

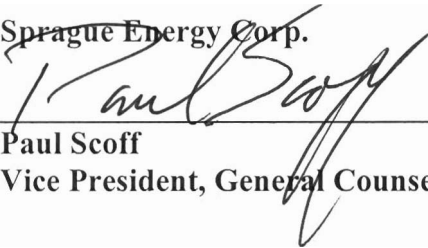
NEW HAMPSHIRE NATURAL GAS SUPPLIER REGISTRATION

- 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 28, 2008

- 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 – Tab D

- 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;*

See copy of guaranty. If the guaranty is insufficient, please contact Nicole Spaur at Sprague Energy Corp. for further information.

- 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 338**

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

- 1.) *Name;*
Nicole Spaur, Esq.
- 2.) *Title;*
Senior Counsel
- 3.) *Business Address;*
**Two International Drive, Suite 200
Portsmouth, NH 03801**
- 4.) *Telephone number;*
Phone: (800) 225-1560 ext. 302 or (603) 431-1000
- 5.) *Facsimile number; and*
Fax:(603) 430-5324
- 6.) *Email Address*
nspaur@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. 347 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 – Tab 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. 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;*

**Small Industrial customers both firm and interruptible rate class.
Large Industrial customers who are firm rate class and large dual fuel accounts.**

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;*

See attached copy of guaranty, which Sprague previously provided in February, 2004. Sprague will provide further assurance upon the expiration of this guaranty.

Sprague Energy has 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.

- 1.) **Sprague Energy manages natural gas on 15 interstate pipelines.**
- 2.) **Sprague manages 500,000 mmbtu/day of pipeline capacity.**
- 3.) **Sprague manages 3.6 BCF on Transcontinental Pipeline and 2.3 BCF on Texas Eastern Pipeline.**
- 4.) **Sprague Energy operates behind 29 different utilities**
- 5.) **Sprague has 12 traders with an average of 8 years experience.**
- 6.) **Due to our extensive trading experience we can offer a customized risk management package, which minimizes the market risk and increases price stability.**

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. – Tab S

t.) A \$250.00 registration fee;

Check # 105210 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 – Tab 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**

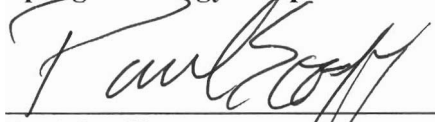
See attachment – Tab V

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. – Tab 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 28, 2008



Sprague Energy Corp. Board of Directors

Michael D. Milligan	c/o Axel Johnson Inc. 300 Atlantic Street Stamford, CT 06901
Ben J. Hennelly	c/o Axel Johnson Inc. 300 Atlantic Street Stamford, CT 06901
David Glendon	Two International Drive, Suite 200 Portsmouth, NH 03801

Sprague Energy Corp. Officers

David Glendon	President & Chief Executive Officer
Gary Rinaldi	Chief Operating Officer and Chief Financial Officer
Paul A. Scoff	Vice President, General Counsel & Secretary
Frank B. Easton	Vice President, Human Resources
Thomas F. Flaherty	Vice President, Industrial Marketing
Burt Russell	Vice President, Operations
Steven Scammon	Vice President, Pricing, Research & Product Development
Joseph Smith	Vice President, Chief Risk Officer
James Therriault	Vice President, Marketing
John Bischoff	Vice President, Oil Supply
Miles Allen	Vice President, Natural Gas
Donald Simpson	Vice President, Chief Information Officer/ Chief Administrative Officer
Kevin G. Henry	Treasurer
John W. Moore	Chief Accounting Officer, Controller & Assistant Treasurer
Nicole D. Spaur	Assistant Secretary

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

Joyce T. Kotzker	Assistant Secretary	c/o Axel Johnson Inc.
John C. Pascale	Assistant Secretary	300 Atlantic Street
Timothy P. Grier	Assistant Secretary	Stamford, CT 06901
Charles W. Seitz	Assistant Secretary	

Sprague Energy Corp. ownership

Sprague is 100% wholly owned by Axel Johnson Inc., 300 Atlantic Street, Stamford, CT 06901

**AXEL JOHNSON INC.****G U A R A N T Y**

In consideration of the extension of credit from time to time by customers within the **State of New Hampshire** ("Supplier") to Sprague Energy Corp. ("Customer") in connection with transactions of crude oil, natural gas, and/or petroleum products, and for other good and valuable consideration, Axel Johnson Inc., a Delaware corporation (the "Guarantor"), owner of all of the shares of capital stock of Customer agrees to guarantee to Supplier payment in full of all legally due financial obligations of Customer to Supplier between March 1, 2004 and February 28, 2009. In the event that Customer is in default on any such payment to Supplier, Supplier shall give written notice thereof to both Customer and the Guarantor. If Customer shall thereafter fail to make such payment within fifteen (15) days after receipt of the written notice from Supplier and payment by Customer is legally due and owing, Guarantor shall make payment thereof directly to Supplier in accordance with Supplier's written instructions.

Guarantor's liability for obligations or other cost and expenses under this Guaranty is limited in the aggregate to **US\$100,000.00** (the "Guaranty Cap"). Guarantor shall not be obligated to monitor the amount of Customer's obligation to Supplier Party, and Supplier Party will bear the risk that the aggregate amount of the Customer's obligations exceeds the Guaranty Cap. Guarantor shall not be liable hereunder for special, consequential, exemplary, tort or other damages, cost or attorneys' fees.

The obligations of the Guarantor hereunder shall be unconditional and absolute and shall not be released, discharged or otherwise affected by any circumstances whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of the Guarantor's obligations hereunder.

This Guaranty shall expire on **February 28, 2009**, unless extended unilaterally by Guarantor's written notice to Supplier or unless terminated sooner by agreement between Supplier and Guarantor; provided, however, that no such expiration or termination shall affect Guarantor's liability for obligations under transactions entered into by Customer and Supplier prior to the date of such expiration or termination.

This Guaranty shall be governed by and construed in accordance with the laws of the State of Connecticut, without regard to the conflict of laws provisions thereof.

IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be executed by its duly authorized officer as of the 2nd day of February 2004.

AXEL JOHNSON INC.

BY: *Charles W. Seitz*
Charles W. Seitz
Vice President and Controller

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.



In TESTIMONY WHEREOF, I hereto set my hand and cause to be affixed the Seal of the State of New Hampshire, this 17th day of January, A.D. 2008

A handwritten signature in cursive script, appearing to read "William M. Gardner".

William M. Gardner
Secretary of State

Natural Gas Sales Invoice

ATTACHMENT S



Two International Drive, Suite 200
Portsmouth, NH 03801

Beginning Balance.....	\$0.00
Most Recent Payment.....	(\$4,795.39)
Current Finance Charges.....	\$0.00
Current Charges.....	\$5,629.35
Total Due.....	\$5,629.35

Invoice Nbr..... 70002542
 Sprague Acct Nbr..... 84022000
 Invoice Date..... 01/07/2008
 Due Date..... 01/16/2008

Bill to:

Item	Volume	UOM	Amount
Contract Commodity	910.0	MMBtu	\$9,239.36
Contract Imbalance	(385.8)	MMBtu	(\$3,610.01)
Total Current Charges	524.2		\$5,629.35

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



If payment by check, please return with payment.

Invoice Nbr..... 70002542
 Sprague Acct Nbr..... 84022000
 Invoice Date..... 01/07/2008
 Due Date..... 01/16/2008

Beginning Balance.....	\$0.00
Most Recent Payment.....	(\$4,795.39)
Current Finance Charges.....	\$0.00
Current Charges.....	\$5,629.35
Total Due.....	\$5,629.35

Amount Enclosed _____

Please explain the discrepancy if the payment amount is other than the TOTAL DUE shown.

SPRAGUE ENERGY CORP
 P.O. Box 414380
 Boston, MA 02241-4380



Two International Drive, Suite 200
Portsmouth, NH 03801

Invoice Nbr.....	70002542
Sprague Acct Nbr....	84022000
Invoice Date.....	01/07/2008
Due Date.....	01/16/2008

Bill to:
[Redacted]

Account Name: [Redacted]
Location: [Redacted]
LDC: [Redacted]

LDC Account Nbr: 364304007
Meter Nbr: E52507
Last Read Date: 12/05/2007
Current Read Date: 01/03/2008

LDC Burnertip Meter Read: 5,190.0
MMBtu Conversion Factor: 0.10
Fuel Multiplier: 101.01 %
Invoiced Citygate MMBtu: 524.2

Item	Volume	UOM	Rate	Amount
Commodity Gas - MMBtu (Commodity) - December	910.0	MMBtu	\$10.1530	\$9,239.36
Commodity Gas - MMBtu (Commodity) - Imbalance	(385.8)	MMBtu	\$9.3579	(\$3,610.01)
Total	524.2			\$5,629.35

SPRAGUE ENERGY CORP.

Two International Drive, Suite 200
Portsmouth, NH 03801

Sales Invoice

Bill To:



Invoice Nbr: N0712S0238
Invoice Date: 12/17/2007
Contract Nbr: SLS01675
BA #: 608
Customer #: 83412000

SOLD DURING THE MONTH OF NOVEMBER 2007

PIPELINE	METER#	DELIVERY PT	COMP.	BEG DAY	END DAY	MMBTU VOLUME	PRICE	AMOUNT IN US \$
NU	NU NEW HAMP DM Cashout	NU NEW HAMP DM	Base	30	30	4,602	\$8.1166	\$37,352.59
						<u>4,602</u>	<u>Sub-Total Amount:</u>	<u>\$37,352.59</u>
							<u>Invoice Amount:</u>	<u>\$37,352.59</u>
							<u>Gross Earnings Recovery Fee:</u>	<u>\$0.00</u>
							<u>Sales Tax:</u>	<u>\$0.00</u>
						<u>4,602</u>	<u>NET AMOUNT DUE:</u>	<u>\$37,352.59</u>

TERMS: Pay on or before 1/7/2008

*If paying an amount different from invoice please fax an adjusted copy of the invoice with applicable pipeline statement to
Gas Management at (603) 430-5320*

PLEASE DIRECT ANY INQUIRIES TO CUSTOMER SERVICE (866) 477-7248

Please Indicate Invoice Number on Payment

SEND WIRE PAYMENT TO:

SPRAGUE ENERGY CORP.
JP Morgan Chase Bank
ABA #: 021000021
Account #: 9102720233

SEND CHECK PAYMENT TO:

SPRAGUE ENERGY CORP.
P.O. Box 30749
Hartford, CT 06150

NATURAL GAS SALES AGREEMENT

This Natural Gas Sales Agreement ("**Agreement**") is entered into as of this **1st** day of _____ **2007** 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 one (1) business day. 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, may immediately suspend performance without further notice to Buyer and/or terminate this Agreement and any outstanding Transaction Confirmation upon giving written notice to Buyer. 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 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 when due under Section 15.a., 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 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 agree that a transaction hereunder constitutes a "forward contract" within the meaning of the United States Bankruptcy Code and that Buyer and Sprague are each "forward contract merchants" within the meaning of the United States Bankruptcy Code.

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, 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 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: _____

By: _____

Name: Miles Allen

Name: _____

Title: Vice President, Natural Gas

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:

SPRAGUE ENERGY CORP.
 Two International Drive, Suite 200, Portsmouth, NH 03801
 Duns Number: #13-136-2733
 Contract Number: _____
 U.S. Federal Tax ID Number: #02-0415440

and _____

 Duns Number: _____
 Contract Number: _____
 U.S. Federal Tax ID Number: _____

Notices:
 SAME AS ABOVE
 Attn: NATURAL GAS ADMINISTRATION
 Phone: (603) 430-5338 Fax: (603) 430-5320

Attn: _____
 Phone: _____ Fax: _____

Confirmations:
 SAME AS ABOVE
 Attn: NATURAL GAS ADMINISTRATION
 Phone: (603) 430-5338 Fax: (603) 430-5320

Attn: _____
 Phone: _____ Fax: _____

Invoices and Payments:
 SAME AS ABOVE
 Attn: NATURAL GAS ADMINISTRATION
 Phone: (603) 430-5343 Fax: (603) 430-5317

Attn: _____
 Phone: _____ Fax: _____

Wire Transfer or ACH Numbers (if applicable):
 BANK: JP MORGAN CHASE BANK, NEW YORK, NY
 ABA: 021000021
 ACCT: 910-2-720233
 Other Details: _____

BANK: _____
 ABA: _____
 ACCT: _____
 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 Transaction Procedure	<input type="checkbox"/> Oral (default) <input checked="" type="checkbox"/> Written	Section 7.2 Payment Date	<input checked="" type="checkbox"/> 25 th Day of Month following Month of delivery (default) <input type="checkbox"/> ____ Day of Month following Month of delivery
Section 2.5 Confirm Deadline	<input checked="" type="checkbox"/> 2 Business Days after receipt (default) <input type="checkbox"/> ____ Business Days after receipt	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 2.6 Confirming Party	<input checked="" type="checkbox"/> Seller (default) <input type="checkbox"/> Buyer	Section 7.7 Netting	<input checked="" type="checkbox"/> Netting applies (default) <input type="checkbox"/> Netting does not apply
Section 3.2 Performance Obligation	<input checked="" type="checkbox"/> Cover Standard (default) <input type="checkbox"/> Spot Price Standard	Section 10.3.1 Early Termination Damages	<input checked="" type="checkbox"/> Early Termination Damages Apply (default) <input type="checkbox"/> Early Termination Damages Do Not Apply
Note: The following Spot Price Publication applies to both of the immediately preceding.		Section 10.3.2 Other Agreement Setoffs	<input checked="" type="checkbox"/> Other Agreement Setoffs Apply (default) <input type="checkbox"/> Other Agreement Setoffs Do Not Apply
Section 2.26 Spot Price Publication	<input checked="" type="checkbox"/> Gas Daily <input type="checkbox"/> Midpoint (default)	Section 14.5 Choice Of Law	<u>NEW HAMPSHIRE</u>
Section 6 Taxes	<input checked="" type="checkbox"/> Buyer Pays At and After Delivery Point (default) <input type="checkbox"/> Seller Pays Before and At Delivery Point	Section 14.10 Confidentiality	<input checked="" type="checkbox"/> Confidentiality applies (default) <input type="checkbox"/> Confidentiality does not apply
x Special Provisions Number of sheets attached: 2			
Addendum(s): _____			

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

SPRAGUE ENERGY CORP.

 Party Name

 Party Name

By _____
 Name: Miles Allen
 Title: Vice President Natural Gas

By _____
 Name:
 Title:

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 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: _____
---	--

**SPECIAL PROVISIONS
To Base Contract for
Sale and Purchase of Natural Gas**

Between Sprague Energy Corp. and

Dated: _____, 2007

The following changes are hereby made to the General Terms and Conditions:

(1) 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.”

(2) Section 12 is amended by deleting the second sentence and replacing it with the following: “The rights of either party pursuant to: (i) Section 7.6, (ii) Section 10, (iii) Section 13, (iv) Section 14.10, (v) Waiver of Jury Trial provisions (if applicable), (vi) Arbitration provisions (if applicable), (vii) the obligations to make payment hereunder, and (viii) the obligation of either party to indemnify the other pursuant hereto, shall survive the termination of the Base Contract or any transaction.

(3) 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.”

(4) The following new Section 15 is added following the end of Section 14:

“Section 15. MARKET DISRUPTION

When a Market Disruption Event occurs, the parties hereby agree to that they shall in good faith mutually negotiate a replacement price for the Floating Price (or a method for determining a replacement price for the Floating Price) for the affected Day. If the parties have not negotiated a replacement price or method on or before the second Business Day following the affected Day then each party shall obtain within the following two Business Days, 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 the replacement price for the Floating Price shall be determined by 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 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 specified index to announce or publish information necessary for determining the Floating Price as agreed in the transaction; (b) the failure of trading to commence or the permanent discontinuation or material suspension of trading on the exchange or market acting as the specified index; (c) the temporary or permanent discontinuance or unavailability of the specified index; (d) the temporary or permanent closing of any exchange acting as the specified index; or (e) the agreement by both parties 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 nearest three decimal places.”

SPRAGUE ENERGY CORP.:

By: _____
Miles Allen
Vice President Natural Gas

By: _____
Name: _____
Title: _____

Date: _____

Date: _____

COPY

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 Michael A. Perkins
Title Executive V.P.

ATTEST:

SPRAGUE ENERGY CORP

By Arnos W. P. P.
Title Vice President

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

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

COPY

GAS TRANSPORTATION CONTRACT

(For Use Under IT-1 Rate Schedule)

THIS AGREEMENT is made and entered into as of the 1st day of May, 1998 by and between GRANITE STATE GAS TRANSMISSION, INC., a New Hampshire Corporation, hereinafter referred to as "Granite State" or "Transporter" and Sprague Energy Corp., hereinafter referred to as "Shipper." Granite State and Shipper shall collectively be referred to herein as the "Parties." The service provide hereunder shall be on behalf of the Company or Companies listed on Exhibit _____ 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 5000 dekatherms. Any limitations of the quantities to be received at each Point of Receipt and/or delivered to each Point of Delivery shall be as specified on Exhibit(s) _____ 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 Point(s) of Receipt. Each third party pipeline is hereinafter referred to individually as "Upstream Transporter" and collectively as "Upstream Transportation."
- 1.3 EQUIVALENT QUANTITY - shall mean that the quantities of gas delivered hereunder at the Point(s) of Receipt for transportation less, where applicable, quantities of gas for Granite States'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 an interruptible basis, as determined in Granite State's sole opinion, at the Point(s) of Receipt, from Shipper or for Shipper's account such quantity of gas as Shipper makes available up to the Transportation Quantity of gas.

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 account, on any day, less the 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 Point(s) of Delivery 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 Transporters to receive quantities of gas at the applicable upstream Point of Delivery upon Granite State's request and to deliver quantities of gas to Granite State for Shipper's account at the applicable upstream Point of Receipt.

ARTICLE III
POINTS OF RECEIPT AND DELIVERY

3.1 The Point(s) of Delivery and Points of Receipt shall be those points specified on Exhibit(s) attached hereto. All Receipt Points on Transporter's system will be included on a Master Receipt Point List and shall be available as Receipt Points hereunder. The Master Receipt Point List will be revised by Transporter from time to time and Shipper agrees to accept such changes.

ARTICLE III
POINTS OF RECEIPT AND DELIVERY (continued)

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 Contract, 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) _____ 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 IT-1.

7.2 **SYSTEM FUEL AND LOSSES** - Shipper agrees to provide Granite State the fuel and losses associated with the transportation service provided herein in accordance with Section 6 of Granite State's Rate Schedule IT-1.

7.3 **NEW FACILITIES CHARGE** - _____

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 IT-1, 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 IT-1 and to the General Terms and Conditions incorporate 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 regulator 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 on the date of execution and shall remain in full force and effect for a term of 1 YEAR, and shall remain in force from month to month thereafter unless terminated by either party upon thirty (30) days prior written notice to the other party.

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.

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 FERC 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 :

Granite State Gas Transmission, Inc.
300 Friberg Parkway
Westborough, MA 01581

Attention: Transportation Services

SHIPPER:

Sprague Energy Corp
2 International Drive
Suite 200
Portsmouth, NH 03801

ATTN: Natural Gas Administration

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.

ARTICLE XV
MISCELLANEOUS (continued)

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) _____ 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 hereinabove written.

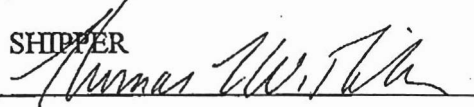
GRANITE STATE GAS TRANSMISSION, INC.

By: 

Title: VP REGULATORY

Accepted and Agreed to this ____ Day of _____, 19__.

SHIPPER

By: 

Title: Vice President, Natural Gas

ATTEST



Contract No. 210096

COPY

SERVICE AGREEMENT
FOR RATE SCHEDULE MNIT

This Service Agreement is made and entered into this 14th day of December, 2004, by and between Maritimes & Northeast Pipeline, L.L.C. (herein called "Pipeline") and Sprague Energy Corp. (herein called "Customer", whether one or more),

W I T N E S S E T H:

WHEREAS,

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein contained, the parties do covenant and agree as follows:

ARTICLE I
SCOPE OF AGREEMENT

Subject to the terms, conditions and limitations hereof, of Pipeline's Rate Schedule MNIT, and of the GT&C, transportation service hereunder will be interruptible and Pipeline agrees to deliver for Customer's account quantities of natural gas up to the following quantity:

Maximum Daily Transportation Quantity (MDTQ)	<u>20,000 Dth</u>
Maximum Annual Transportation Quantity (MATQ)	<u>7,300,000 Dth</u>

Pipeline will receive for Customer's account for transportation hereunder daily quantities of gas up to Customer's MDTQ, plus Fuel Retainage Quantity at Point(s) of Receipt as specified in Article IV herein. Pipeline will transport and deliver for Customer's account such daily quantities tendered up to such Customer's MDTQ at Point(s) (and, on a cumulative basis, the MATQ) of Delivery as specified in Article IV herein.

On any given Day, Pipeline shall not be obligated to, but may at its sole discretion, receive at Point(s) of Receipt quantities of gas in excess of Pipeline's Maximum Daily Receipt Obligation (MDRO), plus Fuel Retainage Quantity, but shall not receive in the aggregate at all Points of Receipt on any day a quantity of gas in excess of the applicable MDTQ, plus Fuel Retainage Quantity. On any given day, Pipeline shall not be obligated to, but may at its sole discretion, deliver at any Point of Delivery quantities of gas in excess of Pipeline's Maximum Daily Delivery Obligation (MDDO), but shall not deliver in the aggregate at all Points of Delivery on any day quantities of gas in excess of the applicable MDTQ.

ARTICLE II
TERM OF AGREEMENT

This Agreement shall become effective as of the date set forth hereinabove and shall continue in effect for a term of 1 years ("Primary Term") and shall remain in force from year to year thereafter unless terminated by either party by written notice [at least two years for long term service agreements; mutually agreeable for short term service agreements] prior to the end of the Primary Term or any successive term thereafter.

Customer agrees that Pipeline may terminate this Service Agreement at any time subject to the provisions of Sections 4 and 16 of the GT&C and such provisions are incorporated herein by reference.

Any portions of this Service Agreement necessary to correct or cash-out imbalances or to make payment under this Service Agreement as required by the GT&C will survive the other parts of this Service Agreement until such time as such balancing or payment has been accomplished. To the extent that Customer desires to terminate this Service Agreement and Pipeline agrees to such termination, Pipeline will collect as part of the exit fee all (or such lesser portion as Pipeline agrees to) of the capacity Reservation Charges otherwise recoverable by Pipeline from Customer for the balance of the contractual term, absent such early termination.

ARTICLE III
RATE SCHEDULE

For the entire period when this Service Agreement is in effect, this Service Agreement will be subject to all provisions of Rate Schedule MNIT and the GT&C of Pipeline's Tariff on file with the Federal Energy Regulatory Commission, all of which are by this reference made a part hereof.

Customer agrees to and will pay Pipeline all Usage and other charges and fees provided for in Rate Schedule MNIT, as effective from time to time, for service under this Service Agreement.

Customer agrees that Pipeline shall have the unilateral right to file with the appropriate regulatory authority and make changes effective in: (i) the rates and charges applicable to service pursuant to Pipeline's Rate Schedule MNIT; (ii) Pipeline's Rate Schedule MNIT; and/or (iii) any provision of the GT&C under Pipeline's Tariff.

ARTICLE IV
POINT(S) OF RECEIPT AND POINT(S) OF DELIVERY

All Point(s) of Receipt and Point(s) of Delivery at which Pipeline receives and delivers gas, respectively, shall be available as Point(s) of Receipt and Point(s) of Delivery under this Service Agreement.

Pipeline shall not be obligated to receive gas at any pressure less than the operating pressure of Pipeline's system at the Point(s) of Receipt. Pipeline shall deliver gas at each Point(s) of Delivery at such pressures as may exist on Pipeline's system from time to time at such point. In no event shall Pipeline be obligated to deliver gas at any time at a pressure in excess of the Maximum Allowable Operating Pressure for Pipeline's facilities at any point.

ARTICLE V
QUALITY

All natural gas tendered to Pipeline for Customer's account shall conform to the quality specifications set forth in Section 12 of Pipeline's GT&C. Customer agrees that if Customer tenders gas for service hereunder and Pipeline accepts such gas which does not comply with Pipeline's quality specifications, Customer will pay all costs associated with processing of such gas as necessary to comply with such quality specifications.

ARTICLE VI
ADDRESSES

Except as herein otherwise provided or as provided in the GT&C, any notice, request, demand, statement, invoice or payment provided for in this Service Agreement, or any notice which any party desires to give to the other, must be in writing and will be considered as duly delivered when mailed by registered, certified, or regular mail to the post office address of the parties hereto, as the case may be, as follows:

(a) Pipeline: Maritimes & Northeast Pipeline, L.L.C.
PO Box 1642
Houston, Texas 77251-1642

(b) Customer: Sprague Energy Corp.
2 International Drive
Portsmouth, NH 03801

or such other address as either party designates by formal written notice.

ARTICLE VII
ASSIGNMENTS

Any Company which succeeds by purchase, merger, or consolidation to the properties, substantially as an entirety, of Customer or of Pipeline will be entitled to the rights and will be subject to the obligations of its predecessor in title under this Service Agreement. Either Customer or Pipeline may assign or pledge this Service Agreement under the provisions of any mortgage, deed of trust, indenture, bank credit agreement, assignment, receivable sale, or similar instrument which it has executed or may execute hereafter. Except as set forth above this Service Agreement is not assignable.

ARTICLE VIII
NONRECOURSE OBLIGATION OF
LIMITED LIABILITY COMPANY,
MANAGING MEMBER AND OPERATOR

Customer acknowledges and agrees that (a) Pipeline is a Delaware limited liability company; (b) Customer shall have no recourse against any member of Pipeline with respect to Pipeline's obligations under this Service Agreement and that its sole recourse shall be against the assets and revenues of Pipeline, irrespective of any failure to comply with applicable law of any provision of this Service Agreement; (c) no claim shall be made against any member of Pipeline under or in connection with this Service Agreement; (d) no claims shall be made against the Operator, its officers, employees, and agents, under or in connection with this Service Agreement and the performance of its duties as Operator (provided that this shall not bar claims resulting from the gross negligence, undue discrimination or willful misconduct of the Operator) and Customer shall provide the Operator with a waiver of subrogation of Customer's insurance company for all such claims, and (e) this representation is made expressly for the benefit of the members in Pipeline, Managing Member, and Operator.

ARTICLE IX
INTERPRETATION

The parties hereto agree that the interpretation and performance of this Service Agreement must be in accordance with the laws of the State of MA without recourse to the law governing conflict of laws.

This Service Agreement and the obligations of the parties are subject to all present and future valid laws with respect to the subject matter, State and Federal, and to all valid present and future orders, rules, and regulations of duly constituted authorities having jurisdiction.

ARTICLE X
CANCELLATION OF PRIOR CONTRACT(S)

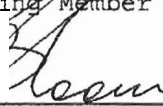
This Service Agreement supersedes and cancels, as of the effective date of this Service Agreement, the contract(s) between the parties hereto as described below:

None

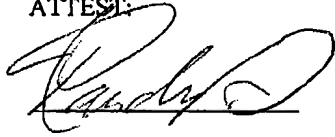
IN WITNESS WHEREOF, the parties hereto have caused this Service Agreement to be executed by their respective duly authorized officers and attested by their respective Secretaries or Assistant Secretaries, the day and year first above written,



MARITIMES & NORTHEAST PIPELINE, L.L.C.
by: M&N Management Company,
its Managing Member

By: 

ATTEST:



SPRAGUE ENERGY CORPORATION

By 

ATTEST:

SPRAGUE ENERGY CORP.

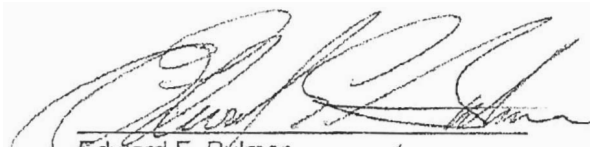
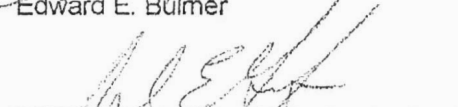
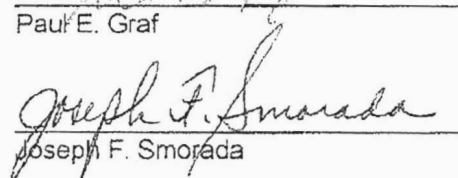
Unanimous Written Consent of the Board of Directors in Lieu of Meeting

The undersigned, being all of the members of the Board of Directors of Sprague Energy Corp., a Delaware corporation (hereinafter referred to as the "Corporation"), acting pursuant to Section 141(f) of the Delaware General Corporation Law, do hereby consent to the adoption of and do hereby adopt the following resolutions and declare them to be in full force and effect as if they had been 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 Chairman of the Board, the Vice-Chairman of the Board, the President or any Vice President of the Corporation; and

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

IN WITNESS WHEREOF, the undersigned have executed this Consent as of this 26th day of July, 1996.


Edward E. Bulmer

Paul E. Graf

Joseph F. Smorada