Transporter shall have the unilateral right to file with FERC or any successor regulating authority any changes in any of the provisions of its Tariff, including any of its Rate Schedules, or the General Terms and Conditions, as Transporter may deem necessary, and to make such changes effective at such times as Transporter desires and is possible under applicable law.

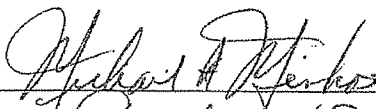
IN WITNESS WHEREOF, the parties hereto have caused this Contract to be duly executed in several counterparts by their proper officers thereunto duly authorized, as of the date first hereinabove written.

ATTEST:



PORTLAND NATURAL GAS TRANSMISSION SYSTEM

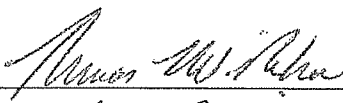
By


Title Executive V.P.

ATTEST:

SPRAGUE ENERGY CORP.

By


Title Vice President

Contract No.IT-1999-018

SCHEDULE 1

Receipt Point:	Any Receipt Point as listed under the Master Receipt and Delivery Points Index provision in the General Terms and Conditions of Transporter's Tariff
Maximum Daily Quantity:	20,000 per day

Contract No.IT-1999-018

SCHEDULE 2

Delivery Point:	Any Delivery Point as listed under the Master Receipt and Delivery Points Index provision in the General Terms and Conditions of Transporter's Tariff
Maximum Daily Quantity:	20,000 Dth per day

Company	Account code	Doc code	Doc num	Doc date	Year	Period	Pay status	Desc	Home value
OPERCO	9260.78023.C21000	AP INVOICE	3344	10/31/1999	1999	11	Not matchable	BOSTON GLOBE T&E RECRUIT AD 10/99	796.32
OPERCO	9260.78023.C20000	AP INVOICE	3480	11/19/1999	1999	11	Not matchable	D.HENWOOD,EXP REPORT 9/30-11/7/99	3,500.00

GAS TRANSPORTATION CONTRACT
(For Use Under FT-NN Rate Schedule)
09-744-CF

THIS AGREEMENT is made and entered into as of the 26 day of October, 2009, by and between GRANITE STATE GAS TRANSMISSION, INC., a New Hampshire Corporation, hereinafter referred to as "Granite State" or "Transporter" and SPRAGUE ENERGY, hereinafter referred to as "Shipper." Granite State and Shipper shall collectively be referred to herein as the "Parties." The service provided hereunder shall be on behalf of the Company or Companies listed on Exhibit A hereto.

WITNESSETH:

That in consideration of the premises and mutual covenants and agreements herein contained, the Parties agree as follows:

ARTICLE I
DEFINITIONS

1.1 TRANSPORTATION QUANTITY - shall mean the maximum daily quantity of gas which Transporter agrees to receive and transport or arranges to be received and transported, subject to Article II herein, for the account of Shipper hereunder on each day during each year during the term hereof which shall be 37 dekatherms. Any limitations of the quantities to be received at each Receipt Point and/or delivered to each Delivery Point shall be as specified on Exhibit B attached hereto.

1.2 UPSTREAM TRANSPORTATION AGREEMENTS - shall mean those Gas Transportation Agreements with third party pipelines, which provide for the receipt, transportation and delivery of Shipper's gas at the Receipt Point(s). Each third party pipeline is hereinafter referred to individually as "Upstream Transporter" and collectively as "Upstream Transportation."

1.3 EQUIVALENT QUANTITY - shall mean the quantities of gas delivered hereunder at the Receipt Point(s) for transportation less, where applicable, quantities of gas for Granite State's system fuel and use requirements and gas lost and unaccounted for associated with this transportation service.

ARTICLE II
SCOPE OF AGREEMENT

2.1 Transportation Service - Subject to Section 2.2 below, Granite State agrees to accept and receive or arranges to be accepted and received, daily, on a firm basis, in accordance with Rate Schedule FT-NN, at the Receipt Point(s), from Shipper or for Shipper's account such quantity of gas as Shipper makes available up to the Transportation Quantity.

Granite State agrees to transport and deliver or arranges for the transportation and delivery to or for the account of Shipper at the Delivery Point(s) and Shipper agrees to accept or cause acceptance of delivery of the quantity received by Transporter or for Transporter's account, on any day, less any applicable Fuel Reimbursement Quantities; provided, however, Transporter

shall not be obligated to deliver or arrange to be delivered at any Delivery Point on any day a quantity of natural gas in excess of the applicable Maximum Daily Delivery Obligation.

2.2 Any obligation on Granite State's part to receive or arrange to receive, transport and deliver gas to the Delivery Point(s) for Shipper's account on a daily basis is subject to the following:

- (a) Execution by Shipper of the necessary Upstream Transportation Agreements;
- (b) Shipper causing the Upstream Transporter(s) to receive quantities of gas at the applicable upstream Delivery Point upon Granite State's request and to deliver quantities of gas to Granite State for Shipper's account at the applicable upstream Receipt Point.

ARTICLE III RECEIPT AND DELIVERY POINTS

3.1 The Receipt Point(s) and Delivery Point(s) shall be those point(s) specified on Exhibit B attached hereto.

3.2 Shipper may supplement Receipt Point(s) and/or Delivery Point(s) provided by this Contract by submitting to Transporter a Transportation Service Request Form. Such request form, after having been fully processed and accepted by Transporter shall be deemed to have the full force and effect of a written contract and shall qualify as a supplementary written consent pursuant to Paragraph 15.3 of this Contract. Priority of transportation service to such additional Receipt and/or Delivery Point(s) shall be determined pursuant to Article 26 of the General Terms and Conditions of Granite State's FERC Gas Tariff.

ARTICLE IV

All Facilities are in place to render the service provided for in this Agreement, or if facilities are to be constructed, a brief description of the facilities will be included, as well as who is to construct, own and/or operate such facilities.

ARTICLE V RECEIPT AND DELIVERY PRESSURES

Shipper shall deliver or cause to be delivered to Granite State the gas to be transported hereunder at pressures sufficient to deliver such gas into Granite State's system at the Receipt Point(s), and where applicable at the Upstream Pipeline's Receipt Point(s). Granite State shall deliver the gas to be transported hereunder to or for the account of Shipper at the pressures existing in Granite State's system at the Delivery Point(s) or, where applicable, at the pressures existing in the Upstream Pipeline's system at the Delivery Point(s).

ARTICLE VI QUALITY SPECIFICATIONS AND STANDARDS FOR MEASUREMENT

For all gas received, transported and delivered hereunder the parties agree to the Quality Specifications and Standards for Measurement as specified in the General Terms and

Conditions of Granite State's Federal Energy Regulatory Commission (FERC) Gas Tariff. To the extent that no new measurement facilities are installed to provide service hereunder, measurement operations will continue in the manner in which they have previously been handled. In the event that such facilities are not operated by Granite State, then responsibility for operations shall be deemed to be Shipper's. Any exceptions to this Article shall be specified on Exhibit(s) N/A attached hereto.

ARTICLE VII RATES AND CHARGES FOR GAS TRANSPORTATION SERVICE

7.1 TRANSPORTATION RATES - Commencing with the date of initial receipt of gas by Granite State from Shipper, the compensation to be paid by Shipper to Granite State for the transportation service provided herein shall be in accordance with Section 5 of Granite State's Rate Schedule FT-NN.

7.2 SYSTEM FUEL AND LOSSES - Shipper agrees to provide Granite State any applicable fuel and losses associated with the transportation service provided herein in accordance with Section 6 of Granite State's Rate Schedule FT-NN.

7.3 NEW FACILITIES CHARGE - N/A

7.4 INCIDENTAL CHARGES - Shipper agrees to reimburse Granite State for any filing or similar fees, which have not been previously paid by Shipper, which Granite State incurs in rendering service hereunder.

7.5 CHANGES IN RATES AND CHARGES - Granite State shall have the unilateral right to file and make effective changes in the rates and charges stated in this Article, the rates and charges applicable to service pursuant to Granite State's Rate Schedule FT-NN, the rate schedule pursuant to which this service is rendered and/or any provisions of the General Terms and Conditions of Granite State's FERC Gas Tariff applicable to this service. Without prejudice to Shipper's right to contest such changes, Shipper agrees to pay the effective rates and charges for service rendered pursuant to this Contract.

ARTICLE VIII BILLINGS AND PAYMENTS

Granite State shall bill and Shipper shall pay all rates and charges in accordance with Article 5 and 6, respectively, of the General Terms and Conditions of Granite State's FERC Gas Tariff.

ARTICLE IX GENERAL TERMS AND CONDITIONS

This Agreement shall be subject to the effective provisions of Granite State's Rate Schedule FT-NN and to the General Terms and Conditions incorporated therein, as the same may be changed or superseded from time to time in accordance with the rules and regulations

of the FERC, which Rate Schedule and General Terms and Conditions are incorporated herein by reference and made a part hereof for all purposes.

ARTICLE X REGULATION

This contract shall be subject to all applicable and lawful governmental statutes, orders, rules and regulations and is contingent upon the receipt and continuation of all necessary regulatory approvals or authorization upon terms acceptable to Granite State. This contract shall be void and of no force and effect if any necessary regulatory approval is not so obtained or continued. All parties hereto shall cooperate to obtain or continue all necessary approvals or authorizations, but no party shall be liable to any other party for failure to obtain or continue such approvals or authorizations.

ARTICLE XI RESPONSIBILITY DURING TRANSPORTATION

Except as herein specified the responsibility for gas during transportation shall be as stated in the General Terms and Conditions of Granite State's FERC Gas Tariff.

ARTICLE XII TERM

12.1 This Contract shall become effective as of November 1, 2009, and shall remain in force and effect until October 31, 2010, and from N/A to N/A^{1/} thereafter, unless cancelled by either Party upon one year's written notice; provided however, if the term of the Contract is less than one year, either party may terminate this Contract by providing written notice of its election at the commencement of the primary term or any secondary term of this Contract. To the extent pregranted abandonment authorization under the FERC's regulations applies, Granite State will seek abandonment authorization from the FERC prior to exercising its unilateral right to terminate the Contract following the expiration of the primary term.^{2/}

12.2 Any portion of this Contract necessary to correct or cashout imbalances under this Contract as required by the General Terms and Conditions of Granite State's FERC Gas Tariff, shall survive the other parts of this Contract until such time as such balancing has been accomplished.

^{1/} The evergreen period shall be the lesser of the original term of the Contract, or one year.

^{2/} Applicable to agreements with deliveries at a Customer's traditional delivery points under its firm sales service, which have a primary term equal or greater than one year.

ARTICLE XII
TERM (continued)

12.3 This Contract will terminate automatically in the event Shipper fails to pay all of the amount of any bill for service rendered by Transporter hereunder when that amount is due, provided Transporter shall give Shipper and the FERC thirty days notice prior to any termination of service. Service may continue hereunder if within the thirty day notice period satisfactory assurance of payment is made in accord with the terms and conditions of Article 6 of the General Terms and Conditions of Granite State's Tariff.

ARTICLE XIII
NOTICE

Except as otherwise provided in the General Terms and Conditions applicable to this Contract, any notice under this Contract shall be in writing and mailed to the post office address of the party intended to receive the same, as follows:

GRANITE STATE:

Granite State Gas Transmission, Inc.
Attention: Joe Conneely
6 Liberty Lane West
Hampton, NH 03842

SHIPPER:

Sprague Energy
Two International Drive, Suite 200
Portsmouth, NH 03801

or to such other address as either Party shall designate by formal written notice to the other.

ARTICLE XIV
ASSIGNMENTS

14.1 Either Party may assign or pledge this Contract and all rights and obligations hereunder under the provisions of any mortgage, deed of trust, indenture, or other instrument which it has executed or may execute hereafter as security for indebtedness; otherwise, no Party shall assign this Contract or any of its rights hereunder unless it shall first have obtained the written consent of the other, which consent shall not be unreasonably withheld.

14.2 Any person which shall succeed by purchase, merger, or consolidation to the properties, substantially as an entirety, of either Party hereto shall be entitled to the rights and shall be subject to the obligations of its predecessor in interest under this Contract.

ARTICLE XV
MISCELLANEOUS

15.1 This Contract shall be interpreted under the laws of the State of New Hampshire.

15.2 If any provision of this Contract is declared null and void, or voidable, by a court of competent jurisdiction, then that provision will be considered severable at either party's option; and if the severability option is exercised, the remaining provisions of the Contract shall remain in full force and effect.

15.3 No modification of or supplement to the terms and provisions hereof shall be or become effective, except by the execution of supplementary written consent.

15.4 Exhibit(s) A and B attached hereto is/are incorporated herein by reference and made a part hereof for all purposes.

IN WITNESS WHEREOF, the Parties hereto have caused this Contract to be duly executed in several counterparts as of the date first herein above written.

GRANITE STATE GAS TRANSMISSION, INC.

By: 

Accepted and Agreed to this 26 Day of October, 2009.

SPRAGUE ENERGY,

By: 

Gas Transportation Contract
(For Use Under Rate Schedule FT-NN)

Exhibit "A"

To Gas Transportation Contract Starting
November 1, 2009
Between Granite State Gas Transmission, Inc.
And
Sprague Energy

On Behalf Of Parties

Contract No. 09-744-CF
MDQ: 37 Dekatherms

Company Name

Sprague Energy

Gas Transportation Contract
(For Use Under Rate Schedule FT-NN)

Exhibit "B"

To Gas Transportation Contract Starting
November 1, 2009
Between Granite State Gas Transmission, Inc.
And
Sprague Energy

Receipt Points

Contract No. 09-744-CF
MDQ: 37 Dekatherms

<u>Meter No.</u>	<u>Meter Name</u>	<u>Interconnect Party</u>	<u>County/Town</u>	<u>ST</u>	<u>Meter TQ</u>
020206	Pleasant St.	Tennessee Gas Pipeline Co.	Essex	MA	37

Delivery Points

<u>Meter No.</u>	<u>Meter Name</u>	<u>Interconnect Party</u>	<u>County/Town</u>	<u>ST</u>	<u>Meter TQ</u>
081102	Warren Ave.	Granite State Gas Transmission	Portland	ME	37

The sum of transporter's deliveries to Shipper for all transportation contracts cannot exceed the limitations reflected above.

SPRAGUE ENERGY CORP.

Unanimous Written Consent of the Board of
Directors in Lieu of Meeting

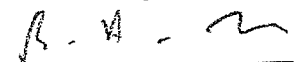
The undersigned, being all of the members of the Board of Directors of Sprague Energy Corp., a Delaware corporation (the "Corporation"), acting pursuant to Section 141(f) of the General Corporation Law of the State of Delaware and consistent with the certificate of incorporation and by-laws of the Corporation, hereby consent to the adoption of the following resolutions and to the taking of the actions contemplated thereby, in each case, with the same force and effect as if presented to and adopted at a duly convened meeting of the Board of Directors of the Corporation:

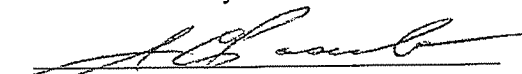
RESOLVED, that all contracts, agreements, assignments, transfers, guaranties, deeds, stock powers and other instruments of the Corporation, and all instruments deemed to be necessary or desirable for a proposal or bid of the Corporation for such a contract or agreement to provide goods or services may be executed and delivered by the President, any Vice President, the Treasurer, or any Assistant Treasurer of the Corporation; and it is

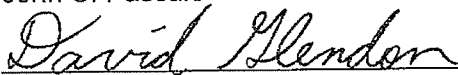
FURTHER RESOLVED, that the Secretary or any Assistant Secretary may affix the seal of the Corporation thereto and attest same.

IN WITNESS WHEREOF, the undersigned have executed this Consent as of the 25th day of June 2008.


Michael D. Milligan


Ben J. Hennelly


John C. Pascale


David Glendon

Base Contract for Sale and Purchase of Natural Gas

This Base Contract is entered into as of the following date: January 31, 2003. The parties to this Base Contract are the following:

TENNESSEE GAS PIPELINE COMPANY

Nine Greenway Plaza, Suite 977B, Houston, Texas 77046

Duns Number: 00-193-9164

Contract Number: 9060

U.S. Federal Tax ID Number: 74-1056569

Notices:

Tennessee Gas Pipeline Company

Attn: Joe Clements / Andy Armstrong

Phone: 832-676-5121 / 832-676-5120 Fax: 832-676-1605

Confirmations:

Andy Armstrong, Suite 976 B

Attn: Bidroom Asset Optimization

Phone: 832-676-5120 Fax: 832-676-1605

Invoices and Payments:

Tennessee Gas Pipeline Company

Attn: Beverly Hatcher / Robert Nunnally - TGP Accounting

Nine Greenway Plaza, Suite 208, Houston, Texas 77046

Phone: 832-676-3958 Fax: 832-676-1898

Wire Transfer or ACH Numbers (if applicable):

BANK: Bank of America Illinois

ABA: # 071000039

ACCT: # 8188100890

Other Details: Payable to Tennessee Gas Pipeline

SPRAGUE ENERGY CORP.

Two International Drive, Suite 200, Portsmouth, NH 03801

Duns Number: #13-136-2733

Contract Number: 9060

U.S. Federal Tax ID Number: #02-0415440

SAME AS ABOVE

Attn: NATURAL GAS ADMINISTRATION

Phone: (603) 430-5338

Fax: (603) 430-5320

SAME AS ABOVE

Attn: NATURAL GAS ADMINISTRATION

Phone: (603) 430-5338

Fax: (603) 430-5320

SAME AS ABOVE

Attn: NATURAL GAS ADMINISTRATION

Phone: (603) 430-7240

Fax: (603) 430-5320

BANK: CHASE MANHATTAN, NEW YORK, NY

ABA: 021000021

ACCT: 910-2-720233

Other Details:

This Base Contract incorporates by reference for all purposes the General Terms and Conditions for Sale and Purchase of Natural Gas published by the North American Energy Standards Board. The parties hereby agree to the following provisions offered in said General Terms and Conditions. In the event the parties fail to check a box, the specified default provision shall apply. Select only one box from each section:

Section 1.2 <input checked="" type="checkbox"/> Oral (default) Transaction Procedure <input type="checkbox"/> Written	Section 7.2 <input checked="" type="checkbox"/> 25 th Day of Month following Month of delivery (default) Payment Date <input type="checkbox"/> _____ Day of Month following Month of delivery
Section 2.5 <input checked="" type="checkbox"/> 2 Business Days after receipt (default) Confirm Deadline <input type="checkbox"/> _____ Business Days after receipt	Section 7.2 <input checked="" type="checkbox"/> Wire transfer (default) Method of Payment <input type="checkbox"/> Automated Clearinghouse Credit (ACH) <input type="checkbox"/> Check
Section 2.6 <input checked="" type="checkbox"/> Seller (default) Confirming Party <input type="checkbox"/> Buyer	Section 7.7 <input checked="" type="checkbox"/> Netting applies (default) Netting <input type="checkbox"/> Netting does not apply
Section 3.2 <input checked="" type="checkbox"/> Cover Standard (default) Performance Obligation <input type="checkbox"/> Spot Price Standard Note: The following Spot Price Publication applies to both of the immediately preceding. Section 2.26 <input checked="" type="checkbox"/> Gas Daily Spot Price Publication <input type="checkbox"/> Midpoint (default)	Section 10.3.1 <input checked="" type="checkbox"/> Early Termination Damages Apply (default) Early Termination Damages <input type="checkbox"/> Early Termination Damages Do Not Apply Section 10.3.2 <input checked="" type="checkbox"/> Other Agreement Setoffs Apply (default) Other Agreement Setoffs <input type="checkbox"/> Other Agreement Setoffs Do Not Apply
Section 6 <input checked="" type="checkbox"/> Buyer Pays At and After Delivery Point (default) Taxes <input type="checkbox"/> Seller Pays Before and At Delivery Point	Section 14.5 Choice Of Law <u>TEXAS</u> Section 14.10 <input checked="" type="checkbox"/> Confidentiality applies (default) Confidentiality <input type="checkbox"/> Confidentiality does not apply

☐ Special Provisions Number of sheets attached: None
☐ Addendum(s):

IN WITNESS WHEREOF, the parties hereto have executed this Base Contract in duplicate.

TENNESSEE GAS PIPELINE COMPANY

Party Name

By

Name:

Title:

Shirley Chen
 Director, Asset Optimization

SPRAGUE ENERGY CORP.

Party Name

By

Name: Thomas F. Flaherty

Title: Vice President Industrial Marketing

General Terms and Conditions

Base Contract for Sale and Purchase of Natural Gas

SECTION 1. PURPOSE AND PROCEDURES

1.1. These General Terms and Conditions are intended to facilitate purchase and sale transactions of Gas on a Firm or Interruptible basis. "Buyer" refers to the party receiving Gas and "Seller" refers to the party delivering Gas. The entire agreement between the parties shall be the Contract as defined in Section 2.7.

The parties have selected either the "Oral Transaction Procedure" or the "Written Transaction Procedure" as indicated on the Base Contract.

Oral Transaction Procedure:

1.2. The parties will use the following Transaction Confirmation procedure. Any Gas purchase and sale transaction may be effectuated in an EDI transmission or telephone conversation with the offer and acceptance constituting the agreement of the parties. The parties shall be legally bound from the time they so agree to transaction terms and may each rely thereon. Any such transaction shall be considered a "writing" and to have been "signed". Notwithstanding the foregoing sentence, the parties agree that Confirming Party shall, and the other party may, confirm a telephonic transaction by sending the other party a Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means within three Business Days of a transaction covered by this Section 1.2 (Oral Transaction Procedure) provided that the failure to send a Transaction Confirmation shall not invalidate the oral agreement of the parties. Confirming Party adopts its confirming letterhead, or the like, as its signature on any Transaction Confirmation as the identification and authentication of Confirming Party. If the Transaction Confirmation contains any provisions other than those relating to the commercial terms of the transaction (i.e., price, quantity, performance obligation, delivery point, period of delivery and/or transportation conditions), which modify or supplement the Base Contract or General Terms and Conditions of this Contract (e.g., arbitration or additional representations and warranties), such provisions shall not be deemed to be accepted pursuant to Section 1.3 but must be expressly agreed to by both parties; provided that the foregoing shall not invalidate any transaction agreed to by the parties.

Written Transaction Procedure:

1.2. The parties will use the following Transaction Confirmation procedure. Should the parties come to an agreement regarding a Gas purchase and sale transaction for a particular Delivery Period, the Confirming Party shall, and the other party may, record that agreement on a Transaction Confirmation and communicate such Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means to the other party by the close of the Business Day following the date of agreement. The parties acknowledge that their agreement will not be binding until the exchange of nonconflicting Transaction Confirmations or the passage of the Confirm Deadline without objection from the receiving party, as provided in Section 1.3.

1.3. If a sending party's Transaction Confirmation is materially different from the receiving party's understanding of the agreement referred to in Section 1.2, such receiving party shall notify the sending party via facsimile, EDI or mutually agreeable electronic means by the Confirm Deadline, unless such receiving party has previously sent a Transaction Confirmation to the sending party. The failure of the receiving party to so notify the sending party in writing by the Confirm Deadline constitutes the receiving party's agreement to the terms of the transaction described in the sending party's Transaction Confirmation. If there are any material differences between timely sent Transaction Confirmations governing the same transaction, then neither Transaction Confirmation shall be binding until or unless such differences are resolved including the use of any evidence that clearly resolves the differences in the Transaction Confirmations. In the event of a conflict among the terms of (i) a binding Transaction Confirmation pursuant to Section 1.2, (ii) the oral agreement of the parties which may be evidenced by a recorded conversation, where the parties have selected the Oral Transaction Procedure of the Base Contract, (iii) the Base Contract, and (iv) these General Terms and Conditions, the terms of the documents shall govern in the priority listed in this sentence.

1.4. The parties agree that each party may electronically record all telephone conversations with respect to this Contract between their respective employees, without any special or further notice to the other party. Each party shall obtain any necessary consent of its agents and employees to such recording. Where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, the parties agree not to contest the validity or enforceability of telephonic recordings entered into in accordance with the requirements of this Base Contract. However, nothing herein shall be construed as a waiver of any objection to the admissibility of such evidence.

SECTION 2. DEFINITIONS

The terms set forth below shall have the meaning ascribed to them below. Other terms are also defined elsewhere in the Contract and shall have the meanings ascribed to them herein.

2.1. "Alternative Damages" shall mean such damages, expressed in dollars or dollars per MMBtu, as the parties shall agree upon in the Transaction Confirmation, in the event either Seller or Buyer fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer.

2.2. "Base Contract" shall mean a contract executed by the parties that incorporates these General Terms and Conditions by reference; that specifies the agreed selections of provisions contained herein; and that sets forth other information required herein and any Special Provisions and addendum(s) as identified on page one.

2.3. "British thermal unit" or "Btu" shall mean the International BTU, which is also called the Btu (IT).

- 2.4. "Business Day" shall mean any day except Saturday, Sunday or Federal Reserve Bank holidays.
- 2.5. "Confirm Deadline" shall mean 5:00 p.m. in the receiving party's time zone on the second Business Day following the Day a Transaction Confirmation is received or, if applicable, on the Business Day agreed to by the parties in the Base Contract; provided, if the Transaction Confirmation is time stamped after 5:00 p.m. in the receiving party's time zone, it shall be deemed received at the opening of the next Business Day.
- 2.6. "Confirming Party" shall mean the party designated in the Base Contract to prepare and forward Transaction Confirmations to the other party.
- 2.7. "Contract" shall mean the legally binding relationship established by (i) the Base Contract, (ii) any and all binding Transaction Confirmations and (iii) where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, any and all transactions that the parties have entered into through an EDI transmission or by telephone, but that have not been confirmed in a binding Transaction Confirmation.
- 2.8. "Contract Price" shall mean the amount expressed in U.S. Dollars per MMBtu to be paid by Buyer to Seller for the purchase of Gas as agreed to by the parties in a transaction.
- 2.9. "Contract Quantity" shall mean the quantity of Gas to be delivered and taken as agreed to by the parties in a transaction.
- 2.10. "Cover Standard", as referred to in Section 3.2, shall mean that if there is an unexcused failure to take or deliver any quantity of Gas pursuant to this Contract, then the performing party shall use commercially reasonable efforts to (i) if Buyer is the performing party, obtain Gas, (or an alternate fuel if elected by Buyer and replacement Gas is not available), or (ii) if Seller is the performing party, sell Gas, in either case, at a price reasonable for the delivery or production area, as applicable, consistent with the amount of notice provided by the nonperforming party; the immediacy of the Buyer's Gas consumption needs or Seller's Gas sales requirements, as applicable; the quantities involved; and the anticipated length of failure by the nonperforming party.
- 2.11. "Credit Support Obligation(s)" shall mean any obligation(s) to provide or establish credit support for, or on behalf of, a party to this Contract such as an irrevocable standby letter of credit, a margin agreement, a prepayment, a security interest in an asset, a performance bond, guaranty, or other good and sufficient security of a continuing nature.
- 2.12. "Day" shall mean a period of 24 consecutive hours, coextensive with a "day" as defined by the Receiving Transporter in a particular transaction.
- 2.13. "Delivery Period" shall be the period during which deliveries are to be made as agreed to by the parties in a transaction.
- 2.14. "Delivery Point(s)" shall mean such point(s) as are agreed to by the parties in a transaction.
- 2.15. "EDI" shall mean an electronic data interchange pursuant to an agreement entered into by the parties, specifically relating to the communication of Transaction Confirmations under this Contract.
- 2.16. "EFP" shall mean the purchase, sale or exchange of natural Gas as the "physical" side of an exchange for physical transaction involving gas futures contracts. EFP shall incorporate the meaning and remedies of "Firm", provided that a party's excuse for nonperformance of its obligations to deliver or receive Gas will be governed by the rules of the relevant futures exchange regulated under the Commodity Exchange Act.
- 2.17. "Firm" shall mean that either party may interrupt its performance without liability only to the extent that such performance is prevented for reasons of Force Majeure; provided, however, that during Force Majeure interruptions, the party invoking Force Majeure may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by the Transporter.
- 2.18. "Gas" shall mean any mixture of hydrocarbons and noncombustible gases in a gaseous state consisting primarily of methane.
- 2.19. "Imbalance Charges" shall mean any fees, penalties, costs or charges (in cash or in kind) assessed by a Transporter for failure to satisfy the Transporter's balance and/or nomination requirements.
- 2.20. "Interruptible" shall mean that either party may interrupt its performance at any time for any reason, whether or not caused by an event of Force Majeure, with no liability, except such interrupting party may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by Transporter.
- 2.21. "MMBtu" shall mean one million British thermal units, which is equivalent to one dekatherm.
- 2.22. "Month" shall mean the period beginning on the first Day of the calendar month and ending immediately prior to the commencement of the first Day of the next calendar month.
- 2.23. "Payment Date" shall mean a date, as indicated on the Base Contract, on or before which payment is due Seller for Gas received by Buyer in the previous Month.
- 2.24. "Receiving Transporter" shall mean the Transporter receiving Gas at a Delivery Point, or absent such receiving Transporter, the Transporter delivering Gas at a Delivery Point.
- 2.25. "Scheduled Gas" shall mean the quantity of Gas confirmed by Transporter(s) for movement, transportation or management.
- 2.26. "Spot Price" as referred to in Section 3.2 shall mean the price listed in the publication indicated on the Base Contract, under the listing applicable to the geographic location closest in proximity to the Delivery Point(s) for the relevant Day; provided, if there is no single price published for such location for such Day, but there is published a range of prices, then the Spot Price shall be the average

of such high and low prices. If no price or range of prices is published for such Day, then the Spot Price shall be the average of the following: (i) the price (determined as stated above) for the first Day for which a price or range of prices is published that next precedes the relevant Day; and (ii) the price (determined as stated above) for the first Day for which a price or range of prices is published that next follows the relevant Day.

2.27. "Transaction Confirmation" shall mean a document, similar to the form of Exhibit A, setting forth the terms of a transaction formed pursuant to Section 1 for a particular Delivery Period.

2.28. "Termination Option" shall mean the option of either party to terminate a transaction in the event that the other party fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer for a designated number of days during a period as specified on the applicable Transaction Confirmation.

2.29. "Transporter(s)" shall mean all Gas gathering or pipeline companies, or local distribution companies, acting in the capacity of a transporter, transporting Gas for Seller or Buyer upstream or downstream, respectively, of the Delivery Point pursuant to a particular transaction.

SECTION 3. PERFORMANCE OBLIGATION

3.1. Seller agrees to sell and deliver, and Buyer agrees to receive and purchase, the Contract Quantity for a particular transaction in accordance with the terms of the Contract. Sales and purchases will be on a Firm or Interruptible basis, as agreed to by the parties in a transaction.

The parties have selected either the "Cover Standard" or the "Spot Price Standard" as indicated on the Base Contract.

Cover Standard:

3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the positive difference, if any, between the purchase price paid by Buyer utilizing the Cover Standard and the Contract Price, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually delivered by Seller for such Day(s); or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in the amount equal to the positive difference, if any, between the Contract Price and the price received by Seller utilizing the Cover Standard for the resale of such Gas, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually taken by Buyer for such Day(s); or (iii) in the event that Buyer has used commercially reasonable efforts to replace the Gas or Seller has used commercially reasonable efforts to sell the Gas to a third party, and no such replacement or sale is available, then the sole and exclusive remedy of the performing party shall be any unfavorable difference between the Contract Price and the Spot Price, adjusted for such transportation to the applicable Delivery Point, multiplied by the difference between the Contract Quantity and the quantity actually delivered by Seller and received by Buyer for such Day(s). Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.

Spot Price Standard:

3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the Contract Price from the Spot Price; or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the applicable Spot Price from the Contract Price. Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.

3.3. Notwithstanding Section 3.2, the parties may agree to Alternative Damages in a Transaction Confirmation executed in writing by both parties.

3.4. In addition to Sections 3.2 and 3.3, the parties may provide for a Termination Option in a Transaction Confirmation executed in writing by both parties. The Transaction Confirmation containing the Termination Option will designate the length of nonperformance triggering the Termination Option and the procedures for exercise thereof, how damages for nonperformance will be compensated, and how liquidation costs will be calculated.

SECTION 4. TRANSPORTATION, NOMINATIONS, AND IMBALANCES

4.1. Seller shall have the sole responsibility for transporting the Gas to the Delivery Point(s). Buyer shall have the sole responsibility for transporting the Gas from the Delivery Point(s).

4.2. The parties shall coordinate their nomination activities, giving sufficient time to meet the deadlines of the affected Transporter(s). Each party shall give the other party timely prior Notice, sufficient to meet the requirements of all Transporter(s) involved in the transaction, of the quantities of Gas to be delivered and purchased each Day. Should either party become aware that actual deliveries at the Delivery Point(s) are greater or lesser than the Scheduled Gas, such party shall promptly notify the other party.

4.3. The parties shall use commercially reasonable efforts to avoid imposition of any Imbalance Charges. If Buyer or Seller receives an invoice from a Transporter that includes Imbalance Charges, the parties shall determine the validity as well as the cause of such Imbalance Charges. If the Imbalance Charges were incurred as a result of Buyer's receipt of quantities of Gas greater than or less than the Scheduled Gas, then Buyer shall pay for such Imbalance Charges or reimburse Seller for such Imbalance Charges paid by Seller. If the Imbalance Charges were incurred as a result of Seller's delivery of quantities of Gas greater than or less than the Scheduled Gas, then Seller shall pay for such Imbalance Charges or reimburse Buyer for such Imbalance Charges paid by Buyer.

SECTION 5. QUALITY AND MEASUREMENT

All Gas delivered by Seller shall meet the pressure, quality and heat content requirements of the Receiving Transporter. The unit of quantity measurement for purposes of this Contract shall be one MMBtu dry. Measurement of Gas quantities hereunder shall be in accordance with the established procedures of the Receiving Transporter.

SECTION 6. TAXES

The parties have selected either "Buyer Pays At and After Delivery Point" or "Seller Pays Before and At Delivery Point" as indicated on the Base Contract.

Buyer Pays At and After Delivery Point:

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas at the Delivery Point(s) and all Taxes after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

Seller Pays Before and At Delivery Point:

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s) and all Taxes at the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

SECTION 7. BILLING, PAYMENT, AND AUDIT

7.1. Seller shall invoice Buyer for Gas delivered and received in the preceding Month and for any other applicable charges, providing supporting documentation acceptable in industry practice to support the amount charged. If the actual quantity delivered is not known by the billing date, billing will be prepared based on the quantity of Scheduled Gas. The invoiced quantity will then be adjusted to the actual quantity on the following Month's billing or as soon thereafter as actual delivery information is available.

7.2. Buyer shall remit the amount due under Section 7.1 in the manner specified in the Base Contract, in immediately available funds, on or before the later of the Payment Date or 10 Days after receipt of the invoice by Buyer; provided that if the Payment Date is not a Business Day, payment is due on the next Business Day following that date. In the event any payments are due Buyer hereunder, payment to Buyer shall be made in accordance with this Section 7.2.

7.3. In the event payments become due pursuant to Sections 3.2 or 3.3, the performing party may submit an invoice to the nonperforming party for an accelerated payment setting forth the basis upon which the invoiced amount was calculated. Payment from the nonperforming party will be due five Business Days after receipt of invoice.

7.4. If the invoiced party, in good faith, disputes the amount of any such invoice or any part thereof, such invoiced party will pay such amount as it concedes to be correct; provided, however, if the invoiced party disputes the amount due, it must provide supporting documentation acceptable in industry practice to support the amount paid or disputed. In the event the parties are unable to resolve such dispute, either party may pursue any remedy available at law or in equity to enforce its rights pursuant to this Section.

7.5. If the invoiced party fails to remit the full amount payable when due, interest on the unpaid portion shall accrue from the date due until the date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

7.6. A party shall have the right, at its own expense, upon reasonable Notice and at reasonable times, to examine and audit and to obtain copies of the relevant portion of the books, records, and telephone recordings of the other party only to the extent reasonably necessary to verify the accuracy of any statement, charge, payment, or computation made under the Contract. This right to examine, audit, and to obtain copies shall not be available with respect to proprietary information not directly relevant to transactions under this Contract. All invoices and billings shall be conclusively presumed final and accurate and all associated claims for under- or overpayments shall be deemed waived unless such invoices or billings are objected to in writing, with adequate explanation and/or documentation, within two years after the Month of Gas delivery. All retroactive adjustments under Section 7 shall be paid in full by the party owing payment within 30 Days of Notice and substantiation of such inaccuracy.

7.7. Unless the parties have elected on the Base Contract not to make this Section 7.7 applicable to this Contract, the parties shall net all undisputed amounts due and owing, and/or past due, arising under the Contract such that the party owing the greater amount shall make a single payment of the net amount to the other party in accordance with Section 7; provided that no payment required to be made pursuant to the terms of any Credit Support Obligation or pursuant to Section 7.3 shall be subject to netting under this Section. If the parties have executed a separate netting agreement, the terms and conditions therein shall prevail to the extent inconsistent herewith.

SECTION 8. TITLE, WARRANTY, AND INDEMNITY

8.1. Unless otherwise specifically agreed, title to the Gas shall pass from Seller to Buyer at the Delivery Point(s). Seller shall have responsibility for and assume any liability with respect to the Gas prior to its delivery to Buyer at the specified Delivery Point(s). Buyer shall have responsibility for and any liability with respect to said Gas after its delivery to Buyer at the Delivery Point(s).

8.2. Seller warrants that it will have the right to convey and will transfer good and merchantable title to all Gas sold hereunder and delivered by it to Buyer, free and clear of all liens, encumbrances, and claims. EXCEPT AS PROVIDED IN THIS SECTION 8.2 AND IN SECTION 14.8, ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY PARTICULAR PURPOSE, ARE DISCLAIMED.

8.3. Seller agrees to indemnify Buyer and save it harmless from all losses, liabilities or claims including reasonable attorneys' fees and costs of court ("Claims"), from any and all persons, arising from or out of claims of title, personal injury or property damage from said Gas or other charges thereon which attach before title passes to Buyer. Buyer agrees to indemnify Seller and save it harmless from all Claims, from any and all persons, arising from or out of claims regarding payment, personal injury or property damage from said Gas or other charges thereon which attach after title passes to Buyer.

8.4. Notwithstanding the other provisions of this Section 8, as between Seller and Buyer, Seller will be liable for all Claims to the extent that such arise from the failure of Gas delivered by Seller to meet the quality requirements of Section 5.

SECTION 9. NOTICES

9.1. All Transaction Confirmations, invoices, payments and other communications made pursuant to the Base Contract ("Notices") shall be made to the addresses specified in writing by the respective parties from time to time.

9.2. All Notices required hereunder may be sent by facsimile or mutually acceptable electronic means, a nationally recognized overnight courier service, first class mail or hand delivered.

9.3. Notice shall be given when received on a Business Day by the addressee. In the absence of proof of the actual receipt date, the following presumptions will apply. Notices sent by facsimile shall be deemed to have been received upon the sending party's receipt of its facsimile machine's confirmation of successful transmission. If the day on which such facsimile is received is not a Business Day or is after five p.m. on a Business Day, then such facsimile shall be deemed to have been received on the next following Business Day. Notice by overnight mail or courier shall be deemed to have been received on the next Business Day after it was sent or such earlier time as is confirmed by the receiving party. Notice via first class mail shall be considered delivered five Business Days after mailing.

SECTION 10. FINANCIAL RESPONSIBILITY

10.1. If either party ("X") has reasonable grounds for insecurity regarding the performance of any obligation under this Contract (whether or not then due) by the other party ("Y") (including, without limitation, the occurrence of a material change in the creditworthiness of Y), X may demand Adequate Assurance of Performance. "Adequate Assurance of Performance" shall mean sufficient security in the form, amount and for the term reasonably acceptable to X, including, but not limited to, a standby irrevocable letter of credit, a prepayment, a security interest in an asset or a performance bond or guaranty (including the issuer of any such security).

10.2. In the event (each an "Event of Default") either party (the "Defaulting Party") or its guarantor shall: (i) make an assignment or any general arrangement for the benefit of creditors; (ii) file a petition or otherwise commence, authorize, or acquiesce in the commencement of a proceeding or case under any bankruptcy or similar law for the protection of creditors or have such petition filed or proceeding commenced against it; (iii) otherwise become bankrupt or insolvent (however evidenced); (iv) be unable to pay its debts as they fall due; (v) have a receiver, provisional liquidator, conservator, custodian, trustee or other similar official appointed with respect to it or substantially all of its assets; (vi) fail to perform any obligation to the other party with respect to any Credit Support Obligations relating to the Contract; (vii) fail to give Adequate Assurance of Performance under Section 10.1 within 48 hours but at least one Business Day of a written request by the other party; or (viii) not have paid any amount due the other party hereunder on or before the second Business Day following written Notice that such payment is due; then the other party (the "Non-Defaulting Party") shall have the right, at its sole election, to immediately withhold and/or suspend deliveries or payments upon Notice and/or to terminate and liquidate the transactions under the Contract, in the manner provided in Section 10.3, in addition to any and all other remedies available hereunder.

10.3. If an Event of Default has occurred and is continuing, the Non-Defaulting Party shall have the right, by Notice to the Defaulting Party, to designate a Day, no earlier than the Day such Notice is given and no later than 20 Days after such Notice is given, as an early termination date (the "Early Termination Date") for the liquidation and termination pursuant to Section 10.3.1 of all transactions under the Contract, each a "Terminated Transaction". On the Early Termination Date, all transactions will terminate, other than those transactions, if any, that may not be liquidated and terminated under applicable law or that are, in the reasonable opinion of the Non-Defaulting Party, commercially impracticable to liquidate and terminate ("Excluded Transactions"), which Excluded Transactions must be liquidated and terminated as soon thereafter as is reasonably practicable, and upon termination shall be a Terminated Transaction and be valued consistent with Section 10.3.1 below. With respect to each Excluded Transaction, its actual termination date shall be the Early Termination Date for purposes of Section 10.3.1.

The parties have selected either "Early Termination Damages Apply" or "Early Termination Damages Do Not Apply" as indicated on the Base Contract.

Early Termination Damages Apply:

10.3.1. As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, (i) the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract and (ii) the Market Value, as defined below, of each Terminated Transaction. The Non-Defaulting Party shall (x) liquidate and accelerate each Terminated Transaction at its Market Value, so that each amount equal to the difference between such Market Value and the Contract Value, as defined below, of such Terminated Transaction(s) shall be due to the Buyer under the Terminated Transaction(s) if such Market Value exceeds the Contract Value and to the Seller if the opposite is the case; and (y) where appropriate, discount each amount then due under clause (x) above to present value in a commercially reasonable manner as of the Early Termination Date (to take account of the period between the date of liquidation and the date on which such amount would have otherwise been due pursuant to the relevant Terminated Transactions).

For purposes of this Section 10.3.1, "Contract Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the Contract Price, and "Market Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the market price for a similar transaction at the Delivery Point determined by the Non-Defaulting Party in a commercially reasonable manner. To ascertain the Market Value, the Non-Defaulting Party may consider, among other valuations, any or all of the settlement prices of NYMEX Gas futures contracts, quotations from leading dealers in energy swap contracts or physical gas trading markets, similar sales or purchases and any other bona fide third-party offers, all adjusted for the length of the term and differences in transportation costs. A party shall not be required to enter into a replacement transaction(s) in order to determine the Market Value. Any extension(s) of the term of a transaction to which parties are not bound as of the Early Termination Date (including but not limited to "evergreen provisions") shall not be considered in determining Contract Values and Market Values. For the avoidance of doubt, any option pursuant to which one party has the right to extend the term of a transaction shall be considered in determining Contract Values and Market Values. The rate of interest used in calculating net present value shall be determined by the Non-Defaulting Party in a commercially reasonable manner.

Early Termination Damages Do Not Apply:

10.3.1. As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract.

The parties have selected either "Other Agreement Setoffs Apply" or "Other Agreement Setoffs Do Not Apply" as indicated on the Base Contract.

Other Agreement Setoffs Apply:

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the Defaulting Party, the Non-Defaulting Party may setoff (i) any Net Settlement Amount owed to the Non-Defaulting Party against any margin or other collateral held by it in connection with any Credit Support Obligation relating to the Contract; or (ii) any Net Settlement Amount payable to the Defaulting Party against any amount(s) payable by the Defaulting Party to the Non-Defaulting Party under any other agreement or arrangement between the parties.

Other Agreement Setoffs Do Not Apply:

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the Defaulting Party, the Non-Defaulting Party may setoff any Net Settlement Amount owed to the Non-Defaulting Party against any margin or other collateral held by it in connection with any Credit Support Obligation relating to the Contract.

10.3.3. If any obligation that is to be included in any netting, aggregation or setoff pursuant to Section 10.3.2 is unascertained, the Non-Defaulting Party may in good faith estimate that obligation and net, aggregate or setoff, as applicable, in respect of the estimate, subject to the Non-Defaulting Party accounting to the Defaulting Party when the obligation is ascertained. Any amount not then due which is included in any netting, aggregation or setoff pursuant to Section 10.3.2 shall be discounted to net present value in a commercially reasonable manner determined by the Non-Defaulting Party.

10.4. As soon as practicable after a liquidation, Notice shall be given by the Non-Defaulting Party to the Defaulting Party of the Net Settlement Amount, and whether the Net Settlement Amount is due to or due from the Non-Defaulting Party. The Notice shall include a written statement explaining in reasonable detail the calculation of such amount, provided that failure to give such Notice shall not affect the validity or enforceability of the liquidation or give rise to any claim by the Defaulting Party against the Non-Defaulting Party. The Net Settlement Amount shall be paid by the close of business on the second Business Day following such Notice, which date shall not be earlier than the Early Termination Date. Interest on any unpaid portion of the Net Settlement Amount shall accrue from the date due until the

date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

10.5. The parties agree that the transactions hereunder constitute a "forward contract" within the meaning of the United States Bankruptcy Code and that Buyer and Seller are each "forward contract merchants" within the meaning of the United States Bankruptcy Code.

10.6. The Non-Defaulting Party's remedies under this Section 10 are the sole and exclusive remedies of the Non-Defaulting Party with respect to the occurrence of any Early Termination Date. Each party reserves to itself all other rights, setoffs, counterclaims and other defenses that it is or may be entitled to arising from the Contract.

10.7. With respect to this Section 10, if the parties have executed a separate netting agreement with close-out netting provisions, the terms and conditions therein shall prevail to the extent inconsistent herewith.

SECTION 11. FORCE MAJEURE

11.1. Except with regard to a party's obligation to make payment(s) due under Section 7, Section 10.4, and Imbalance Charges under Section 4, neither party shall be liable to the other for failure to perform a Firm obligation, to the extent such failure was caused by Force Majeure. The term "Force Majeure" as employed herein means any cause not reasonably within the control of the party claiming suspension, as further defined in Section 11.2.

11.2. Force Majeure shall include, but not be limited to, the following: (i) physical events such as acts of God, landslides, lightning, earthquakes, fires, storms or storm warnings, such as hurricanes, which result in evacuation of the affected area, floods, washouts, explosions, breakage or accident or necessity of repairs to machinery or equipment or lines of pipe; (ii) weather related events affecting an entire geographic region, such as low temperatures which cause freezing or failure of wells or lines of pipe; (iii) interruption and/or curtailment of Firm transportation and/or storage by Transporters; (iv) acts of others such as strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections or wars; and (v) governmental actions such as necessity for compliance with any court order, law, statute, ordinance, regulation, or policy having the effect of law promulgated by a governmental authority having jurisdiction. Seller and Buyer shall make reasonable efforts to avoid the adverse impacts of a Force Majeure and to resolve the event or occurrence once it has occurred in order to resume performance.

11.3. Neither party shall be entitled to the benefit of the provisions of Force Majeure to the extent performance is affected by any or all of the following circumstances: (i) the curtailment of interruptible or secondary Firm transportation unless primary, in-path, Firm transportation is also curtailed; (ii) the party claiming excuse failed to remedy the condition and to resume the performance of such covenants or obligations with reasonable dispatch; or (iii) economic hardship, to include, without limitation, Seller's ability to sell Gas at a higher or more advantageous price than the Contract Price, Buyer's ability to purchase Gas at a lower or more advantageous price than the Contract Price, or a regulatory agency disallowing, in whole or in part, the pass-through of costs resulting from this Agreement; (iv) the loss of Buyer's market(s) or Buyer's inability to use or resell Gas purchased hereunder, except, in either case, as provided in Section 11.2; or (v) the loss or failure of Seller's gas supply or depletion of reserves, except, in either case, as provided in Section 11.2. The party claiming Force Majeure shall not be excused from its responsibility for Imbalance Charges.

11.4. Notwithstanding anything to the contrary herein, the parties agree that the settlement of strikes, lockouts or other industrial disturbances shall be within the sole discretion of the party experiencing such disturbance.

11.5. The party whose performance is prevented by Force Majeure must provide Notice to the other party. Initial Notice may be given orally; however, written Notice with reasonably full particulars of the event or occurrence is required as soon as reasonably possible. Upon providing written Notice of Force Majeure to the other party, the affected party will be relieved of its obligation, from the onset of the Force Majeure event, to make or accept delivery of Gas, as applicable, to the extent and for the duration of Force Majeure, and neither party shall be deemed to have failed in such obligations to the other during such occurrence or event.

11.6. Notwithstanding Sections 11.2 and 11.3, the parties may agree to alternative Force Majeure provisions in a Transaction Confirmation executed in writing by both parties.

SECTION 12. TERM

This Contract may be terminated on 30 Day's written Notice, but shall remain in effect until the expiration of the latest Delivery Period of any transaction(s). The rights of either party pursuant to Section 7.6 and Section 10, the obligations to make payment hereunder, and the obligation of either party to indemnify the other, pursuant hereto shall survive the termination of the Base Contract or any transaction.

SECTION 13. LIMITATIONS

FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY. A PARTY'S LIABILITY HEREUNDER SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN OR IN A TRANSACTION, A PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY. SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE.

TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

SECTION 14. MISCELLANEOUS

14.1. This Contract shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, and heirs of the respective parties hereto, and the covenants, conditions, rights and obligations of this Contract shall run for the full term of this Contract. No assignment of this Contract, in whole or in part, will be made without the prior written consent of the non-assigning party (and shall not relieve the assigning party from liability hereunder); which consent will not be unreasonably withheld or delayed; provided, either party may (i) transfer, sell, pledge, encumber, or assign this Contract or the accounts, revenues, or proceeds hereof in connection with any financing or other financial arrangements, or (ii) transfer its interest to any parent or affiliate by assignment, merger or otherwise without the prior approval of the other party. Upon any such assignment, transfer and assumption, the transferor shall remain principally liable for and shall not be relieved of or discharged from any obligations hereunder.

14.2. If any provision in this Contract is determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Contract.

14.3. No waiver of any breach of this Contract shall be held to be a waiver of any other or subsequent breach.

14.4. This Contract sets forth all understandings between the parties respecting each transaction subject hereto, and any prior contracts, understandings and representations, whether oral or written, relating to such transactions are merged into and superseded by this Contract and any effective transaction(s). This Contract may be amended only by a writing executed by both parties.

14.5. The interpretation and performance of this Contract shall be governed by the laws of the jurisdiction as indicated on the Base Contract, excluding, however, any conflict of laws rule which would apply the law of another jurisdiction.

14.6. This Contract and all provisions herein will be subject to all applicable and valid statutes, rules, orders and regulations of any governmental authority having jurisdiction over the parties, their facilities, or Gas supply, this Contract or transaction or any provisions thereof.

14.7. There is no third party beneficiary to this Contract.

14.8. Each party to this Contract represents and warrants that it has full and complete authority to enter into and perform this Contract. Each person who executes this Contract on behalf of either party represents and warrants that it has full and complete authority to do so and that such party will be bound thereby.

14.9. The headings and subheadings contained in this Contract are used solely for convenience and do not constitute a part of this Contract between the parties and shall not be used to construe or interpret the provisions of this Contract.

14.10. Unless the parties have elected on the Base Contract not to make this Section 14.10 applicable to this Contract, neither party shall disclose directly or indirectly without the prior written consent of the other party the terms of any transaction to a third party (other than the employees, lenders, royalty owners, counsel, accountants and other agents of the party or prospective purchasers of all or substantially all of a party's assets or of any rights under this Contract, provided such persons shall have agreed to keep such terms confidential) except (i) in order to comply with any applicable law, order, regulation, or exchange rule, (ii) to the extent necessary for the enforcement of this Contract, (iii) to the extent necessary to implement any transaction, or (iv) to the extent such information is delivered to such third party for the sole purpose of calculating a published index. Each party shall notify the other party of any proceeding of which it is aware which may result in disclosure of the terms of any transaction (other than as permitted hereunder) and use reasonable efforts to prevent or limit the disclosure. The existence of this Contract is not subject to this confidentiality obligation. Subject to Section 13, the parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with this confidentiality obligation. The terms of any transaction hereunder shall be kept confidential by the parties hereto for one year from the expiration of the transaction.

In the event that disclosure is required by a governmental body or applicable law, the party subject to such requirement may disclose the material terms of this Contract to the extent so required; but shall promptly notify the other party, prior to disclosure, and shall cooperate (consistent with the disclosing party's legal obligations) with the other party's efforts to obtain protective orders or similar restraints with respect to such disclosure at the expense of the other party.

14.11 The parties may agree to dispute resolution procedures in Special Provisions attached to the Base Contract or in a Transaction Confirmation executed in writing by both parties.

DISCLAIMER: The purposes of this Contract are to facilitate trade, avoid misunderstandings and make more definite the terms of contracts of purchase and sale of natural gas. Further, NAESB does not mandate the use of this Contract by any party. **NAESB DISCLAIMS AND EXCLUDES, AND ANY USER OF THIS CONTRACT ACKNOWLEDGES AND AGREES TO NAESB'S DISCLAIMER OF, ANY AND ALL WARRANTIES, CONDITIONS OR REPRESENTATIONS, EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THIS CONTRACT OR ANY PART THEREOF, INCLUDING ANY AND ALL IMPLIED WARRANTIES OR CONDITIONS OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY, OR FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE (WHETHER OR NOT NAESB KNOWS, HAS REASON TO KNOW, HAS BEEN ADVISED, OR IS OTHERWISE IN FACT AWARE OF ANY SUCH PURPOSE), WHETHER ALLEGED TO ARISE BY LAW, BY REASON OF CUSTOM OR USAGE IN THE TRADE, OR BY COURSE OF DEALING. EACH USER OF THIS CONTRACT ALSO AGREES THAT UNDER NO CIRCUMSTANCES WILL NAESB BE LIABLE FOR ANY DIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES ARISING OUT OF ANY USE OF THIS CONTRACT.**

TRANSACTION CONFIRMATION
FOR IMMEDIATE DELIVERY

EXHIBIT A

Letterhead/Logo	Date: _____ Transaction Confirmation #: _____
This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated _____. The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of receipt unless otherwise specified in the Base Contract.	
SELLER: _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No. _____ Transporter: _____ Transporter Contract Number: _____	BUYER: _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No. _____ Transporter: _____ Transporter Contract Number: _____
Contract Price: \$ _____/MMBtu or _____	
Delivery Period: Begin: _____, _____ End: _____, _____	
Performance Obligation and Contract Quantity: (Select One)	
Firm (Fixed Quantity): _____ MMBtus/day <input type="checkbox"/> EFP	Firm (Variable Quantity): _____ MMBtus/day Minimum _____ MMBtus/day Maximum subject to Section 4.2, at election of <input type="checkbox"/> Buyer or <input type="checkbox"/> Seller
Interruptible: Up to _____ MMBtus/day	
Delivery Point(s): _____ (If a pooling point is used, list a specific geographic and pipeline location):	
Special Conditions:	
Seller: _____ By: _____ Title: _____ Date: _____	Buyer: _____ By: _____ Title: _____ Date: _____

VENDOR NUMBER 18402		CHECK NO. 137057		CONTROL NUMBER 3954	
VENDOR NAME STATE OF NEW HAMPSHIRE					
DATE	INVOICE NUMBER	REFERENCE NUMBER	GROSS	DISCOUNT	NET
1/7/2010	01/07/10	18402	\$250.00	\$0.00	\$250.00

SPRAGUE ENERGY CORP.
TWO INTERNATIONAL DRIVE, STE 200
PORTSMOUTH, NH 03801
(603) 431-1000

Sprague
DEMAND MORE THAN SUPPLY

Key Bank
National Association

CHECK NO.
137057

52-60
112

DATE	CONTROL NO.
1/12/2010	3954

PAY EXACTLY:
TWO HUNDRED FIFTY AND 00/100*****

CHECK AMOUNT
***\$250.00

TO THE ORDER OF: STATE OF NEW HAMPSHIRE

TWO SIGNATURES REQUIRED IF \$10,000.00 OR MORE

John W. [Signature]

MP

⑈00137057⑈ ⑆011200608⑆ 190991900415⑈

See Reverse Side For Easy Opening Instructions

Sprague
DEMAND MORE THAN SUPPLY

TWO INTERNATIONAL DRIVE, STE 200
PORTSMOUTH, NH 03801

STATE OF NEW HAMPSHIRE

Sent to
B.D.
01/15/10

such Market Value exceeds the Transaction Value and due to Sprague if the opposite is the case; and (2) where appropriate, discount each amount then due to present value in a commercially reasonable manner as of the Early Termination Date (to take account of the period between the date of liquidation and the date on which such amount would have otherwise been due pursuant to the relevant Terminated Transactions). The Non-Defaulting party shall also be entitled to recover costs incurred due to termination and liquidation under this Section 17, including but not limited to broker and hedge-related costs and direct costs, but not indirect costs, provided there shall be no duplication of costs and damages.

d. **"Transaction Value"** means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the Price, and **"Market Value"** means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the market price for a similar transaction at the Delivery Point determined by the Non-Defaulting Party in a commercially reasonable manner. To ascertain the Market Value, parties need not enter into replacement transaction(s); rather, the Non-Defaulting Party may consider, among other valuations, any or all of the settlement prices of NYMEX Gas futures contracts, quotations from leading dealers in energy swap contracts or physical gas trading markets, similar sales or purchases and any other bona fide third-party offers, all adjusted for the length of the term and differences in transportation costs. Any extension(s) of the term of a transaction to which parties are not bound as of the Early Termination Date (including but not limited to "evergreen provisions") shall not be considered in determining Transaction Values and Market Values. Any option pursuant to which one party has the right to extend the term of a transaction shall be considered in determining Transaction Values and Market Values. The rate of interest used in calculating net present value shall be determined by the Non-Defaulting Party in a commercially reasonable manner.

e. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts the parties owe under this Section 17, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the **"Net Settlement Amount"**). At its sole option and without prior Notice to the Defaulting Party, the Non-Defaulting Party may setoff (i) any Net Settlement Amount owed to the Non-Defaulting Party against any margin or other collateral held by it in connection with any credit support obligation relating to the Agreement; or (ii) any Net Settlement Amount payable to the Defaulting Party against any amount(s) payable by the Defaulting Party to the Non-Defaulting Party under any other agreement or arrangement between the parties. As soon as practicable after a liquidation, the Non-Defaulting Party shall give written notice to the Defaulting Party of the Net Settlement Amount and to which party it is due, including a reasonably detailed explanation of the calculation of such amount. Any failure to give such notice shall not affect the validity or enforceability of the liquidation or give rise to any claim between the parties. The Net Settlement Amount shall be paid by the close of business on the second Business Day following such notice, but not earlier than the Early Termination Date. Interest on any unpaid portion of the Net Settlement Amount shall accrue at the rate of one and a half percent (1½ %) monthly or the maximum applicable lawful interest rate, if lower.

f. If any obligation that is to be included in any netting, aggregation or setoff pursuant to Section 17.e. is unascertained, the Non-Defaulting Party may in good faith estimate that obligation and net, aggregate or setoff, as applicable, in respect of the estimate, subject to the Non-Defaulting Party accounting to the Defaulting Party when the obligation is ascertained. Any amount not then due which is included in any netting, aggregation or setoff pursuant to Section 17.e. shall be discounted to net present value in a commercially reasonable manner determined by the Non-Defaulting Party.

g. *Separate Netting Agreement.* With respect to this Section 17, if the parties have executed a separate netting agreement with close-out netting provisions, the terms and conditions of the separate netting agreement shall prevail to the extent inconsistent herewith.

h. *Exclusive Remedy.* The Non-Defaulting Party's remedies under this Section 17 are the sole and exclusive remedies of the Non-Defaulting Party with respect to the occurrence of any Early Termination Date. Each party reserves to itself all other rights, setoffs, counterclaims and other defenses that it is or may be entitled to arising from the Agreement.

18. **Forward Contract.** The parties specifically agree that any transaction under the Agreement are "forward contracts" as such term is defined in the United States Bankruptcy Code and that each party is a "forward contract merchant" as such term is defined in the United States Bankruptcy Code. Each party further agrees that the other party is not a "utility" as such term is used in 11 U.S.C. Section 366, and each party agrees to waive and not to assert the applicability of the provisions of 11 U.S.C. Section 366 in any bankruptcy proceeding involving such party.

19. **Force Majeure.** Except with regard to a party's obligation to make payment(s) due under Sections 8, 10, 15 and 17, neither party shall be liable to the other for failure to perform an obligation, to the extent such failure was caused by Force Majeure. "**Force Majeure**" shall include, but not be limited to, the following: (i) physical events such as acts of God, landslides, lightning, earthquakes, fires, storms or storm warnings, such as hurricanes, which result in evacuation of the affected area, floods, washouts, explosions, breakage or accident or necessity of repairs to machinery or equipment or lines of pipe; (ii) weather related events affecting an entire geographic region, such as low temperatures which cause freezing or failure of wells or lines of pipe; (iii) interruption and/or curtailment of firm transportation and/or storage by Transporters; (iv) acts of others such as strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections, acts of terrorism or wars; and (v) governmental actions such as necessity for compliance with any court order, law, statute, ordinance, regulation, or policy having the effect of law promulgated by a governmental authority having jurisdiction. Sprague and Buyer shall make reasonable efforts to avoid the adverse impacts of a Force Majeure and to resolve the event or occurrence once it has occurred in order to resume performance. Neither party shall be entitled to the benefit of this Section 19 to the extent performance is affected by any or all of the following circumstances: (i) the party claiming excuse failed to remedy the condition and to resume the performance of such covenants or obligations with reasonable dispatch; or (ii) economic hardship, to include, without limitation, Sprague's ability to sell Gas at a higher or more advantageous price, Buyer's ability to purchase Gas at a lower or more advantageous price, or a regulatory agency disallowing, in whole or in part, the pass through of costs resulting from this Agreement; (iii) the loss of Buyer's market(s) or Buyer's inability to use or resell Gas purchased hereunder, except, in either case, as provided in this Section; or (iv) the loss or failure of Sprague's gas supply or depletion of reserves, except, in either case, as provided in this Section. The party claiming Force Majeure shall not be excused from its responsibility for imbalance charges or penalties. Notwithstanding anything to the contrary herein, the parties agree that the settlement of strikes, lockouts or other industrial disturbances shall be within the sole discretion of the party experiencing such disturbance. The party whose performance is prevented by Force Majeure must provide immediate notice to the other party orally and, as soon as reasonably possible, in writing with reasonably full particulars of the event or occurrence. Upon providing such notice, the party claiming Force Majeure will be relieved of its obligation, from the onset of the Force Majeure event, to make or accept delivery of Gas, as applicable, to the extent and for the duration of Force Majeure, and neither party shall be deemed to have failed in such obligations to the other during such occurrence or event. If one event of Force Majeure continues for forty-five (45) days or more, either party may terminate the Agreement and any Transaction Confirmation upon giving notice to the other party.

20. **Tariffs, Laws and Regulations.** This Agreement shall be subject to all valid local, state and federal laws and orders, directives, rules and regulations of any governmental body or official having jurisdiction. Each party shall indemnify, defend and hold harmless the other party from any fines, penalties, assessments or liabilities imposed by any governmental

authority of competent jurisdiction relating to the failure of such party to comply with any applicable governmental law, rule or regulation. In the event any governmental authority or any law, rule, regulation, ordinance or an order of any court, tribunal or regulatory authority of competent jurisdiction adversely and materially impacts Sprague's ability to perform under this Agreement and/or any Transaction Confirmation, Sprague shall have the right, at its option, in its sole discretion, to either attempt to renegotiate the terms of this Agreement and/or the Transaction Confirmation at any time, or to entirely terminate this Agreement and/or the Transaction Confirmation, without penalty, upon sixty (60) days' notice.

21. **Waiver and Severability.** The waiver by either party of a breach of any provision contained herein shall be in writing and shall in no way be construed as a waiver or any subsequent breach of such provision or the waiver of the provision itself. Should a court of competent jurisdiction hold any provision of this Agreement invalid, illegal or unenforceable, that provision shall be eliminated or limited to the minimum extent necessary so that this Agreement shall otherwise remain in full force and effect and enforceable.

22. **Integration and Assignability.** This Agreement contains the entire understanding of the parties, shall supersede any other oral or written agreements, and shall be binding upon and inure to the benefit of the parties' successors and assigns. It may not be modified in any way without the written consent of both parties. Neither party shall have the right to assign this Agreement in whole or in part without the other party's written consent, such consent not to be unreasonably withheld.

23. **Confidentiality.** Neither party shall disclose directly or indirectly without the prior written consent of the other party the terms of this Agreement or any Transaction Confirmation to a third party (other than the party's employees, lenders, royalty owners, counsel, and accountants, or prospective purchasers of all or substantially all of a party's assets or of any rights under this Agreement, provided such disclosure is necessary and such persons have agreed to keep such terms confidential) except (i) in order to comply with any applicable law, order, regulation, or exchange rule, (ii) to the extent necessary for the enforcement of this Agreement, (iii) to the extent necessary to implement any transaction, (iv) to the extent such information is delivered to such third party for the sole purpose of calculating a published index, or (v) to third-party credit rating agencies in conjunction with the evaluation and/or review of Buyer's creditworthiness. Each party shall notify the other party of any proceeding of which it is aware which may result in disclosure of the terms of any transaction (other than as permitted hereunder) and use reasonable efforts to prevent or limit the disclosure. The existence of this Agreement is not subject to this confidentiality obligation. Subject to Section 24, the parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with this confidentiality obligation. The parties shall keep the terms of any transaction hereunder confidential for one year from the expiration of the transaction. If a governmental body or applicable law requires the disclosure, the party subject to the requirement shall promptly notify the other party prior to the disclosure and cooperate with the other party in any efforts to obtain protective orders or similar restraints with respect to the disclosure.

24. **Limitations.**

A PARTY'S LIABILITY HEREUNDER SHALL BE LIMITED AS EXPRESSLY PROVIDED IN THIS AGREEMENT, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN OR IN A TRANSACTION CONFIRMATION, A PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY PROVIDED HEREIN, NEITHER PARTY SHALL BE LIABLE FOR SPECIFIC PERFORMANCE, CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS

INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. THE PARTIES HEREBY INTEND THAT THE LIMITATIONS IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES IN THIS AGREEMENT BE WITHOUT REGARD TO THE CAUSE(S) RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OBTAINING AN ADEQUATE REMEDY IS OTHERWISE INCONVENIENT, AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

25. **Governing Law.** This Agreement and any Transaction Confirmation shall be governed by and interpreted in accordance with the laws of the State of New Hampshire, excluding its conflicts and law of principles. The parties consent to the jurisdiction of the New Hampshire courts to resolve any disputes under this Agreement or any Transaction Confirmation and hereby waive any right to a jury trial.

26. **Headings.** The headings and subheadings contained in this Agreement are used solely for convenience and shall not be used to construe or interpret the provisions of this Agreement.

27. **Counterparts.** This Agreement, and any Transaction Confirmation hereunder, may be executed in multiple counterparts. The parties further agree that facsimile, fax and other mechanically or electronically produced counterparts and signatures of this Agreement or on any Transaction Confirmation may, for all purposes, be relied upon by the other as if originals.

28. **Authorized Representative.** This Agreement is executed by an authorized representative of each party.

SPRAGUE ENERGY CORP.

BUYER:

By: _____
Name: Brian Weego
Title: Managing Director, Natural Gas Marketing

By: _____
Name: _____
Title: _____

Date: _____

Date: _____

Base Contract for Sale and Purchase of Natural Gas

This Base Contract is entered into as of the following date: The parties to this Base Contract are the following:

PARTY A SPRAGUE ENERGY CORP.	PARTY NAME	PARTY B
Two International Drive, Suite 200 Portsmouth, NH 03801	ADDRESS	
<u>www.spragueenergy.com</u>	BUSINESS WEBSITE	WWW. _____
	CONTRACT NUMBER	
	D-U-N-S® NUMBER	
<input checked="" type="checkbox"/> US FEDERAL: 02-0415440 <input type="checkbox"/> OTHER:	TAX ID NUMBERS	<input type="checkbox"/> US FEDERAL: <input type="checkbox"/> OTHER:
	JURISDICTION OF ORGANIZATION	
<input checked="" type="checkbox"/> Corporation <input type="checkbox"/> LLC <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Partnership <input type="checkbox"/> LLP <input type="checkbox"/> Other: _____	COMPANY TYPE	<input type="checkbox"/> Corporation <input type="checkbox"/> LLC <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Partnership <input type="checkbox"/> LLP <input type="checkbox"/> Other: _____
	GUARANTOR (IF APPLICABLE)	
CONTACT INFORMATION		
ATTN: Contract Administration TEL#: (603) 430-5338 FAX#: (603) 430-5320 EMAIL: contractadministrationgroup@spragueenergy.com <i>For Force Majeure Notices: send copy of notice to originating office.</i>	CONTRACT AND LEGAL NOTICES	ATTN: _____ TEL#: _____ FAX#: _____ EMAIL: _____
ATTN: Credit Manager TEL#: (603) 430-7215 FAX#: (603) 430-5326 EMAIL: contractadministrationgroup@spragueenergy.com	CREDIT	ATTN: _____ TEL#: _____ FAX#: _____ EMAIL: _____
ATTN: Contract Administration TEL#: (603) 430-5338 FAX#: (603) 430-5320 EMAIL: contractadministrationgroup@spragueenergy.com	TRANSACTION CONFIRMATIONS	ATTN: _____ TEL#: _____ FAX#: _____ EMAIL: _____
ACCOUNTING INFORMATION		
ATTN: Natural Gas Credit Dept. TEL#: (603) 766-7419 FAX#: (603) 430-5326	INVOICES PAYMENTS SETTLEMENTS	ATTN: _____ TEL#: _____ FAX#: _____ EMAIL: _____
JP Morgan Chase Bank, New York, NY ABA" 021000021 ACCT: 799760913	ACH NUMBERS (IF APPLICABLE)	BANK: _____ ABA: _____ ACCT: _____ OTHER DETAILS: _____
ATTN: Accounts Payable ADDRESS: P.O. Box 414380 Boston, MA 02241-4380	CHECKS (IF APPLICABLE)	ATTN: _____ ADDRESS: _____

Base Contract for Sale and Purchase of Natural Gas

(Continued)

This Base Contract incorporates by reference for all purposes the General Terms and Conditions for Sale and Purchase of Natural Gas published by the North American Energy Standards Board. The parties hereby agree to the following provisions offered in said General Terms and Conditions. In the event the parties fail to check a box, the specified default provision shall apply. Select the appropriate box(es) from each section:

Section 1.2 Transaction Procedure <input type="checkbox"/> Oral (default) OR <input checked="" type="checkbox"/> Written	Section 10.2 Additional Events of Default <input checked="" type="checkbox"/> No Additional Events of Default (default) <input type="checkbox"/> Indebtedness Cross Default <input type="checkbox"/> Party A: _____ <input type="checkbox"/> Party B: _____ <input type="checkbox"/> Transactional Cross Default <u>Specified Transactions:</u> _____ _____ _____
Section 2.7 Confirm Deadline <input checked="" type="checkbox"/> 2 Business Days after receipt (default) OR <input type="checkbox"/> 5 Business Days after receipt	
Section 2.8 Confirming Party <input checked="" type="checkbox"/> Seller (default) OR <input type="checkbox"/> Buyer <input type="checkbox"/> _____	
Section 3.2 Performance Obligation <input checked="" type="checkbox"/> Cover Standard (default) OR <input type="checkbox"/> Spot Price Standard	Section 10.3.1 Early Termination Damages <input checked="" type="checkbox"/> Early Termination Damages Apply (default) OR <input type="checkbox"/> Early Termination Damages Do Not Apply
<i>Note: The following Spot Price Publication applies to both of the immediately preceding.</i>	
Section 2.31 Spot Price Publication <input checked="" type="checkbox"/> Gas Daily Midpoint (default) OR <input type="checkbox"/> _____	Section 10.3.2 Other Agreement Setoffs <input type="checkbox"/> Other Agreement Setoffs Apply (default) <input checked="" type="checkbox"/> Bilateral (default) <input type="checkbox"/> Triangular OR <input type="checkbox"/> Other Agreement Setoffs Do Not Apply
Section 6 Taxes <input checked="" type="checkbox"/> Buyer Pays At and After Delivery Point (default) OR <input type="checkbox"/> Seller Pays Before and At Delivery Point	
Section 7.2 Payment Date <input checked="" type="checkbox"/> 25 th Day of Month following Month of delivery (default) OR <input type="checkbox"/> Net 30 Days from the date of the invoice from Seller	Section 15.5 Choice Of Law _____
Section 7.2 Method of Payment <input checked="" type="checkbox"/> Wire transfer (default) <input type="checkbox"/> Automated Clearinghouse Credit (ACH) <input type="checkbox"/> Check	Section 15.10 Confidentiality <input checked="" type="checkbox"/> Confidentiality applies (default) OR <input type="checkbox"/> Confidentiality does not apply
Section 7.7 Netting <input checked="" type="checkbox"/> Netting applies (default) OR <input type="checkbox"/> Netting does not apply	
<input checked="" type="checkbox"/> Special Provisions Number of sheets attached: <u>Four (4)</u> <input type="checkbox"/> Addendum(s): _____	

IN WITNESS WHEREOF, the parties hereto have executed this Base Contract in duplicate.

SPRAGUE ENERGY CORP.	<i>PARTY NAME</i>	
	<i>SIGNATURE</i>	
By: _____		By: _____
Brian Weego	<i>PRINTED NAME</i>	
Managing Director, Natural Gas Marketing	<i>TITLE</i>	

General Terms and Conditions

Base Contract for Sale and Purchase of Natural Gas

SECTION 1. PURPOSE AND PROCEDURES

1.1. These General Terms and Conditions are intended to facilitate purchase and sale transactions of Gas on a Firm or Interruptible basis. "Buyer" refers to the party receiving Gas and "Seller" refers to the party delivering Gas. The entire agreement between the parties shall be the Contract as defined in Section 2.9.

The parties have selected either the "Oral Transaction Procedure" or the "Written Transaction Procedure" as indicated on the Base Contract.

Oral Transaction Procedure:

1.2. The parties will use the following Transaction Confirmation procedure. Any Gas purchase and sale transaction may be effectuated in an EDI transmission or telephone conversation with the offer and acceptance constituting the agreement of the parties. The parties shall be legally bound from the time they so agree to transaction terms and may each rely thereon. Any such transaction shall be considered a "writing" and to have been "signed". Notwithstanding the foregoing sentence, the parties agree that Confirming Party shall, and the other party may, confirm a telephonic transaction by sending the other party a Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means within three Business Days of a transaction covered by this Section 1.2 (Oral Transaction Procedure) provided that the failure to send a Transaction Confirmation shall not invalidate the oral agreement of the parties. Confirming Party adopts its confirming letterhead, or the like, as its signature on any Transaction Confirmation as the identification and authentication of Confirming Party. If the Transaction Confirmation contains any provisions other than those relating to the commercial terms of the transaction (i.e., price, quantity, performance obligation, delivery point, period of delivery and/or transportation conditions), which modify or supplement the Base Contract or General Terms and Conditions of this Contract (e.g., arbitration or additional representations and warranties), such provisions shall not be deemed to be accepted pursuant to Section 1.3 but must be expressly agreed to by both parties; provided that the foregoing shall not invalidate any transaction agreed to by the parties.

Written Transaction Procedure:

1.2. The parties will use the following Transaction Confirmation procedure. Should the parties come to an agreement regarding a Gas purchase and sale transaction for a particular Delivery Period, the Confirming Party shall, and the other party may, record that agreement on a Transaction Confirmation and communicate such Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means, to the other party by the close of the Business Day following the date of agreement. The parties acknowledge that their agreement will not be binding until the exchange of nonconflicting Transaction Confirmations or the passage of the Confirm Deadline without objection from the receiving party, as provided in Section 1.3.

1.3. If a sending party's Transaction Confirmation is materially different from the receiving party's understanding of the agreement referred to in Section 1.2, such receiving party shall notify the sending party via facsimile, EDI or mutually agreeable electronic means by the Confirm Deadline, unless such receiving party has previously sent a Transaction Confirmation to the sending party. The failure of the receiving party to so notify the sending party in writing by the Confirm Deadline constitutes the receiving party's agreement to the terms of the transaction described in the sending party's Transaction Confirmation. If there are any material differences between timely sent Transaction Confirmations governing the same transaction, then neither Transaction Confirmation shall be binding until or unless such differences are resolved including the use of any evidence that clearly resolves the differences in the Transaction Confirmations. In the event of a conflict among the terms of (i) a binding Transaction Confirmation pursuant to Section 1.2, (ii) the oral agreement of the parties which may be evidenced by a recorded conversation, where the parties have selected the Oral Transaction Procedure of the Base Contract, (iii) the Base Contract, and (iv) these General Terms and Conditions, the terms of the documents shall govern in the priority listed in this sentence.

1.4. The parties agree that each party may electronically record all telephone conversations with respect to this Contract between their respective employees, without any special or further notice to the other party. Each party shall obtain any necessary consent of its agents and employees to such recording. Where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, the parties agree not to contest the validity or enforceability of telephonic recordings entered into in accordance with the requirements of this Base Contract.

SECTION 2. DEFINITIONS

The terms set forth below shall have the meaning ascribed to them below. Other terms are also defined elsewhere in the Contract and shall have the meanings ascribed to them herein.

2.1. "Additional Event of Default" shall mean Transactional Cross Default or Indebtedness Cross Default, each as and if selected by the parties pursuant to the Base Contract.

2.2. "Affiliate" shall mean, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of at least 50 percent of the voting power of the entity or person.

- 2.3. "Alternative Damages" shall mean such damages, expressed in dollars or dollars per MMBtu, as the parties shall agree upon in the Transaction Confirmation, in the event either Seller or Buyer fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer.
- 2.4. "Base Contract" shall mean a contract executed by the parties that incorporates these General Terms and Conditions by reference; that specifies the agreed selections of provisions contained herein; and that sets forth other information required herein and any Special Provisions and addendum(s) as identified on page one.
- 2.5. "British thermal unit" or "Btu" shall mean the International BTU, which is also called the Btu (IT).
- 2.6. "Business Day(s)" shall mean Monday through Friday, excluding Federal Banking Holidays for transactions in the U.S.
- 2.7. "Confirm Deadline" shall mean 5:00 p.m. in the receiving party's time zone on the second Business Day following the Day a Transaction Confirmation is received or, if applicable, on the Business Day agreed to by the parties in the Base Contract; provided, if the Transaction Confirmation is time stamped after 5:00 p.m. in the receiving party's time zone, it shall be deemed received at the opening of the next Business Day.
- 2.8. "Confirming Party" shall mean the party designated in the Base Contract to prepare and forward Transaction Confirmations to the other party.
- 2.9. "Contract" shall mean the legally-binding relationship established by (i) the Base Contract, (ii) any and all binding Transaction Confirmations and (iii) where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, any and all transactions that the parties have entered into through an EDI transmission or by telephone, but that have not been confirmed in a binding Transaction Confirmation, all of which shall form a single integrated agreement between the parties.
- 2.10. "Contract Price" shall mean the amount expressed in U.S. Dollars per MMBtu to be paid by Buyer to Seller for the purchase of Gas as agreed to by the parties in a transaction.
- 2.11. "Contract Quantity" shall mean the quantity of Gas to be delivered and taken as agreed to by the parties in a transaction.
- 2.12. "Cover Standard", as referred to in Section 3.2, shall mean that if there is an unexcused failure to take or deliver any quantity of Gas pursuant to this Contract, then the performing party shall use commercially reasonable efforts to (i) if Buyer is the performing party, obtain Gas, (or an alternate fuel if elected by Buyer and replacement Gas is not available), or (ii) if Seller is the performing party, sell Gas, in either case, at a price reasonable for the delivery or production area, as applicable, consistent with: the amount of notice provided by the nonperforming party; the immediacy of the Buyer's Gas consumption needs or Seller's Gas sales requirements, as applicable; the quantities involved; and the anticipated length of failure by the nonperforming party.
- 2.13. "Credit Support Obligation(s)" shall mean any obligation(s) to provide or establish credit support for, or on behalf of, a party to this Contract such as cash, an irrevocable standby letter of credit, a margin agreement, a prepayment, a security interest in an asset, guaranty, or other good and sufficient security of a continuing nature.
- 2.14. "Day" shall mean a period of 24 consecutive hours, coextensive with a "day" as defined by the Receiving Transporter in a particular transaction.
- 2.15. "Delivery Period" shall be the period during which deliveries are to be made as agreed to by the parties in a transaction.
- 2.16. "Delivery Point(s)" shall mean such point(s) as are agreed to by the parties in a transaction.
- 2.17. "EDI" shall mean an electronic data interchange pursuant to an agreement entered into by the parties, specifically relating to the communication of Transaction Confirmations under this Contract.
- 2.18. "EFP" shall mean the purchase, sale or exchange of natural Gas as the "physical" side of an exchange for physical transaction involving gas futures contracts. EFP shall incorporate the meaning and remedies of "Firm", provided that a party's excuse for nonperformance of its obligations to deliver or receive Gas will be governed by the rules of the relevant futures exchange regulated under the Commodity Exchange Act.
- 2.19. "Firm" shall mean that either party may interrupt its performance without liability only to the extent that such performance is prevented for reasons of Force Majeure; provided, however, that during Force Majeure interruptions, the party invoking Force Majeure may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by the Transporter.
- 2.20. "Gas" shall mean any mixture of hydrocarbons and noncombustible gases in a gaseous state consisting primarily of methane.
- 2.21. "Guarantor" shall mean any entity that has provided a guaranty of the obligations of a party hereunder.
- 2.22. "Imbalance Charges" shall mean any fees, penalties, costs or charges (in cash or in kind) assessed by a Transporter for failure to satisfy the Transporter's balance and/or nomination requirements.
- 2.23. "Indebtedness Cross Default" shall mean if selected on the Base Contract by the parties with respect to a party, that it or its Guarantor, if any, experiences a default, or similar condition or event however therein defined, under one or more agreements or instruments, individually or collectively, relating to indebtedness (such indebtedness to include any obligation whether present or future, contingent or otherwise, as principal or surety or otherwise) for the payment or repayment of borrowed money in an aggregate amount greater than the threshold specified in the Base Contract with respect to such party or its Guarantor, if any, which results in such indebtedness becoming immediately due and payable.

- 2.24. "Interruptible" shall mean that either party may interrupt its performance at any time for any reason, whether or not caused by an event of Force Majeure, with no liability; except such interrupting party may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by Transporter.
- 2.25. "MMBtu" shall mean one million British thermal units, which is equivalent to one dekatherm.
- 2.26. "Month" shall mean the period beginning on the first Day of the calendar month and ending immediately prior to the commencement of the first Day of the next calendar month.
- 2.27. "Payment Date" shall mean a date, as indicated on the Base Contract, on or before which payment is due Seller for Gas received by Buyer in the previous Month.
- 2.28. "Receiving Transporter" shall mean the Transporter receiving Gas at a Delivery Point, or absent such receiving Transporter, the Transporter delivering Gas at a Delivery Point.
- 2.29. "Scheduled Gas" shall mean the quantity of Gas confirmed by Transporter(s) for movement, transportation or management.
- 2.30. "Specified Transaction(s)" shall mean any other transaction or agreement between the parties for the purchase, sale or exchange of physical Gas, and any other transaction or agreement identified as a Specified Transaction under the Base Contract.
- 2.31. "Spot Price " as referred to in Section 3.2 shall mean the price listed in the publication indicated on the Base Contract, under the listing applicable to the geographic location closest in proximity to the Delivery Point(s) for the relevant Day; provided, if there is no single price published for such location for such Day, but there is published a range of prices, then the Spot Price shall be the average of such high and low prices. If no price or range of prices is published for such Day, then the Spot Price shall be the average of the following: (i) the price (determined as stated above) for the first Day for which a price or range of prices is published that next precedes the relevant Day; and (ii) the price (determined as stated above) for the first Day for which a price or range of prices is published that next follows the relevant Day.
- 2.32. "Transaction Confirmation" shall mean a document, similar to the form of Exhibit A, setting forth the terms of a transaction formed pursuant to Section 1 for a particular Delivery Period.
- 2.33. "Transactional Cross Default" shall mean if selected on the Base Contract by the parties with respect to a party, that it shall be in default, however therein defined, under any Specified Transaction.
- 2.34. "Termination Option" shall mean the option of either party to terminate a transaction in the event that the other party fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer for a designated number of days during a period as specified on the applicable Transaction Confirmation.
- 2.35. "Transporter(s)" shall mean all Gas gathering or pipeline companies, or local distribution companies, acting in the capacity of a transporter, transporting Gas for Seller or Buyer upstream or downstream, respectively, of the Delivery Point pursuant to a particular transaction.

SECTION 3. PERFORMANCE OBLIGATION

- 3.1. Seller agrees to sell and deliver, and Buyer agrees to receive and purchase, the Contract Quantity for a particular transaction in accordance with the terms of the Contract. Sales and purchases will be on a Firm or Interruptible basis, as agreed to by the parties in a transaction.

The parties have selected either the "Cover Standard" or the "Spot Price Standard" as indicated on the Base Contract.

Cover Standard:

3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the positive difference, if any, between the purchase price paid by Buyer utilizing the Cover Standard and the Contract Price, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually delivered by Seller for such Day(s) excluding any quantity for which no replacement is available; or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in the amount equal to the positive difference, if any, between the Contract Price and the price received by Seller utilizing the Cover Standard for the resale of such Gas, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually taken by Buyer for such Day(s) excluding any quantity for which no sale is available; and (iii) in the event that Buyer has used commercially reasonable efforts to replace the Gas or Seller has used commercially reasonable efforts to sell the Gas to a third party, and no such replacement or sale is available for all or any portion of the Contract Quantity of Gas, then in addition to (i) or (ii) above, as applicable, the sole and exclusive remedy of the performing party with respect to the Gas not replaced or sold shall be an amount equal to any unfavorable difference between the Contract Price and the Spot Price, adjusted for such transportation to the applicable Delivery Point, multiplied by the quantity of such Gas not replaced or sold. Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.

Spot Price Standard:

3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the Contract Price from the Spot Price; or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the applicable Spot Price from the Contract Price. Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.

3.3. Notwithstanding Section 3.2, the parties may agree to Alternative Damages in a Transaction Confirmation executed in writing by both parties.

3.4. In addition to Sections 3.2 and 3.3, the parties may provide for a Termination Option in a Transaction Confirmation executed in writing by both parties. The Transaction Confirmation containing the Termination Option will designate the length of nonperformance triggering the Termination Option and the procedures for exercise thereof, how damages for nonperformance will be compensated, and how liquidation costs will be calculated.

SECTION 4. TRANSPORTATION, NOMINATIONS, AND IMBALANCES

4.1. Seller shall have the sole responsibility for transporting the Gas to the Delivery Point(s). Buyer shall have the sole responsibility for transporting the Gas from the Delivery Point(s).

4.2. The parties shall coordinate their nomination activities, giving sufficient time to meet the deadlines of the affected Transporter(s). Each party shall give the other party timely prior Notice, sufficient to meet the requirements of all Transporter(s) involved in the transaction, of the quantities of Gas to be delivered and purchased each Day. Should either party become aware that actual deliveries at the Delivery Point(s) are greater or lesser than the Scheduled Gas, such party shall promptly notify the other party.

4.3. The parties shall use commercially reasonable efforts to avoid imposition of any Imbalance Charges. If Buyer or Seller receives an invoice from a Transporter that includes Imbalance Charges, the parties shall determine the validity as well as the cause of such Imbalance Charges. If the Imbalance Charges were incurred as a result of Buyer's receipt of quantities of Gas greater than or less than the Scheduled Gas, then Buyer shall pay for such Imbalance Charges or reimburse Seller for such Imbalance Charges paid by Seller. If the Imbalance Charges were incurred as a result of Seller's delivery of quantities of Gas greater than or less than the Scheduled Gas, then Seller shall pay for such Imbalance Charges or reimburse Buyer for such Imbalance Charges paid by Buyer.

SECTION 5. QUALITY AND MEASUREMENT

All Gas delivered by Seller shall meet the pressure, quality and heat content requirements of the Receiving Transporter. The unit of quantity measurement for purposes of this Contract shall be one MMBtu dry. Measurement of Gas quantities hereunder shall be in accordance with the established procedures of the Receiving Transporter.

SECTION 6. TAXES

The parties have selected either "Buyer Pays At and After Delivery Point" or "Seller Pays Before and At Delivery Point" as indicated on the Base Contract.

Buyer Pays At and After Delivery Point:

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas at the Delivery Point(s) and all Taxes after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

Seller Pays Before and At Delivery Point:

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s) and all Taxes at the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

SECTION 7. BILLING, PAYMENT, AND AUDIT

7.1. Seller shall invoice Buyer for Gas delivered and received in the preceding Month and for any other applicable charges, providing supporting documentation acceptable in industry practice to support the amount charged. If the actual quantity delivered is not known by the billing date, billing will be prepared based on the quantity of Scheduled Gas. The invoiced quantity will then be adjusted to the actual quantity on the following Month's billing or as soon thereafter as actual delivery information is available.

7.2. Buyer shall remit the amount due under Section 7.1 in the manner specified in the Base Contract, in immediately available funds, on or before the later of the Payment Date or 10 Days after receipt of the invoice by Buyer; provided that if the Payment Date is not a Business Day, payment is due on the next Business Day following that date. In the event any payments are due Buyer hereunder, payment to Buyer shall be made in accordance with this Section 7.2.

7.3. In the event payments become due pursuant to Sections 3.2 or 3.3, the performing party may submit an invoice to the nonperforming party for an accelerated payment setting forth the basis upon which the invoiced amount was calculated. Payment from the nonperforming party will be due five Business Days after receipt of invoice.

7.4. If the invoiced party, in good faith, disputes the amount of any such invoice or any part thereof, such invoiced party will pay such amount as it concedes to be correct; provided, however, if the invoiced party disputes the amount due, it must provide supporting documentation acceptable in industry practice to support the amount paid or disputed without undue delay. In the event the parties are unable to resolve such dispute, either party may pursue any remedy available at law or in equity to enforce its rights pursuant to this Section.

7.5. If the invoiced party fails to remit the full amount payable when due, interest on the unpaid portion shall accrue from the date due until the date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

7.6. A party shall have the right, at its own expense, upon reasonable Notice and at reasonable times, to examine and audit and to obtain copies of the relevant portion of the books, records, and telephone recordings of the other party only to the extent reasonably necessary to verify the accuracy of any statement, charge, payment, or computation made under the Contract. This right to examine, audit, and to obtain copies shall not be available with respect to proprietary information not directly relevant to transactions under this Contract. All invoices and billings shall be conclusively presumed final and accurate and all associated claims for under- or overpayments shall be deemed waived unless such invoices or billings are objected to in writing, with adequate explanation and/or documentation, within two years after the Month of Gas delivery. All retroactive adjustments under Section 7 shall be paid in full by the party owing payment within 30 Days of Notice and substantiation of such inaccuracy.

7.7. Unless the parties have elected on the Base Contract not to make this Section 7.7 applicable to this Contract, the parties shall net all undisputed amounts due and owing, and/or past due, arising under the Contract such that the party owing the greater amount shall make a single payment of the net amount to the other party in accordance with Section 7; provided that no payment required to be made pursuant to the terms of any Credit Support Obligation or pursuant to Section 7.3 shall be subject to netting under this Section. If the parties have executed a separate netting agreement, the terms and conditions therein shall prevail to the extent inconsistent herewith.

SECTION 8. TITLE, WARRANTY, AND INDEMNITY

8.1. Unless otherwise specifically agreed, title to the Gas shall pass from Seller to Buyer at the Delivery Point(s). Seller shall have responsibility for and assume any liability with respect to the Gas prior to its delivery to Buyer at the specified Delivery Point(s). Buyer shall have responsibility for and assume any liability with respect to said Gas after its delivery to Buyer at the Delivery Point(s).

8.2. Seller warrants that it will have the right to convey and will transfer good and merchantable title to all Gas sold hereunder and delivered by it to Buyer, free and clear of all liens, encumbrances, and claims. EXCEPT AS PROVIDED IN THIS SECTION 8.2 AND IN SECTION 15.8, ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY PARTICULAR PURPOSE, ARE DISCLAIMED.

8.3. Seller agrees to indemnify Buyer and save it harmless from all losses, liabilities or claims including reasonable attorneys' fees and costs of court ("Claims"), from any and all persons, arising from or out of claims of title, personal injury (including death) or property damage from said Gas or other charges thereon which attach before title passes to Buyer. Buyer agrees to indemnify Seller and save it harmless from all Claims, from any and all persons, arising from or out of claims regarding payment, personal injury (including death) or property damage from said Gas or other charges thereon which attach after title passes to Buyer.

8.4. The parties agree that the delivery of and the transfer of title to all Gas under this Contract shall take place within the Customs Territory of the United States (as defined in general note 2 of the Harmonized Tariff Schedule of the United States 19 U.S.C. §1202, General Notes, page 3); provided, however, that in the event Seller took title to the Gas outside the Customs Territory of the United States, Seller represents and warrants that it is the importer of record for all Gas entered and delivered into the United States, and shall be responsible for entry and entry summary filings as well as the payment of duties, taxes and fees, if any, and all applicable record keeping requirements.

8.5. Notwithstanding the other provisions of this Section 8, as between Seller and Buyer, Seller will be liable for all Claims to the extent that such arise from the failure of Gas delivered by Seller to meet the quality requirements of Section 5.

SECTION 9. NOTICES

9.1. All Transaction Confirmations, invoices, payment instructions, and other communications made pursuant to the Base Contract ("Notices") shall be made to the addresses specified in writing by the respective parties from time to time.

9.2. All Notices required hereunder shall be in writing and may be sent by facsimile or mutually acceptable electronic means, a nationally recognized overnight courier service, first class mail or hand delivered.

9.3. Notice shall be given when received on a Business Day by the addressee. In the absence of proof of the actual receipt date, the following presumptions will apply. Notices sent by facsimile shall be deemed to have been received upon the sending party's receipt of its facsimile machine's confirmation of successful transmission. If the day on which such facsimile is received is not a Business Day or is after five p.m. on a Business Day, then such facsimile shall be deemed to have been received

on the next following Business Day. Notice by overnight mail or courier shall be deemed to have been received on the next Business Day after it was sent or such earlier time as is confirmed by the receiving party. Notice via first class mail shall be considered delivered five Business Days after mailing.

9.4. The party receiving a commercially acceptable Notice of change in payment instructions or other payment information shall not be obligated to implement such change until ten Business Days after receipt of such Notice.

SECTION 10. FINANCIAL RESPONSIBILITY

10.1. If either party ("X") has reasonable grounds for insecurity regarding the performance of any obligation under this Contract (whether or not then due) by the other party ("Y") (including, without limitation, the occurrence of a material change in the creditworthiness of Y or its Guarantor, if applicable), X may demand Adequate Assurance of Performance. "Adequate Assurance of Performance" shall mean sufficient security in the form, amount, for a term, and from an issuer, all as reasonably acceptable to X, including, but not limited to cash, a standby irrevocable letter of credit, a prepayment, a security interest in an asset or guaranty. Y hereby grants to X a continuing first priority security interest in, lien on, and right of setoff against all Adequate Assurance of Performance in the form of cash transferred by Y to X pursuant to this Section 10.1. Upon the return by X to Y of such Adequate Assurance of Performance, the security interest and lien granted hereunder on that Adequate Assurance of Performance shall be released automatically and, to the extent possible, without any further action by either party.

10.2. In the event (each an "Event of Default") either party (the "Defaulting Party") or its Guarantor shall: (i) make an assignment or any general arrangement for the benefit of creditors; (ii) file a petition or otherwise commence, authorize, or acquiesce in the commencement of a proceeding or case under any bankruptcy or similar law for the protection of creditors or have such petition filed or proceeding commenced against it; (iii) otherwise become bankrupt or insolvent (however evidenced); (iv) be unable to pay its debts as they fall due; (v) have a receiver, provisional liquidator, conservator, custodian, trustee or other similar official appointed with respect to it or substantially all of its assets; (vi) fail to perform any obligation to the other party with respect to any Credit Support Obligations relating to the Contract; (vii) fail to give Adequate Assurance of Performance under Section 10.1 within 48 hours but at least one Business Day of a written request by the other party; (viii) not have paid any amount due the other party hereunder on or before the second Business Day following written Notice that such payment is due; or (ix) be the affected party with respect to any Additional Event of Default; then the other party (the "Non-Defaulting Party") shall have the right, at its sole election, to immediately withhold and/or suspend deliveries or payments upon Notice and/or to terminate and liquidate the transactions under the Contract, in the manner provided in Section 10.3, in addition to any and all other remedies available hereunder.

10.3. If an Event of Default has occurred and is continuing, the Non-Defaulting Party shall have the right, by Notice to the Defaulting Party, to designate a Day, no earlier than the Day such Notice is given and no later than 20 Days after such Notice is given, as an early termination date (the "Early Termination Date") for the liquidation and termination pursuant to Section 10.3.1 of all transactions under the Contract, each a "Terminated Transaction". On the Early Termination Date, all transactions will terminate, other than those transactions, if any, that may not be liquidated and terminated under applicable law ("Excluded Transactions"), which Excluded Transactions must be liquidated and terminated as soon thereafter as is legally permissible, and upon termination shall be a Terminated Transaction and be valued consistent with Section 10.3.1 below. With respect to each Excluded Transaction, its actual termination date shall be the Early Termination Date for purposes of Section 10.3.1.

The parties have selected either "Early Termination Damages Apply" or "Early Termination Damages Do Not Apply" as indicated on the Base Contract.

Early Termination Damages Apply:

10.3.1. As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, (i) the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract and (ii) the Market Value, as defined below, of each Terminated Transaction. The Non-Defaulting Party shall (x) liquidate and accelerate each Terminated Transaction at its Market Value, so that each amount equal to the difference between such Market Value and the Contract Value, as defined below, of such Terminated Transaction(s) shall be due to the Buyer under the Terminated Transaction(s) if such Market Value exceeds the Contract Value and to the Seller if the opposite is the case; and (y) where appropriate, discount each amount then due under clause (x) above to present value in a commercially reasonable manner as of the Early Termination Date (to take account of the period between the date of liquidation and the date on which such amount would have otherwise been due pursuant to the relevant Terminated Transactions).

For purposes of this Section 10.3.1, "Contract Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the Contract Price, and "Market Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the market price for a similar transaction at the Delivery Point determined by the Non-Defaulting Party in a commercially reasonable manner. To ascertain the Market Value, the Non-Defaulting Party may consider, among other valuations, any or all of the settlement prices of NYMEX Gas futures contracts, quotations from leading dealers in energy swap contracts or physical gas trading markets, similar sales or purchases and any other bona fide third-party offers, all adjusted for the length of the term and differences in transportation costs. A party shall not be required to enter into a replacement transaction(s) in order to determine the Market Value. Any extension(s) of the term of a transaction to which parties are not bound as of the Early Termination Date (including but not limited to "evergreen provisions") shall not be considered in determining Contract Values and

Market Values. For the avoidance of doubt, any option pursuant to which one party has the right to extend the term of a transaction shall be considered in determining Contract Values and Market Values. The rate of interest used in calculating net present value shall be determined by the Non-Defaulting Party in a commercially reasonable manner.

Early Termination Damages Do Not Apply:

10.3.1. As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract.

The parties have selected either "Other Agreement Setoffs Apply" or "Other Agreement Setoffs Do Not Apply" as indicated on the Base Contract.

Other Agreement Setoffs Apply:

Bilateral Setoff Option:

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the Defaulting Party, the Non-Defaulting Party is hereby authorized to setoff any Net Settlement Amount against (i) any margin or other collateral held by a party in connection with any Credit Support Obligation relating to the Contract; and (ii) any amount(s) (including any excess cash margin or excess cash collateral) owed or held by the party that is entitled to the Net Settlement Amount under any other agreement or arrangement between the parties.

Triangular Setoff Option:

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option, and without prior Notice to the Defaulting Party, the Non-Defaulting Party is hereby authorized to setoff (i) any Net Settlement Amount against any margin or other collateral held by a party in connection with any Credit Support Obligation relating to the Contract; (ii) any Net Settlement Amount against any amount(s) (including any excess cash margin or excess cash collateral) owed by or to a party under any other agreement or arrangement between the parties; (iii) any Net Settlement Amount owed to the Non-Defaulting Party against any amount(s) (including any excess cash margin or excess cash collateral) owed by the Non-Defaulting Party or its Affiliates to the Defaulting Party under any other agreement or arrangement; (iv) any Net Settlement Amount owed to the Defaulting Party against any amount(s) (including any excess cash margin or excess cash collateral) owed by the Defaulting Party to the Non-Defaulting Party or its Affiliates under any other agreement or arrangement; and/or (v) any Net Settlement Amount owed to the Defaulting Party against any amount(s) (including any excess cash margin or excess cash collateral) owed by the Defaulting Party or its Affiliates to the Non-Defaulting Party under any other agreement or arrangement.

Other Agreement Setoffs Do Not Apply:

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the Defaulting Party, the Non-Defaulting Party may setoff any Net Settlement Amount against any margin or other collateral held by a party in connection with any Credit Support Obligation relating to the Contract.

10.3.3. If any obligation that is to be included in any netting, aggregation or setoff pursuant to Section 10.3.2 is unascertained, the Non-Defaulting Party may in good faith estimate that obligation and net, aggregate or setoff, as applicable, in respect of the estimate, subject to the Non-Defaulting Party accounting to the Defaulting Party when the obligation is ascertained. Any amount not then due which is included in any netting, aggregation or setoff pursuant to Section 10.3.2 shall be discounted to net present value in a commercially reasonable manner determined by the Non-Defaulting Party.

10.4. As soon as practicable after a liquidation, Notice shall be given by the Non-Defaulting Party to the Defaulting Party of the Net Settlement Amount, and whether the Net Settlement Amount is due to or due from the Non-Defaulting Party. The Notice shall include a written statement explaining in reasonable detail the calculation of the Net Settlement Amount, provided that failure to give such Notice shall not affect the validity or enforceability of the liquidation or give rise to any claim by the Defaulting Party against the Non-Defaulting Party. The Net Settlement Amount as well as any setoffs applied against such amount pursuant to Section 10.3.2, shall be paid by the close of business on the second Business Day following such Notice, which date shall not be earlier than the Early Termination Date. Interest on any unpaid portion of the Net Settlement Amount as adjusted by setoffs, shall accrue from the date due until the date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

10.5. The parties agree that the transactions hereunder constitute a "forward contract" within the meaning of the United States Bankruptcy Code and that Buyer and Seller are each "forward contract merchants" within the meaning of the United States Bankruptcy Code.

10.6. The Non-Defaulting Party's remedies under this Section 10 are the sole and exclusive remedies of the Non-Defaulting Party with respect to the occurrence of any Early Termination Date. Each party reserves to itself all other rights, setoffs, counterclaims and other defenses that it is or may be entitled to arising from the Contract.

10.7. With respect to this Section 10, if the parties have executed a separate netting agreement with close-out netting provisions, the terms and conditions therein shall prevail to the extent inconsistent herewith.

SECTION 11. FORCE MAJEURE

11.1. Except with regard to a party's obligation to make payment(s) due under Section 7, Section 10.4, and Imbalance Charges under Section 4, neither party shall be liable to the other for failure to perform a Firm obligation, to the extent such failure was caused by Force Majeure. The term "Force Majeure" as employed herein means any cause not reasonably within the control of the party claiming suspension, as further defined in Section 11.2.

11.2. Force Majeure shall include, but not be limited to, the following: (i) physical events such as acts of God, landslides, lightning, earthquakes, fires, storms or storm warnings, such as hurricanes, which result in evacuation of the affected area, floods, washouts, explosions, breakage or accident or necessity of repairs to machinery or equipment or lines of pipe; (ii) weather related events affecting an entire geographic region, such as low temperatures which cause freezing or failure of wells or lines of pipe; (iii) interruption and/or curtailment of Firm transportation and/or storage by Transporters; (iv) acts of others such as strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections or wars, or acts of terror; and (v) governmental actions such as necessity for compliance with any court order, law, statute, ordinance, regulation, or policy having the effect of law promulgated by a governmental authority having jurisdiction. Seller and Buyer shall make reasonable efforts to avoid the adverse impacts of a Force Majeure and to resolve the event or occurrence once it has occurred in order to resume performance.

11.3. Neither party shall be entitled to the benefit of the provisions of Force Majeure to the extent performance is affected by any or all of the following circumstances: (i) the curtailment of interruptible or secondary Firm transportation unless primary, in-path, Firm transportation is also curtailed; (ii) the party claiming excuse failed to remedy the condition and to resume the performance of such covenants or obligations with reasonable dispatch; or (iii) economic hardship, to include, without limitation, Seller's ability to sell Gas at a higher or more advantageous price than the Contract Price, Buyer's ability to purchase Gas at a lower or more advantageous price than the Contract Price, or a regulatory agency disallowing, in whole or in part, the pass through of costs resulting from this Contract; (iv) the loss of Buyer's market(s) or Buyer's inability to use or resell Gas purchased hereunder, except, in either case, as provided in Section 11.2; or (v) the loss or failure of Seller's gas supply or depletion of reserves, except, in either case, as provided in Section 11.2. The party claiming Force Majeure shall not be excused from its responsibility for Imbalance Charges.

11.4. Notwithstanding anything to the contrary herein, the parties agree that the settlement of strikes, lockouts or other industrial disturbances shall be within the sole discretion of the party experiencing such disturbance.

11.5. The party whose performance is prevented by Force Majeure must provide Notice to the other party. Initial Notice may be given orally; however, written Notice with reasonably full particulars of the event or occurrence is required as soon as reasonably possible. Upon providing written Notice of Force Majeure to the other party, the affected party will be relieved of its obligation, from the onset of the Force Majeure event, to make or accept delivery of Gas, as applicable, to the extent and for the duration of Force Majeure, and neither party shall be deemed to have failed in such obligations to the other during such occurrence or event.

11.6. Notwithstanding Sections 11.2 and 11.3, the parties may agree to alternative Force Majeure provisions in a Transaction Confirmation executed in writing by both parties.

SECTION 12. TERM

This Contract may be terminated on 30 Day's written Notice, but shall remain in effect until the expiration of the latest Delivery Period of any transaction(s). The rights of either party pursuant to Section 7.6, Section 10, Section 13, the obligations to make payment hereunder, and the obligation of either party to indemnify the other, pursuant hereto shall survive the termination of the Base Contract or any transaction.

SECTION 13. LIMITATIONS

FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY. A PARTY'S LIABILITY HEREUNDER SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN OR IN A TRANSACTION, A PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY. SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

SECTION 14. MARKET DISRUPTION

If a Market Disruption Event has occurred then the parties shall negotiate in good faith to agree on a replacement price for the Floating Price (or on a method for determining a replacement price for the Floating Price) for the affected Day, and if the parties have not so agreed on or before the second Business Day following the affected Day then the replacement price for the Floating Price shall be determined within the next two following Business Days with each party obtaining, in good faith and from non-affiliated market participants in the relevant market, two quotes for prices of Gas for the affected Day of a similar quality and quantity in the geographical location closest in proximity to the Delivery Point and averaging the four quotes. If either party fails to provide two quotes then the average of the other party's two quotes shall determine the replacement price for the Floating Price. "Floating Price" means the price or a factor of the price agreed to in the transaction as being based upon a specified index. "Market Disruption Event" means, with respect to an index specified for a transaction, any of the following events: (a) the failure of the index to announce or publish information necessary for determining the Floating Price; (b) the failure of trading to commence or the permanent discontinuation or material suspension of trading on the exchange or market acting as the index; (c) the temporary or permanent discontinuance or unavailability of the index; (d) the temporary or permanent closing of any exchange acting as the index; or (e) both parties agree that a material change in the formula for or the method of determining the Floating Price has occurred. For the purposes of the calculation of a replacement price for the Floating Price, all numbers shall be rounded to three decimal places. If the fourth decimal number is five or greater, then the third decimal number shall be increased by one and if the fourth decimal number is less than five, then the third decimal number shall remain unchanged.

SECTION 15. MISCELLANEOUS

15.1. This Contract shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, and heirs of the respective parties hereto, and the covenants, conditions, rights and obligations of this Contract shall run for the full term of this Contract. No assignment of this Contract, in whole or in part, will be made without the prior written consent of the non-assigning party (and shall not relieve the assigning party from liability hereunder), which consent will not be unreasonably withheld or delayed; provided, either party may (i) transfer, sell, pledge, encumber, or assign this Contract or the accounts, revenues, or proceeds hereof in connection with any financing or other financial arrangements, or (ii) transfer its interest to any parent or Affiliate by assignment, merger or otherwise without the prior approval of the other party. Upon any such assignment, transfer and assumption, the transferor shall remain principally liable for and shall not be relieved of or discharged from any obligations hereunder.

15.2. If any provision in this Contract is determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Contract.

15.3. No waiver of any breach of this Contract shall be held to be a waiver of any other or subsequent breach.

15.4. This Contract sets forth all understandings between the parties respecting each transaction subject hereto, and any prior contracts, understandings and representations, whether oral or written, relating to such transactions are merged into and superseded by this Contract and any effective transaction(s). This Contract may be amended only by a writing executed by both parties.

15.5. The interpretation and performance of this Contract shall be governed by the laws of the jurisdiction as indicated on the Base Contract, excluding, however, any conflict of laws rule which would apply the law of another jurisdiction.

15.6. This Contract and all provisions herein will be subject to all applicable and valid statutes, rules, orders and regulations of any governmental authority having jurisdiction over the parties, their facilities, or Gas supply, this Contract or transaction or any provisions thereof.

15.7. There is no third party beneficiary to this Contract.

15.8. Each party to this Contract represents and warrants that it has full and complete authority to enter into and perform this Contract. Each person who executes this Contract on behalf of either party represents and warrants that it has full and complete authority to do so and that such party will be bound thereby.

15.9. The headings and subheadings contained in this Contract are used solely for convenience and do not constitute a part of this Contract between the parties and shall not be used to construe or interpret the provisions of this Contract.

15.10. Unless the parties have elected on the Base Contract not to make this Section 15.10 applicable to this Contract, neither party shall disclose directly or indirectly without the prior written consent of the other party the terms of any transaction to a third party (other than the employees, lenders, royalty owners, counsel, accountants and other agents of the party, or prospective purchasers of all or substantially all of a party's assets or of any rights under this Contract, provided such persons shall have agreed to keep such terms confidential) except (i) in order to comply with any applicable law, order, regulation, or exchange rule, (ii) to the extent necessary for the enforcement of this Contract, (iii) to the extent necessary to implement any transaction, (iv) to the extent necessary to comply with a regulatory agency's reporting requirements including but not limited to gas cost recovery proceedings; or (v) to the extent such information is delivered to such third party for the sole purpose of calculating a published index. Each party shall notify the other party of any proceeding of which it is aware which may result in disclosure of the terms of any transaction (other than as permitted hereunder) and use reasonable efforts to prevent or limit the disclosure. The existence of this Contract is not subject to this confidentiality obligation. Subject to Section 13, the parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with this confidentiality obligation. The terms of any transaction hereunder shall be kept confidential by the parties hereto for one year from the expiration of the transaction.

In the event that disclosure is required by a governmental body or applicable law, the party subject to such requirement may disclose the material terms of this Contract to the extent so required, but shall promptly notify the other party, prior to disclosure, and shall cooperate (consistent with the disclosing party's legal obligations) with the other party's efforts to obtain protective orders or similar restraints with respect to such disclosure at the expense of the other party.

15.11. The parties may agree to dispute resolution procedures in Special Provisions attached to the Base Contract or in a Transaction Confirmation executed in writing by both parties

15.12. Any original executed Base Contract, Transaction Confirmation or other related document may be digitally copied, photocopied, or stored on computer tapes and disks (the "Imaged Agreement"). The Imaged Agreement, if introduced as evidence on paper, the Transaction Confirmation, if introduced as evidence in automated facsimile form, the recording, if introduced as evidence in its original form, and all computer records of the foregoing, if introduced as evidence in printed format, in any judicial, arbitration, mediation or administrative proceedings will be admissible as between the parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither Party shall object to the admissibility of the recording, the Transaction Confirmation, or the Imaged Agreement on the basis that such were not originated or maintained in documentary form. However, nothing herein shall be construed as a waiver of any other objection to the admissibility of such evidence.

DISCLAIMER: The purposes of this Contract are to facilitate trade, avoid misunderstandings and make more definite the terms of contracts of purchase and sale of natural gas. Further, NAESB does not mandate the use of this Contract by any party. **NAESB DISCLAIMS AND EXCLUDES, AND ANY USER OF THIS CONTRACT ACKNOWLEDGES AND AGREES TO NAESB'S DISCLAIMER OF, ANY AND ALL WARRANTIES, CONDITIONS OR REPRESENTATIONS, EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THIS CONTRACT OR ANY PART THEREOF, INCLUDING ANY AND ALL IMPLIED WARRANTIES OR CONDITIONS OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY, OR FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE (WHETHER OR NOT NAESB KNOWS, HAS REASON TO KNOW, HAS BEEN ADVISED, OR IS OTHERWISE IN FACT AWARE OF ANY SUCH PURPOSE), WHETHER ALLEGED TO ARISE BY LAW, BY REASON OF CUSTOM OR USAGE IN THE TRADE, OR BY COURSE OF DEALING. EACH USER OF THIS CONTRACT ALSO AGREES THAT UNDER NO CIRCUMSTANCES WILL NAESB BE LIABLE FOR ANY DIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES ARISING OUT OF ANY USE OF THIS CONTRACT.**

TRANSACTION CONFIRMATION
FOR IMMEDIATE DELIVERY

EXHIBIT A

Letterhead/Logo	Date: _____, ____ Transaction Confirmation #: _____			
This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated _____. The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of receipt unless otherwise specified in the Base Contract.				
SELLER: _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No. _____ Transporter: _____ Transporter Contract Number: _____	BUYER: _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No. _____ Transporter: _____ Transporter Contract Number: _____			
Contract Price: \$ ____/MMBtu or _____				
Delivery Period: Begin: _____, ____ End: _____, ____				
Performance Obligation and Contract Quantity: (Select One) <table style="width: 100%;"> <tr> <td style="width: 33%; vertical-align: top;"> Firm (Fixed Quantity): _____ MMBtus/day <input type="checkbox"/> EFP </td> <td style="width: 33%; vertical-align: top;"> Firm (Variable Quantity): _____ MMBtus/day Minimum _____ MMBtus/day Maximum subject to Section 4.2. at election of <input type="checkbox"/> Buyer or <input type="checkbox"/> Seller </td> <td style="width: 33%; vertical-align: top;"> Interruptible: Up to _____ MMBtus/day </td> </tr> </table>		Firm (Fixed Quantity): _____ MMBtus/day <input type="checkbox"/> EFP	Firm (Variable Quantity): _____ MMBtus/day Minimum _____ MMBtus/day Maximum subject to Section 4.2. at election of <input type="checkbox"/> Buyer or <input type="checkbox"/> Seller	Interruptible: Up to _____ MMBtus/day
Firm (Fixed Quantity): _____ MMBtus/day <input type="checkbox"/> EFP	Firm (Variable Quantity): _____ MMBtus/day Minimum _____ MMBtus/day Maximum subject to Section 4.2. at election of <input type="checkbox"/> Buyer or <input type="checkbox"/> Seller	Interruptible: Up to _____ MMBtus/day		
Delivery Point(s): _____ (If a pooling point is used, list a specific geographic and pipeline location):				
Special Conditions:				
Seller: _____ By: _____ Title: _____ Date: _____	Buyer: _____ By: _____ Title: _____ Date: _____			

Between Sprague Energy Corp. and

to be delivered, such party shall promptly notify the other party. Buyer shall immediately notify Seller of any event reasonably known to Buyer that may materially increase or decrease Buyer's Gas usage, i.e. addition or removal of gas-fire equipment, other equipment installations or changes, outages, shutdowns, repairs, openings or closings, changes in operating hours or production schedules. Buyer shall also immediately notify Seller of, and fully comply with, all curtailment or interruption orders or similar notices Buyer receives from a pipeline or utility requiring the interruption or curtailment of Buyer's Gas usage.

(5) Delete Section 4.3 in its entirety and replace with the following language:

The parties shall use commercially reasonable efforts to avoid imbalance charges or penalties. If a Transporter invoices Buyer or Seller for an imbalance charge or penalty, the parties shall determine the validity of the charge. Upon request, Buyer shall provide to Seller copies of Buyer's Transporter statements, reports or meter readings related to any Gas deliveries performed under this Agreement. If the charge or penalty is determined valid, the party responsible for the imbalance charge or penalty shall be obligated to pay such charge or penalty. If either party pays a charge or penalty caused by the other party, upon receipt of notice, the other party shall reimburse such party the amount paid in accordance with such notice.

(6) Delete Section 7.5 in its entirety and replace with the following language:

If the invoiced party fails to remit the full amount payable when due, interest on the unpaid portion shall accrue at the rate of one and a half percent (1 1/2%) monthly or at an interest rate as otherwise agreed in the Transaction Confirmation on any late payment or the maximum legal rate, if lower.

(7) Delete Section 7.6 in its entirety and replace with the following language:

All invoices shall be conclusively presumed final and accurate. Buyer shall waive any associated claim for an inaccurate invoice and/or overpayment unless, within two (2) years from the date of the Gas delivery, in good faith, Buyer objects to the invoice in writing, including an adequate explanation and supporting industry-acceptable documentation. However, the last Transporter's meter reading shall control for the purpose of determining an invoice's accuracy, and the Buyer shall not dispute a Seller invoice based on a meter reading unless it possesses documentation from the Transporter, verifying an error in the meter reading and setting forth the accurate meter reading. Retroactive adjustments under this Section shall be invoiced accordingly. Nothing in this Section shall be deemed to preclude Seller from making a retroactive adjustment of an invoice within a reasonable time of receiving information from the last Transporter, indicating an error in a prior invoice, regardless of the original invoice date.

- (8) Delete Section 10.1 in its entirety and replace with the following language:

If Seller (referred to as party (“X”) has reasonable grounds for insecurity regarding the performance of Buyer of any obligation under this Contract (whether or not then due) by the Buyer (referred to as (“Y”) (including, without limitation, the occurrence of a material change in the creditworthiness of Y or its Guarantor, if applicable), X may demand Adequate Assurance of Performance. “Adequate Assurance of Performance” shall mean sufficient security in the form, amount, for a term, and from an issuer, all as reasonably acceptable to X, including, but not limited to cash, a standby irrevocable letter of credit, a security interest in an asset, a prepayment, a performance bond, or a guaranty. Y hereby grants to X a continuing first priority security interest in, lien on, and right of setoff against all Adequate Assurance of Performance in the form of cash transferred by Y to X pursuant to this Section 10.1. Upon the return by X to Y of such Adequate Assurance of Performance, the security interest and lien granted hereunder on that Adequate Assurance of Performance shall be released automatically and, to the extent possible, without any further action by either party.

- (9) Delete Section 10.3 in its entirety and replace with the following language:

If an Event of Default has occurred and is continuing, the Non-Defaulting Party shall have the right, by Notice to the Defaulting Party, to designate a Day, no earlier than the Day such Notice is given and no later than 20 Days after such Notice is given, as an early termination date (the “Early Termination Date”) for the liquidation and termination pursuant to Section 10.3.1 of all transactions under the Contract, each a “Terminated Transaction”. On the Early Termination Date, all transactions will terminate, other than those transactions, if any, that may not be liquidated and terminated under applicable law or that are, in the reasonable opinion of the Non-Defaulting Party, commercially impracticable to liquidate and terminate (“Excluded Transactions”), which Excluded Transactions must be liquidated and terminated as soon thereafter as is reasonably practicable, and upon termination shall be a Terminated Transaction and be valued consistent with Section 10.3.1 below. With respect to each Excluded Transaction, its actual termination date shall be the Early Termination Date for purposes of Section 10.3.1.

- (10) The following is added at the end of Section 10.4:

Notwithstanding anything herein to the contrary, if the Non-Defaulting Party owes the Net Settlement Amount to the Defaulting Party, the Non-Defaulting Party shall not be required to pay to the Defaulting Party the Net Settlement Amount, nor shall interest be owed on such

amount, until (i) the Non-Defaulting Party receives confirmation satisfactory to it, in its reasonable discretion, that all other obligations of any kind whatsoever of the Defaulting Party to make any payments to the Non-Defaulting Party under this Contract and transactions hereunder, or otherwise, which are due and payable as of the Early Termination Date, have been paid (or netted, set off, recouped, or the like) in full; and (ii) the Defaulting Party executes a release in a form reasonably satisfactory to the Non-Defaulting Party that acts as the final resolution of the transactions hereunder. To the extent that either party believes that bankruptcy court approval of the release is required, the Non-Defaulting Party may withhold payment of the Net Settlement Amount until such time as appropriate court approval has been obtained and is final and non-appealable.

(11) Delete Section 10.5 in its entirety and replace with the following language:

The parties specifically agree that any transaction under the Contract are “forward contracts” as such term is defined in the United States Bankruptcy Code and that each party is a “forward contract merchant” as such term is defined in the United States Bankruptcy Code. Each party further agrees that the other party is not a “utility” as such term is used in 11 U.S.C. Section 366, and each party agrees to waive and not to assert the applicability of the provisions of 11 U.S.C. Section 366 in any bankruptcy proceeding involving such party.

(12) Section 12 is amended by deleting the second sentence and replacing it with the following:

The rights of either party pursuant to: Section 7.6, Section 10, Section 13, Section 15.10, waiver of jury trial provisions, the obligations to make payment hereunder, the obligation of either party to indemnify the other pursuant hereto, shall survive the termination of the Base Contract or any transaction.

(13) Delete Section 15.1 in its entirety and replace it with the following language:

This Contract shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, and heirs of the respective parties hereto, and the covenants, conditions, rights and obligations of this Contract shall run for the full term of this Contract. This Agreement may not be assigned by either party without the prior written consent of the other, such consent may not be unreasonably withheld and will be subject to credit approval except that either party may (i) transfer, sell, pledge, encumber, or assign this Contract or the accounts, revenues, or proceeds herein in connection with any financing or other financial arrangements. Additionally, assignment shall be subject to (a) the other party providing at least thirty (30) days advance written notice of their intent to do so; (b) there are no Events of Default; and (c) the assignee assumes all of assignor’s obligations hereunder. Upon any such assignment, transfer and

- e.) *A copy of the applicant's most recent audited financial statement, or if the applicant does not have an audited financial statement, a copy of the most Recent unaudited financial statement;*

The Guaranty is being forwarded directly to the State of New Hampshire PUC under separate cover by Sprague's parent company, Axel Johnson Inc.

- f.) *The following regarding any affiliate and/ or subsidiary of the applicant which is conducting business in New Hampshire:*

Sprague Energy Corp. does not have any affiliates or subsidiaries which conduct business in NH.

- 1.) *The name and business address of the entity; N/A*
- 2.) *A description of the business purpose of the entity; and N/A*
- 3.) *Regarding any agreements with any affiliated New Hampshire LDC a description of the nature of the agreement; N/A*

- g.) *Telephone number of the customer service department or the name, title and telephone number of the customer service contact person of the applicant, including toll free telephone numbers if available;*

**Mary Myers
Supervisor Contract Administration for Natural Gas
(603) 430-5338
(800) 225-1560 ext 205338**

- h.) *For each individual responsible for responding to commission inquiries:*

- 1.) *Name;*
Katherine K. Battles, Esq.
- 2.) *Title;*
Senior Counsel
- 3.) *Business Address;*
**Two International Drive, Suite 200
Portsmouth, NH 03801**
- 4.) *Telephone number;*
Phone: (800) 225-1560 ext. 205302 or (603) 431-1000
- 5.) *Facsimile number; and*
Fax:(603) 430-5324
- 6.) *Email Address*
kbattles@spragueenergy.com

1.) *Name;*
Brian Weego

2.) *Title;*
Director, Natural Gas Marketing

3.) *Business Address;*
**Two International Drive, Suite 200
Portsmouth, NH 03801**

4.) *Telephone number;*
Phone: (800) 225-1560 ext. 205347 or (603) 430-5347

7.) *Facsimile number; and*
Fax:(603) 430-5317

8.) *Email Address*
bweego@spragueenergy.com

i.) *Name, title, business address and telephone number of the applicant's registered agent in New Hampshire for service process;*

**Registered Agent in New Hampshire:
CT Corporation System
9 Capitol Street
Concord, NH 03301**

j.) *A copy of the applicant's authorization to do business in New Hampshire from the New Hampshire secretary of state;*

**Authorization to do business in New Hampshire
See attachment (j)**

k.) *Description of geographic areas of New Hampshire in which the applicant intends to provide service, described by:*

1.) *An LDC's existing franchise area:*

All cities and towns in New Hampshire served by Energy North Gas d/b/a Keyspan Energy Delivery N.E. (National Grid) and Northern Utilities Natural Gas.

l.) *A description of the types of customers the applicant intends to serve and customer classes as identified in the applicable LDC's tariff within which those customers are served;*

All customer and rate classes except residential

m.) *Demonstration of a minimum level of financial resources and the ability to provide customers with the level of service they agree to purchase consistent with the applicable terms and conditions of the approved tariff of the LDC;*

All of Sprague's customers benefit by our extensive regional experience in the northeast gas market. Sprague has been providing natural gas to customers in the northeast since FERC Order 436 in the mid-1980's. Today we transport over 500,000 MMBtu/Day to over 1,200 commercial and industrial customers behind 37 utilities.

Sprague's natural gas transportation and exchange team is located in our corporate headquarters in Portsmouth, New Hampshire. The team is made up of local individuals who obtained their experience working with local pipelines, utilities and related entities. This unique characteristic of local expertise enables us to provide the highest quality and level of natural gas and fuel management services to customers in our service territory. These services include:

- **Daily monitoring of gas pricing at production points and distribution points throughout North America**
- **Storage, Basis Differential and Transportation Management**
- **LDC Tariff Monitoring and Updates**
- **Nominations/Dispatch/Scheduling and Balancing**
- **Price Forecasting and Demand Forecasting**
- **Savings Analysis**
- **Any Workable Pricing Scenario – Fixed; Fixed with Floating Floor or Ceiling and other innovative products; Floating; Dual-Fuel BTU Option Programs; Index Based and Custom Arrangements**

n.) *A listing disclosing the number and type of customer complaints concerning the applicant or its principals, if any, filed with a state or federal licensing/registration agency, attorney general's office or other governmental consumer protection agency for the most recent calendar year in every state in which the applicant has conducted business relating to the sale of electricity and/or natural gas.*

No customer complaints have been filed against Sprague Energy Corp. with any state or federal licensing/registration agency, attorney general's office or other governmental consumer protection agency for the most recent calendar year in every state in which Sprague has conducted business relating to the sale of electricity and/or natural gas.

o.) A statement as to whether any of the applicant's principals, as listed in (1) through (3) below have ever been convicted of any felony that has not been annulled by a court:

1. For partnerships, any of the general partners;
2. For corporations, any of the officers, directors or controlling stockholders; or
3. For limited liability companies, any of the managers or members;

None of Sprague Energy's principals have ever been convicted of any felony that has not been annulled by a court.

p.) A statement as to whether the applicant or any persons listed in (o) above has, within 10 years immediately prior to registration:

1. Had any civil, criminal or regulatory sanctions or penalties imposed against them pursuant to any state or federal consumer protection law or regulation; or
2. Settled any civil, criminal or regulatory investigation or complaint involving any state or federal consumer protection law or regulation; or
3. Is currently the subject of any pending civil, criminal or regulatory investigation or complaint involving any state or federal consumer protection law or regulation

Neither Sprague Energy nor any of the persons listed in (o) above has, within the 10 years immediately prior to registration

- 1. Had any civil, criminal or regulatory sanctions or penalties imposed against them pursuant to any state or federal consumer protection law or regulation; or**
- 2. Settled any civil, criminal or regulatory investigation or complaint involving any state or federal consumer protection law or regulation; or**
- 3. Is currently the subject of any pending civil, criminal or regulatory investigation or complaint involving any state or federal consumer protection law or regulation**

q.) If an affirmative answer is given to any item in (o) or (p) above, an explanation of the event;

No affirmative answer was given to any item in (o) or (p).

r.) A statement that the applicant will:

1. Maintain a list of consumers who request being placed on a do-not-call list for the purpose of telemarketing
2. Obtain, no less than semi-annually, access to updated telephone preference services lists maintained by the Direct marketing Association; and
3. Not initiate calls to New Hampshire customers who have either requested being placed on do-not-call lists or customers who are listed on the Direct Marketing Association's telephone preference lists;

The above statements are not applicable to Sprague Energy as it does not sell to residential customers.

s.) A sample bill form that the applicant intends to use or a statement that the applicant intends to use the LDC's billing service;

See attached sample bill form that Sprague Energy uses. Attachment (s)

t.) A \$250.00 registration fee;

Check #137057 in the amount of \$250.00 and payable to New Hampshire Public Utilities Commission is enclosed with this application.

u.) A copy of all customer contracts representative samples of contracts the applicant intends to use;

Copy of Sprague Energy's Natural Gas Sales Agreement contract, and NAESB Standard 6.3.1 Base Contract for Sale and purchase of Natural Gas.

See attachment (u)

v.) Documentation sufficient to demonstrate that the CNGS is approved shipper on the upstream pipelines and underground storage facilities on which the LDC will assign capacity, if any, to the CNGS; and

Enclosed invoice documentation to demonstrate that Sprague Energy is an approved shipper on the upstream pipelines on which the LDC will assign capacity, if any, to:

- 1. Portland Natural Gas Transmission System, Inc,**
- 2. Granite State Gas Transmission, Inc.**
- 3. Tennessee Gas Pipeline Company**

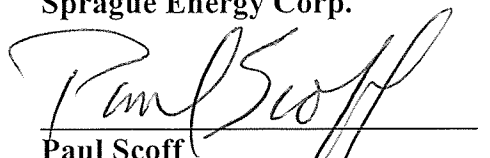
See attachment (v)

w.) A statement certifying the applicant has the authority to file the application on behalf of the CNGS and that its contents are truthful, accurate and complete.

Paul Scoff has the authority to file the application on behalf of Sprague Energy Corp. and the contents are truthful, accurate and complete. See attachment Unanimous Written Consent of Directors. – see Attachment (w)

On behalf of Sprague Energy Corp., I hereby affirm that the contents of this application are truthful, accurate and complete.

Sprague Energy Corp.


Paul Scoff
Vice President, General Counsel

Date: January 14, 2010



Sprague Energy Corp. Board of Directors

Michael D. Milligan	c/o Axel Johnson Inc. 155 Spring Street, 6 th Floor New York, NY 10012
Ben J. Hennelly	c/o Axel Johnson Inc. 155 Spring Street, 6 th Floor New York, NY 10012
David Glendon	Two International Drive, Suite 200 Portsmouth, NH 03801

Sprague Energy Corp. Officers

David Glendon	President & Chief Executive Officer
Gary A. Rinaldi	Sr. Vice President, Chief Operating Officer & Chief Financial Officer
Paul A. Scoff	Vice President, General Counsel & Secretary
Frank B. Easton	Vice President, Human Resources
Thomas F. Flaherty	Vice President, Sales
Burton S. Russell	Vice President, Operations
Steven Scammon	Vice President, Oil Trading, Pricing & Customer Service
Joseph Smith	Vice President, Chief Risk Officer
James Therriault	Vice President, Marketing
John Bischoff	Vice President, Oil Trading
Donald Simpson	Vice President, Chief Administrative Officer
Kevin G. Henry	Treasurer
John W. Moore	Chief Accounting Officer, Controller & Assistant Treasurer
Katherine K. Battles	Assistant Secretary

c/o Two International Dr., Suite 200
Portsmouth, NH 03801

John C. Pascale	Assistant Secretary	1 Landmark Square, Suite 407
Timothy P. Grier	Assistant Secretary	Stamford, CT 06901

Sprague Energy Corp. ownership

Sprague is 100% wholly owned by:
Axel Johnson Inc.
1 Landmark Square, Suite 407
Stamford, CT 06901

Updated 1-7-10

J

State of New Hampshire

Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that SPRAGUE ENERGY CORP., a(n) Delaware corporation, is authorized to transact business in New Hampshire and qualified on November 2, 1987. I further certify that all fees and annual reports required by the Secretary of State's office have been received and that the attached is a true copy of the list of documents on file in this office.



In TESTIMONY WHEREOF, I hereto set my hand and cause to be affixed the Seal of the State of New Hampshire, this 8th day of January, A.D. 2010

A handwritten signature in black ink, appearing to read "William M. Gardner".

William M. Gardner
Secretary of State

All Entity Information for: SPRAGUE ENERGY CORP. - Corporation

Profile Details

<u>Status</u> Good Standing	<u>Citizenship</u> 0	<u>Inc.</u> DE	<u>Filter</u>	
<u>Charter #</u> 122046	<u>Duration</u> Perpetual	<u>Purpose</u> PETROLEUM PRODUCTS AND COAL	<u>Report Due</u>	<u>Fiscal Day</u>

Federal

020415440

Date Formed

11/2/1987

Notes: V:FC P:16557A Date:11/02/1987
FOREIGN QUALIFIED
V:TN P:144689 Date:12/09/1991
SPRAGUE-CENTRAN GAS
MARKETING
V:FC P:25681 Date:12/22/1993
MERGER FILED: SPRAGUE ENERGY
CORP. (DEL. CORP. QUAL. IN NH)
INTO S&S HARTWELL & CO. (DEL.
CORP. QUAL. IN NH). AS A RESULT
OF THIS MERGER, SPRAGUE
ENERGY CORP. HAS WITHDRAWN
AND THE SURVIVING CORP IS S&S
HARTWELL & CO., INC.
V:FC P:25682 Date:12/22/1993
AMENDMENT FILED CHANGING
NAME FROM S&S HARTWELL & CO.,
INC. RETURNED TO CT CORP
SYSTEM, 9 CAPITOL STREET,
CONCORD NH 03301.
V:TN P:167802 Date:05/22/1994 C.H.
SPRAGUE & SON COMPANY
V:253239 P: Date:01/02/2001
SPRAGUE ENERGY MARKETING
V:253332 P: Date:01/04/2001 RAD
ENERGY MARKETING
V:307039 P: Date:10/29/2004 C. H.
SPRAGUE & SON COMPANY

Profile Events

Date: 11/02/1987 **Event:** Creation Filing **Comment:** Back Scanned: , Connected by User:
asmith on 1/22/2008 2:21:18 PM

Filed Document: Application for Certificate of Authority

DocID:

☒ **Committed** **Effective:** 11/02/1987

Date: 02/16/1988 **Event:** Annual Report **Comment:**

DocID:

New Name: 1988

☒ **Committed** **Effective:** 02/16/1988

Date: 03/24/1989 **Event:** Annual Report **Comment:**

DocID:

New Name: 1989

☒ **Committed** **Effective:** 03/24/1989

SPRAGUE ENERGY CORP. - Corporation

**All Entity Information for:
SPRAGUE ENERGY CORP. - Corporation**

Date: 04/02/1990	Event: Annual Report	Comment:
DocID:		New Name: 1990
<input checked="" type="checkbox"/> Committed	Effective: 04/02/1990	

Date: 04/02/1991	Event: Annual Report	Comment:
DocID:		New Name: 1991
<input checked="" type="checkbox"/> Committed	Effective: 04/02/1991	

Date: 03/20/1992	Event: Annual Report	Comment:
DocID:		New Name: 1992
<input checked="" type="checkbox"/> Committed	Effective: 03/20/1992	

Date: 01/28/1993	Event: Annual Report	Comment:
DocID:		New Name: 1993
<input checked="" type="checkbox"/> Committed	Effective: 01/28/1993	

Date: 12/22/1993	Event: Amend/Restate	Comment: Volume: FC, Page: 25682 AMENDMENT FILED CHANGING NAME FROM S&S HARTWELL & CO., INC. RETURNED TO CT CORP SYSTEM, 9 CAPITOL STREET, CONCORD NH 03301. Back Scanned: , Connected by User: asmith on 1/22/2008 2:22:02 PM
Filed Document: Application for Amended Certificate of Authority		
DocID:		
<input checked="" type="checkbox"/> Committed	Effective: 12/22/1993	

Date: 12/22/1993	Event: Merged	Comment: Volume: FC, Page: 25681 MERGER FILED: SPRAGUE ENERGY CORP. (DEL. CORP. QUAL. IN NH) INTO S&S HARTWELL & CO. (DEL. CORP. QUAL. IN NH). AS A RESULT OF THIS MERGER, SPRAGUE ENERGY CORP. HAS WITHDRAWN AND THE SURVIVING CORP IS S&S HARTWELL & CO., INC. RETU
Filed Document: Certified Copy of Merger		
DocID:		
<input checked="" type="checkbox"/> Committed	Effective: 12/22/1993	

Date: 03/09/1994	Event: Annual Report	Comment:
DocID:		New Name: 1994
<input checked="" type="checkbox"/> Committed	Effective: 03/09/1994	

**All Entity Information for:
SPRAGUE ENERGY CORP. - Corporation**

Date: 01/30/1995	Event: Annual Report	Comment:
<hr/>		
DocID:		New Name: 1995
<input checked="" type="checkbox"/> Committed	Effective: 01/30/1995	
<hr/>		
Date: 02/07/1996	Event: Annual Report	Comment:
<hr/>		
DocID:		New Name: 1996
<input checked="" type="checkbox"/> Committed	Effective: 02/07/1996	
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Date: 01/15/1997	Event: Annual Report	Comment:
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DocID:		New Name: 1997
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Date: 03/05/1998	Event: Annual Report	Comment:
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Date: 02/16/1999	Event: Annual Report	Comment:
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DocID:		New Name: 1999
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Date: 04/13/2001	Event: Annual Report	Comment:
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DocID:		New Name: 2001
<input checked="" type="checkbox"/> Committed	Effective: 04/13/2001	
<hr/>		
Date: 01/28/2002	Event: Annual Report	Comment:
<hr/>		
Filed Document: Annual Report		
DocID:		New Name: 2002
<input checked="" type="checkbox"/> Committed	Effective: 01/28/2002	
<hr/>		
Date: 02/13/2003	Event: Annual Report	Comment: Back Scanned: , Connected by User: sraymond on 2/5/2007 3:54:21 PM
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Filed Document: Annual Report		
DocID:		New Name: 2003
<input checked="" type="checkbox"/> Committed	Effective: 02/13/2003	
<hr/>		

All Entity Information for: SPRAGUE ENERGY CORP. - Corporation

Date: 02/13/2004	Event: Annual Report	Comment:
Filed Document: Annual Report		
DocID: LBX-00008723		New Name: 2004
<input checked="" type="checkbox"/> Committed	Effective: 02/13/2004	Invoice #: 4510946
<hr/>		
Date: 02/08/2005	Event: Annual Report	Comment:
Filed Document: Annual Report		
DocID: LBX-00088167		New Name: 2005
<input checked="" type="checkbox"/> Committed		Invoice #: 4596676
<hr/>		
Date: 02/09/2006	Event: Annual Report	Comment:
Filed Document: Annual Report		
DocID: LBX-00264226		New Name: 2006
<input checked="" type="checkbox"/> Committed	Effective: 02/09/2006	Invoice #: 4749160

Entity Information

Legal Entity Name: SPRAGUE ENERGY CORP.

Entity Type: Commercial

Entity Names

<u>Entity Name</u>	<u>Entity Name Type</u>	<u>Corp Name?</u>
SPRAGUE ENERGY CORP.	Legal	Yes
S&S-HARTWELL & CO., INC.	Prev Legal	No

Entity Address(s)

<u>Address Type</u>	<u>County</u>	<u>Address Info</u>
Mailing		TWO INTERNATIONAL DR, SUITE 200 PORTSMOUTH, NH 03801
Prev Mailing		2 International Dr Ste 200 Portsmouth, NH 03801
Prev Mailing		C/O AXEL JOHNSON INC, 300 ATLANTIC ST STE 210 STANFORD, CT 06901
Principal Office		Two International Dr, Suite 200 Portsmouth, NH 03801
Prev Principal		2 INTERNATIONAL DR STE 200 PORTSMOUTH, NH 03801
Prev Principal		C/o Axel Johnson Inc, 300 Atlantic St Ste 210 Stanford, CT 06901
Reg Office		9 CAPITOL STREET CONCORD, NH 03301

Entity Contact Information

SPRAGUE ENERGY CORP. - Corporation

All Entity Information for:
SPRAGUE ENERGY CORP. - Corporation

No Contact Information Available

Registered Agent

C T Corporation System

Primary Relationships

C T Corporation System is a Registered Agent
Axel Johnson Inc. is a Corp Representative
SPRAGUE ENERGY CORP. is a Corp Representative

External Relationships

Corp Representative for C. H. SPRAGUE & SON COMPANY
Applicant for C.H. SPRAGUE & SON COMPANY
Applicant for SPRAGUE ENERGY MARKETING
Applicant for RAD ENERGY MARKETING
Applicant for C. H. SPRAGUE & SON COMPANY
Applicant for SPRAGUE-CENTRAN GAS MARKETING



S

HOW TO CONTACT SPRAGUE ENERGY:			
Customer Service 1-866-477-7248 Mon - Fri 8:00 AM - 5:00 PM	Remit Check Payment to Sprague Energy Corp. P.O. Box 30749, Hartford, CT 06150	Visit our website www.spragueenergy.com	GAS EMERGENCY Northern NH / 1-800-842-6847

TOTAL ACCOUNT SUMMARY:		Prior Balance	
		Payments	i)
LOCATION		VOLUME	AMOUNT
		11,689.7	
		4,643.4	
TOTAL CURRENT CHARGES	(EXCLUDES FINANCE)	16,333.1	
Finance Charges			\$0.00
TOTAL CHARGES			
MESSAGE CENTER / CUSTOMER COMMUNICATIONS			

Payment must be accompanied by bottom portion of this bill

ACCOUNT SUMMARY:

Prior Balance	
Payments	
Current Charges	
Finance Charges	\$0.00

May not reflect payments received within three business days.

Total Amount Due

Amount Enclosed



A finance charge of .48% per month (.75% APR) will be assessed on all balances unpaid after due date.

9

LOCATION DETAIL:

SERVICE LOCATION:				BILLING SUMMARY:				
				INVOICE DATE	01/11/2010			
				PAYMENT DUE DATE	02/09/2010			
				Invoice Number	70031712			
				Sprague Customer Number				
				Payment Terms	Net 30 Days			
UTILITY SUMMARY:								
Utility Name:		Northern NH		Utility BT Meter Read:		11,600.8		
Utility Account Number:				Utility Fuel Loss Factor:		100.77 %		
Meter Type:		Daily		Invoiced CG MMBtu:		11,689.7		
Meter Number:		H60194						
Production Month		December 2009						
LOCATION SUMMARY:								
TRANS. DATE	ITEM	DEAL NUMBER	FROM	TO	VOLUME MMBtu	COMMODITY RATE	BASIS ADDER	AMOUNT
10/19/2007	Untriggered Basis	10192007000001	12/13/2009	12/31/2009	0.0	\$4.4860	\$1.3600)
04/01/2009	Price Trigger	10192007000001	12/1/2009	12/31/2009	9,170.3	\$4.9600	\$1.3600	
10/08/2008	Price Trigger	10192007000001	12/1/2009	12/31/2009	6,121.0	\$8.5400	\$1.3600	
	Imbalance		12/1/2009	12/31/2009	(3,601.6))
TOTAL CURRENT CHARGES					11,689.7			5

Thank you for choosing Sprague as your energy supplier!

Questions regarding this invoice? Please call Sprague Customer Service at 1-866-477-7248

In the event of a gas emergency, please call Northern NH at 1-800-842-6847

ACCOUNT BILLING DETAIL:

Utility Account Number:		Utility BT Meter Read:	11,600.8
Meter Number:	H60194	Utility Fuel Loss Factor:	100.77 %
Account Name:		Invoice CG MMBtu:	11,689.7
Account Location:			

	A	B	C=B*A	D	E=D-A	F	G=F-E	H	I=H-D	J	K=I-J	L	M=C+G+K+L
	Contract Purchases ¹			Nomination vs. Contract Balance				Actual Usage vs. Nomination Variance				Total Allocated Penalties	Total Commodity Cost
Gas Day	Contract Volume MMBtu	Contract Rate	Contract Cost	Nominated Volume MMBtu	Nominated Imbalance MMBtu	Imbalance Market Rate	Imbalance Cost	Actual CG Usage MMBtu	Usage Variance MMBtu	Pool Cashout Rate	Variance Cost		
12/01/2009	498.1	\$7.7530	\$3,861.54	435.0	(63.1)	\$4.7643	(\$300.48)	305.5	(129.5)	\$8.58	(\$1,110.94)	\$0	\$2,450.12
12/02/2009	508.4	\$7.7530	\$3,941.49	407.0	(101.4)	\$4.6598	(\$472.41)	284.6	(122.4)	\$8.58	(\$1,050.54)	\$0	\$2,418.54
12/03/2009	507.0	\$7.7530	\$3,930.87	369.0	(138.0)	\$5.0160	(\$692.26)	274.4	(94.6)	\$8.58	(\$811.75)	\$0	\$2,426.86
12/04/2009	512.5	\$7.7531	\$3,973.44	373.0	(139.5)	\$4.8023	(\$669.92)	304.3	(68.7)	\$8.58	(\$589.36)	\$0	\$2,714.16
12/05/2009	496.0	\$7.7531	\$3,845.60	361.0	(135.0)	\$4.8640	(\$656.69)	303.1	(57.9)	\$8.58	(\$496.78)	\$0	\$2,692.13
12/06/2009	502.9	\$7.7531	\$3,898.86	366.0	(136.9)	\$4.8640	(\$665.78)	324.9	(41.1)	\$8.58	(\$352.90)	\$0	\$2,880.18
12/07/2009	507.1	\$7.7530	\$3,931.80	406.0	(101.1)	\$4.8640	(\$491.90)	337.3	(68.7)	\$8.58	(\$589.79)	\$0	\$2,850.11
12/08/2009	506.7	\$7.7530	\$3,928.15	295.0	(211.7)	\$5.2963	(\$1,121.01)	347.4	52.4	\$8.58	\$449.94	\$0	\$3,257.08
12/09/2009	486.1	\$7.7530	\$3,768.36	283.0	(203.1)	\$5.5955	(\$1,136.17)	315.8	32.8	\$8.58	\$281.42	\$0	\$2,913.61
12/10/2009	503.2	\$7.7531	\$3,901.57	293.0	(210.2)	\$6.2653	(\$1,317.15)	366.5	73.5	\$8.58	\$630.54	\$0	\$3,214.96
12/11/2009	499.8	\$7.7530	\$3,874.88	291.0	(208.8)	\$7.5905	(\$1,584.82)	398.4	107.4	\$8.58	\$921.75	\$0	\$3,211.81
12/12/2009	487.8	\$7.7531	\$3,781.71	355.0	(132.8)	\$5.8425	(\$775.71)	387.8	32.8	\$8.58	\$281.00	\$0	\$3,287.00
12/13/2009	497.7	\$7.7530	\$3,858.61	326.0	(171.7)	\$5.8425	(\$1,003.10)	346.9	20.9	\$8.58	\$179.67	\$0	\$3,035.18
12/14/2009	509.9	\$7.7530	\$3,953.35	334.0	(175.9)	\$5.8425	(\$1,027.75)	347.1	13.1	\$8.58	\$112.74	\$0	\$3,038.34
12/15/2009	516.0	\$7.7531	\$4,000.67	338.0	(178.0)	\$6.0420	(\$1,075.54)	345.6	7.6	\$8.58	\$65.47	\$0	\$2,990.60
12/16/2009	489.6	\$7.7530	\$3,796.20	392.0	(97.6)	\$6.7973	(\$663.69)	420.3	28.3	\$8.58	\$242.73	\$0	\$3,375.24
12/17/2009	479.8	\$7.7531	\$3,719.53	419.0	(60.8)	\$7.8090	(\$474.40)	452.7	33.7	\$8.58	\$289.49	\$0	\$3,577.51
12/18/2009	478.4	\$7.7531	\$3,709.06	383.0	(95.4)	\$7.6190	(\$726.85)	431.2	48.2	\$8.58	\$413.38	\$0	\$3,396.00
12/19/2009	480.9	\$7.7530	\$3,728.44	350.0	(130.9)	\$8.2318	(\$1,077.54)	462.8	112.8	\$8.58	\$968.00	\$0	\$3,618.90
12/20/2009	475.4	\$7.7531	\$3,685.80	346.0	(129.4)	\$8.2318	(\$1,065.19)	418.7	72.7	\$8.58	\$623.59	\$0	\$3,244.20
12/21/2009	485.0	\$7.7531	\$3,760.39	353.0	(132.0)	\$8.2318	(\$1,086.76)	408.3	55.3	\$8.58	\$474.47	\$0	\$3,148.10
12/22/2009	480.9	\$7.7530	\$3,728.44	350.0	(130.9)	\$9.1105	(\$1,192.56)	419.8	69.8	\$8.58	\$598.80	\$0	\$3,134.68
12/23/2009	472.8	\$7.7531	\$3,665.81	404.0	(68.8)	\$8.5500	(\$588.41)	398.4	(5.6)	\$8.58	(\$47.79)	\$0	\$3,029.61
12/24/2009	469.3	\$7.7530	\$3,638.57	401.0	(68.3)	\$6.2843	(\$429.28)	376.8	(24.2)	\$8.58	(\$207.98)	\$0	\$3,001.31
12/25/2009	485.7	\$7.7530	\$3,765.65	415.0	(70.7)	\$6.6595	(\$470.83)	408.4	(6.6)	\$8.58	(\$56.63)	\$0	\$3,238.19
12/26/2009	483.4	\$7.7530	\$3,747.49	413.0	(70.4)	\$6.6595	(\$468.56)	345.1	(67.9)	\$8.58	(\$582.41)	\$0	\$2,696.52
12/27/2009	505.6	\$7.7531	\$3,919.89	432.0	(73.6)	\$6.6595	(\$490.07)	345.4	(86.6)	\$8.58	(\$742.77)	\$0	\$2,687.05
12/28/2009	495.2	\$7.7530	\$3,838.90	351.0	(144.2)	\$6.6595	(\$959.97)	407.1	56.1	\$8.58	\$481.25	\$0	\$3,360.18
12/29/2009	486.0	\$7.7530	\$3,767.98	486.0	0.0	\$0.0000	\$0.00	491.9	5.9	\$8.58	\$50.97	\$0	\$3,818.95
12/30/2009	489.2	\$7.7531	\$3,792.88	418.0	(71.2)	\$8.3695	(\$595.99)	488.3	70.3	\$8.58	\$603.26	\$0	\$3,800.15
12/31/2009	495.1	\$7.7530	\$3,838.22	423.0	(72.1)	\$6.7688	(\$487.76)	424.8	1.8	\$8.58	\$15.02	\$0	\$3,365.48
31 days	15,291.3		\$118,554.15	11,588.0	(3,723.3)		(\$23,768.55)	11,689.7	121.7		\$1,043.85	\$0.00	\$95,829.45

Total Current Charges

\$95,829.45

Notes: ¹ Contract volumes and price(s) reflect the weighted total of all term purchases as well as the net effect of any intra-month purchases or book outs.

LOCATION DETAIL:

SERVICE LOCATION:

BILLING SUMMARY:

INVOICE DATE	01/11/2010
PAYMENT DUE DATE	02/09/2010
Invoice Number	70031712
Sprague Customer Number	
Payment Terms	Net 30 Days

UTILITY SUMMARY:

Utility Name:	Northern NH	Utility BT Meter Read:	4,608.1
Utility Account Number:		Utility Fuel Loss Factor:	100.77 %
Meter Type:	Daily	Invoiced CG MMBtu:	4,643.4
Meter Number:	H53480		
Production Month	December 2009		

LOCATION SUMMARY:

TRANS. DATE	ITEM	DEAL NUMBER	FROM	TO	VOLUME MMBtu	COMMODITY RATE	BASIS ADDER	AMOUNT
10/19/2007	Untriggered Basis	10192007000001	12/10/2009	12/30/2009	0.0	\$4.4860	\$1.3600	
04/01/2009	Price Trigger	10192007000001	12/1/2009	12/31/2009	3,601.7	\$4.9600	\$1.3600	
10/08/2008	Price Trigger	10192007000001	12/1/2009	12/31/2009	2,404.0	\$8.5400	\$1.3600	
	Imbalance		12/1/2009	12/31/2009	(1,362.3)			2)
TOTAL CURRENT CHARGES					4,643.4			

Thank you for choosing Sprague as your energy supplier!

Questions regarding this invoice? Please call Sprague Customer Service at 1-866-477-7248

In the event of a gas emergency, please call Northern NH at 1-800-842-6847

ACCOUNT BILLING DETAIL:

Utility Account Number:

Utility BT Meter Read: 4,608.1

Meter Number:

Utility Fuel Loss Factor: 100.77 %

Account Name:

Invoiced CG MMBtu: 4,643.4

Account Location:

	A	B	C=B*A	D	E=D-A	F	G=F*E	H	I=H-D	J	K=I*J	L	M=C+G+K+L
	Contract Purchases ¹			Nomination vs. Contract Balance				Actual Usage vs. Nomination Variance				Total Allocated Penalties	Total Commodity Cost
Gas Day	Contract Volume MMBtu	Contract Rate	Contract Cost	Nominated Volume MMBtu	Nominated Imbalance MMBtu	Imbalance Market Rate	Imbalance Cost	Actual CG Usage MMBtu	Usage Variance MMBtu	Pool Cashout Rate	Variance Cost		
12/01/2009	188.9	\$7.7531	\$1,464.80	165.0	(23.9)	\$4.7643	(\$114.01)	115.9	(49.1)	\$8.58	(\$421.45)	\$0	\$929.34
12/02/2009	178.6	\$7.7531	\$1,384.85	143.0	(35.6)	\$4.6598	(\$165.98)	100.2	(42.8)	\$8.58	(\$367.57)	\$0	\$851.30
12/03/2009	180.0	\$7.7531	\$1,395.48	131.0	(49.0)	\$5.0160	(\$245.73)	97.0	(34.0)	\$8.58	(\$291.38)	\$0	\$858.37
12/04/2009	174.5	\$7.7531	\$1,352.91	127.0	(47.5)	\$4.8023	(\$228.11)	103.9	(23.1)	\$8.58	(\$198.28)	\$0	\$926.52
12/05/2009	191.0	\$7.7530	\$1,480.75	139.0	(52.0)	\$4.8640	(\$252.88)	117.1	(21.9)	\$8.58	(\$187.99)	\$0	\$1,039.88
12/06/2009	184.1	\$7.7530	\$1,427.48	134.0	(50.1)	\$4.8640	(\$243.78)	119.5	(14.5)	\$8.58	(\$124.32)	\$0	\$1,059.38
12/07/2009	179.9	\$7.7530	\$1,394.54	144.0	(35.9)	\$4.8640	(\$174.47)	119.1	(24.9)	\$8.58	(\$213.56)	\$0	\$1,006.51
12/08/2009	180.3	\$7.7531	\$1,398.19	105.0	(75.3)	\$5.2963	(\$399.02)	124.2	19.2	\$8.58	\$165.08	\$0	\$1,164.25
12/09/2009	201.0	\$7.7531	\$1,557.98	117.0	(84.0)	\$5.5955	(\$469.74)	130.5	13.5	\$8.58	\$115.74	\$0	\$1,203.98
12/10/2009	183.8	\$7.7530	\$1,424.77	107.0	(76.8)	\$6.2653	(\$480.99)	134.0	27.0	\$8.58	\$231.83	\$0	\$1,175.61
12/11/2009	187.2	\$7.7531	\$1,451.46	109.0	(78.2)	\$7.5905	(\$593.65)	149.9	40.9	\$8.58	\$351.27	\$0	\$1,209.08
12/12/2009	199.2	\$7.7530	\$1,544.64	145.0	(54.2)	\$5.8425	(\$316.84)	158.3	13.3	\$8.58	\$114.11	\$0	\$1,341.91
12/13/2009	189.3	\$7.7531	\$1,467.73	124.0	(65.3)	\$5.8425	(\$381.57)	131.4	7.4	\$8.58	\$63.49	\$0	\$1,149.65
12/14/2009	177.1	\$7.7531	\$1,372.99	116.0	(61.1)	\$5.8425	(\$356.92)	120.9	4.9	\$8.58	\$42.21	\$0	\$1,058.28
12/15/2009	171.0	\$7.7529	\$1,325.67	112.0	(59.0)	\$6.0420	(\$356.42)	115.2	3.2	\$8.58	\$27.28	\$0	\$996.53
12/16/2009	197.4	\$7.7530	\$1,530.14	158.0	(39.4)	\$6.7973	(\$267.54)	169.2	11.2	\$8.58	\$96.01	\$0	\$1,358.61
12/17/2009	207.3	\$7.7530	\$1,606.81	181.0	(26.3)	\$7.8090	(\$204.99)	195.9	14.9	\$8.58	\$127.76	\$0	\$1,515.02
12/18/2009	208.6	\$7.7530	\$1,617.28	167.0	(41.6)	\$7.6190	(\$316.95)	187.2	20.2	\$8.58	\$173.49	\$0	\$1,473.62
12/19/2009	206.1	\$7.7530	\$1,597.90	150.0	(56.1)	\$8.2318	(\$461.80)	198.8	48.8	\$8.58	\$418.79	\$0	\$1,554.89
12/20/2009	211.6	\$7.7530	\$1,640.54	154.0	(57.6)	\$8.2318	(\$474.15)	186.3	32.3	\$8.58	\$277.31	\$0	\$1,443.70
12/21/2009	202.0	\$7.7530	\$1,565.96	147.0	(55.0)	\$8.2318	(\$452.58)	170.6	23.6	\$8.58	\$202.49	\$0	\$1,315.87
12/22/2009	206.1	\$7.7530	\$1,597.90	150.0	(56.1)	\$9.1105	(\$511.10)	180.5	30.5	\$8.58	\$261.43	\$0	\$1,348.23
12/23/2009	214.2	\$7.7530	\$1,660.53	183.0	(31.2)	\$8.5500	(\$266.59)	180.4	(2.6)	\$8.58	(\$22.57)	\$0	\$1,371.37
12/24/2009	217.7	\$7.7531	\$1,687.77	186.0	(31.7)	\$6.2843	(\$199.15)	174.7	(11.3)	\$8.58	(\$96.70)	\$0	\$1,391.92
12/25/2009	201.3	\$7.7531	\$1,560.69	172.0	(29.3)	\$6.6595	(\$195.12)	169.7	(2.3)	\$8.58	(\$19.82)	\$0	\$1,345.75
12/26/2009	203.6	\$7.7531	\$1,578.85	174.0	(29.6)	\$6.6595	(\$197.39)	145.4	(28.6)	\$8.58	(\$245.30)	\$0	\$1,136.16
12/27/2009	181.4	\$7.7529	\$1,406.45	155.0	(26.4)	\$6.6595	(\$175.88)	123.5	(31.5)	\$8.58	(\$269.93)	\$0	\$960.64
12/28/2009	191.9	\$7.7531	\$1,487.44	136.0	(55.9)	\$6.6595	(\$371.93)	157.6	21.6	\$8.58	\$185.33	\$0	\$1,300.84
12/29/2009	201.0	\$7.7530	\$1,558.36	201.0	0.0	\$0.0000	\$0.00	204.2	3.2	\$8.58	\$27.03	\$0	\$1,585.39
12/30/2009	197.8	\$7.7530	\$1,533.46	169.0	(28.8)	\$8.3695	(\$240.96)	197.4	28.4	\$8.58	\$243.67	\$0	\$1,536.17
12/31/2009	191.9	\$7.7530	\$1,488.12	164.0	(27.9)	\$6.7688	(\$189.12)	164.9	0.9	\$8.58	\$7.29	\$0	\$1,306.29
31 days	6,005.7		\$46,562.44	4,565.0	(1,440.7)		(\$9,305.36)	4,643.4	78.4		\$672.74	\$0.00	\$37,929.82

Total Current Charges

\$37,929.82

Notes: ¹ Contract volumes and price(s) reflect the weighted total of all term purchases as well as the net effect of any intra-month purchases or book outs.

NATURAL GAS SALES AGREEMENT

This Natural Gas Sales Agreement ("**Agreement**") is entered into as of this **1st** day of _____ **2009** by and between **SPRAGUE ENERGY CORP. ("Sprague")** with offices at Two International Drive, Suite 200, Portsmouth, New Hampshire 03801 and _____ ("**Buyer**") (Tax I.D. No.: _____) with offices at _____. In consideration of the mutual covenants, undertakings, terms and conditions set forth below, Sprague and Buyer agree as follows:

1. **Service.** Sprague agrees to sell and deliver to Buyer at the location(s) identified on Addendum A and Buyer agrees to receive and purchase from Sprague natural gas ("**Gas**") on the terms and conditions set forth in this Agreement. Each sale shall be on a firm basis unless otherwise stated in the Transaction Confirmation, meaning that either party may interrupt its performance without liability only to the extent that Force Majeure applies as described in Section 19.
2. **Transaction Procedure.** When Sprague and Buyer reach an agreement on Buyer's purchase of Gas, Sprague shall communicate to Buyer the agreed upon terms in the form of a "Transaction Confirmation," as set forth in the attached Exhibit A, via facsimile, electronic mail, or other means as agreed upon by the parties. Each Transaction Confirmation is subject to the terms and conditions of this Agreement and is an integral part thereof. If any term of this Agreement conflicts with any term in a binding Transaction Confirmation, the Transaction Confirmation shall control, but shall not void any non-conflicting term of this Agreement. Buyer shall be solely responsible for notifying Sprague in writing of any inaccuracies in the Transaction Confirmation not more than two (2) business days from Buyer's receipt of a Transaction Confirmation. A Transaction Confirmation shall be binding upon the parties when it is signed by Sprague's authorized agent and either (1) Buyer has signed the Transaction Confirmation and returned it to Sprague; or (2) Buyer has failed to sign the Transaction Confirmation within two (2) business days from receipt and provide written notification of any inaccuracies.
3. **Telephone Recordings.** The parties agree that each party may electronically record all telephone conversations between their respective agents and employees regarding this Agreement and any Transaction Confirmation, or other commercial business between the parties, without any special or further notice to the other party. Each party shall obtain any necessary consent of its agents and employees to such recording, but neither party waives any objection to the admissibility of such evidence.
4. **Transportation.** Sprague shall be solely responsible for transporting the Gas to the delivery point(s) set forth in the Transaction Confirmation. Buyer shall be solely responsible for transporting and handling the Gas from such delivery point(s).
5. **Quality and Measurement.** Sprague shall deliver all Gas in compliance with the quality and measurement specifications as set forth in the tariff of the Transporter delivering the Gas to Buyer. "**Transporter**" shall mean all Gas gathering or pipeline companies, or local distribution companies, transporting Gas for Sprague or Buyer upstream or downstream, respectively, of the delivery point pursuant to the Transaction Confirmation.
6. **Nominations and Scheduling.** Buyer shall give Sprague prior notice of the quantities of Gas to be delivered that is sufficient to meet the requirements of each Transporter involved in the transaction. If Buyer fails to give such notice, Sprague may use the best available information to determine the quantities of Gas to be delivered, but Sprague shall not be liable in any way for any resulting imbalance charge or penalty. Any such imbalance charge or penalty shall be Buyer's sole responsibility under Section 8. Should a

party become aware that an actual delivery at a delivery point is greater or lesser than the nominated volumes of Gas scheduled to be delivered, such party shall promptly notify the other party.

7. **Notice of Operational Change.** Buyer shall immediately notify Sprague of any event reasonably known to Buyer that may materially increase or decrease Buyer's Gas usage, i.e. addition or removal of gas-fire equipment, other equipment installations or changes, outages, shutdowns, repairs, openings or closings, changes in operating hours or production schedules. Buyer shall also immediately notify Sprague of, and fully comply with, all curtailment or interruption orders or similar notices Buyer receives from a pipeline or utility requiring the interruption or curtailment of Buyer's Gas usage.

8. **Imbalances.** The parties shall use commercially reasonable efforts to avoid imbalance charges or penalties. If a Transporter invoices Buyer or Sprague for an imbalance charge or penalty, the parties shall determine the validity of the charge. Upon request, Buyer shall provide to Sprague copies of Buyer's Transporter statements, reports or meter readings related to any Gas deliveries performed under this Agreement. If the charge or penalty is determined valid, the party responsible for the imbalance charge or penalty shall be obligated to pay such charge or penalty. If either party pays a charge or penalty caused by the other party, upon receipt of notice, the other party shall reimburse such party the amount paid in accordance with such notice.

9. **Taxes.** Sprague shall pay or cause to be paid all taxes (including but not limited to sales, use, distribution, excise, gross receipts, or other taxes), fees, levies, penalties, licenses or charges imposed, whether now or in the future, by any government authority ("**Taxes**") on or with respect to the Gas prior to the delivery point(s). Buyer shall pay or cause to be paid all Taxes, whether stated separately or as part of the price, on or with respect to the Gas at and after the delivery point(s). If a party is required to remit or pay Taxes due by the other party under this Agreement, upon receipt of notice, the other party shall promptly reimburse the party the amount paid. If a party is entitled to an exemption from any Taxes, such party shall promptly furnish the other party with any necessary supporting documentation.

10. **Pricing and Billing.**

a. *Price.* The "**Price**" Buyer shall pay Sprague for Gas shall be the price and other charges as set forth in the applicable Transaction Confirmation, as well as any Taxes.

b. *Billing.* Sprague shall invoice Buyer as specified in the Transaction Confirmation for Gas delivered. If the actual quantity delivered is unknown to Sprague by the invoice date, Sprague will prepare the invoice based upon the best available information including nominated volumes. Buyer shall pay Sprague the invoiced amount on or before the due date, and Sprague shall make any necessary adjustment upon discovering the actual quantities by adjusting the invoiced quantity to the actual quantity in the next invoice.

c. *Interest Rate.* Sprague may charge Buyer an interest rate of one and a half percent (1½%) monthly or an interest rate as otherwise agreed in the Transaction Confirmation on any late payment or the maximum legal rate, if lower.

d. *Invoices Presumed Final.* All invoices shall be conclusively presumed final and accurate. Buyer shall waive any associated claim for an inaccurate invoice and/or overpayment unless, within two (2) years from the date of the Gas delivery, in good faith, Buyer objects to the invoice in writing, including an adequate explanation and supporting industry-acceptable documentation. However, the last Transporter's meter reading shall control for the purpose of determining an invoice's accuracy, and the Buyer shall not dispute a Sprague invoice based on a meter reading unless it possesses documentation from the Transporter, verifying an error in the meter reading and setting forth the accurate meter reading. Retroactive adjustments under this Section shall be invoiced accordingly. If the parties cannot resolve any invoice dispute, either party may pursue any remedy available at law or in equity to enforce its rights

subject to Section 25. Nothing in this Section shall be deemed to preclude Sprague from making a retroactive adjustment of an invoice within a reasonable time of receiving information from the last Transporter, indicating an error in a prior invoice, regardless of the original invoice date.

e. *Netting.* The parties shall net all undisputed amounts due and owing, and/or past due, such that the party owing the greater amount shall make a single payment of the net amount to the other party in accordance with this Section 10; provided that no payment required to be made pursuant Sections 17(b) and (c) shall be subject to netting under this Section.

11. **Notice.** Any Transaction Confirmation, invoice, notice, request, demand, or statement given pursuant to this Agreement shall be in writing and may be sent by facsimile, electronic mail, a nationally recognized overnight courier service, or first class mail or hand delivery to the appropriate address as set forth below:

Billing/Invoices:

SPRAGUE: SPRAGUE ENERGY CORP.
Two International Drive, Suite 200
Portsmouth, NH 03801
Attn: Natural Gas Administration
Telephone No.: (603) 431-1000
Fax No.: (603) 430-5320
E-mail address: contractadministrationgroup
@spragueenergy.com

BUYER:

Attn:
Telephone No.:
Fax No.:
E-mail address:

Transaction Confirmations:

SPRAGUE: SPRAGUE ENERGY CORP.
Two International Drive, Suite 200
Portsmouth, NH 03801
Attn: Natural Gas Administration
Telephone No.: (603) 431-1000
Fax No.: (603) 430-5320
E-mail address: contractadministrationgroup
@spragueenergy.com

BUYER:

Attn:
Telephone No.:
Fax No.:
E-mail address:

Other notices, requests, demands or statements:

SPRAGUE: SPRAGUE ENERGY CORP.
Two International Drive, Suite 200
Portsmouth, NH 03801
Attn: Natural Gas Administration
Telephone No.: (603) 431-1000
Fax No.: (603) 430-5320
E-mail address: contractadministrationgroup
@spragueenergy.com

BUYER:

Attn:
Telephone No.:
Fax No.:
E-mail address:

Notice shall be deemed given when received on a business day by the addressee. In the absence of proof of the actual

receipt date, the following presumptions apply. Notices sent by facsimile shall be deemed received upon the sending party's receipt of its facsimile machine's confirmation of successful transmission if on a business day and, if not, on the next following business day. Notice sent by electronic mail shall be sent with a request for a reply email and deemed received on the day sent if a business day and, if not, on the next following business day so long as the sending party does not receive notification that the electronic mail did not reach the intended recipient. Upon receipt of an email from the other party, the recipient shall also have a duty to send a reply email confirming receipt. However, a failure to include the request for a reply email or a failure to send a reply email confirming receipt will not alter the day notice is deemed to have occurred via electronic mail under this Section. Notice by overnight mail or courier shall be deemed to have been received on the next business day following the day it was sent or an earlier time if confirmed by the receiving party. Notice via first class mail shall be deemed delivered five (5) business days after mailing.

12. **Term.** This Agreement shall be in full force and effect as of the date first above written and shall continue for an initial term of one (1) year and shall automatically renew for additional 1-year terms unless terminated by either party at least thirty (30) days prior to the end of any term. Notwithstanding any termination of this Agreement, any Transaction Confirmation accepted by the parties shall be subject to all terms and conditions of this Agreement.

13. **Credit.** Sprague and Buyer agree that this Agreement is conditioned upon Buyer meeting Sprague's credit requirements as may be established, and amended, from time to time. Buyer acknowledges and agrees that the price of natural gas is volatile and this Agreement imposes an obligation on Buyer that Sprague's expectation of receiving due performance will not be impaired. Buyer therefore agrees that Sprague, in its sole discretion, may at any time, without notice, increase or decrease Buyer's credit requirements. Sprague's continued performance of its obligations under this Agreement and any Transaction Confirmation shall be contingent upon Buyer continuing to meet its credit requirements, as determined by Sprague, at all times.

14. **Adequate Assurance.** If Sprague has reasonable grounds for insecurity regarding Buyer's performance of any obligation under this Agreement (including, without limitation, the occurrence of a material change in the other party's creditworthiness), whether or not then due, Sprague may demand adequate assurance of performance, meaning sufficient security in the form, amount and for the term reasonably acceptable to Sprague, including, but not limited to, a standby irrevocable letter of credit, a prepayment, a security interest in an asset or a performance bond or guaranty (including the issuer of any such security) and Buyer shall give such adequate assurance within two (2) business days. Buyer agrees to provide such financial information, financial statements, annual reports, securities filings and credit authorizations as Sprague shall reasonably and from time to time request for the purpose of assessing and monitoring Buyer's financial condition and credit worthiness.

15. **Breach of Performance Obligations**

a. **Payment Failure.** If Buyer breaches its obligation to pay Sprague's invoice when due, Sprague, without penalty, after giving written notice to Buyer and a two (2) business day cure period, may terminate this Agreement and any outstanding Transaction Confirmation. Sprague may also elect the Non-Defaulting Party's rights as set forth in Section 17.

b. **Delivery Failure.** If Sprague breaches its obligation to deliver Gas on any day, Buyer shall in good faith use commercially reasonable efforts to purchase the most economic replacement fuel, whether Gas or an alternative fuel, in the undelivered amount, from a third party. Buyer's sole and exclusive remedy for such breach, however, shall be payment from Sprague in an amount equal to any positive difference between the purchase price paid by Buyer to a third party for Gas (in an amount not exceeding that which Sprague failed to deliver), if any,

adjusted for commercially reasonable differences in transportation costs to or from the delivery point(s) less the Price for the amount of Gas Sprague failed to deliver.

c. *Receipt Failure.* If Buyer breaches its obligation to receive Gas on any day, Sprague shall in good faith use commercially reasonable efforts to sell the Gas to a third party. Sprague's sole and exclusive remedy, however, is payment from Buyer in the amount equal to any positive difference between the Price for the amount of Gas Buyer failed to receive, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), less the price received for any amount of the Gas sold to a third party, if any.

d. Any amount due under this Section 15 shall be payable five (5) business days after presentation of the performing party's invoice, which shall set forth the basis upon which the amount was calculated. Imbalance Charges shall only be recovered pursuant to Section 8.

16. **Events of Default.** An "Event of Default" shall occur when a party (the "**Defaulting Party**") or its guarantor:

- a. makes an assignment or any general arrangement for the benefit of creditors;
- b. files a petition or otherwise commences, authorizes, or acquiesces in the commencement of a proceeding or case under any bankruptcy or similar law for the protection of creditors or have such petition filed or proceeding commenced against it;
- c. otherwise becomes bankrupt or insolvent (however evidenced);
- d. is unable to pay its debts as they fall due;
- e. has a receiver, provisional liquidator, conservator, custodian, trustee or other similar official appointed with respect to it or substantially all of its assets; or
- f. fails to perform any obligation to the other party with respect to Sections 13 or 14.

17. **Non-Defaulting Party's Rights.** When an Event of Default occurs or Buyer breaches its obligation to pay Sprague's invoice after the cure period given in Section 15a., the other party (the "**Non-Defaulting Party**") shall have the right, at its sole election, in addition to any and all other available remedies under this Agreement, to immediately withhold and/or suspend deliveries or payments upon written notice and/or to terminate and liquidate the transactions under the Agreement, in the following manner:

- a. The Non-Defaulting Party shall give notice to the Defaulting Party of the "**Early Termination Date**", such date being five (5) days from the date of the notice, of all transactions under this Agreement, each being a "**Terminated Transaction**". On the Early Termination Date, all transactions will terminate, except those transactions, if any, that may not be liquidated and terminated under applicable law or are, in the reasonable opinion of the Non-Defaulting Party, commercially impracticable to liquidate and terminate ("**Excluded Transactions**"). The Excluded Transactions must be liquidated and terminated as soon as reasonably practicable, and upon termination shall be treated as Terminated Transactions. With respect to each Excluded Transaction, its actual termination date shall be the Early Termination Date for purposes of this Section.
- b. As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, (1) the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any imbalance charges), for which payment under this Agreement has not yet been made; and (2) the Market Value, as defined below, of each Terminated Transaction.
- c. The Non-Defaulting Party shall (1) liquidate and accelerate each Terminated Transaction at its Market Value, so that the amount equal to the difference between such Market Value and the Transaction Value, as defined below, of such Terminated Transaction(s) shall be due to the Buyer under the Terminated Transaction(s) if