IN THE CIRCUIT COURT OF HARRISON COUNTY, WEST VIRGINIA

RILEY NATURAL GAS COMPANY,
a West Virginia corporation;

Plaintiff,

v. **Civil Action No. 15-C-405-3**

NORTHSTAR ENERGY CORPORATION,
a West Virginia corporation;

Defendant.

RILEY NATURAL GAS COMPANY'S AMENDED[1] VERIFIED COMPLAINT FOR BREACH OF CONTRACT AND DECLARATORY AND MONETARY RELIEF

Riley Natural Gas Company ("RNG"), by and through counsel, hereby files this Amended Verified Complaint for Breach of Contract and Declaratory and Monetary Relief against Northstar Energy Corporation ("Northstar"), and states as follows:

Nature of Action

1. This action relates to the breach of a contract for the purchase and sale of natural gas and breach of contractual commitments pertaining to the reimbursement of charges for firm transportation acquired by RNG on behalf of Northstar to facilitate the purchase and sale of Northstar's natural gas.

2. RNG seeks a declaratory judgment from this Court declaring that Northstar, as part of its agreement with RNG for the purchase, sale and marketing of its natural gas, is contractually liable and responsible to RNG for all costs, charges, surcharges, deductions, and fees for firm transportation capacity on Dominion Transmission, Inc.'s ("DTI") Appalachia Gateway Pipeline Expansion Project ("DTI Gateway") incurred by RNG on behalf of Northstar

[1] The Amended Complaint merely attaches "Exhibit 1" and "Exhibit 2" which inadvertently were omitted when the complaint originally was filed.

irrespective of whether RNG, on behalf of Northstar, uses DTI Gateway capacity because of Northstar's failure to tender its gas to RNG.

3. RNG seeks monetary relief for damages it has or will suffer as a result of Northstar's failure to comply with its contractual obligations.

Parties

4. RNG is a West Virginia corporation with its principal place of business located at 120 Genesis Boulevard, Bridgeport, West Virginia 26330.

5. Defendant Northstar Energy Corporation is a West Virginia corporation with its principal place of business located at P.O. Box 3720, Charleston, West Virginia 25337.

Jurisdiction and Venue

6. Jurisdiction and venue are proper.

7. This declaratory judgment proceeding is instituted pursuant to the provisions of Rule 57 of the West Virginia Rules of Civil Procedure and the West Virginia Declaratory Judgment Act, West Virginia Code Section 55-13-1 et seq.

Facts

8. RNG is engaged in the business of buying, selling, and marketing natural gas, including on behalf of natural gas producing companies like Northstar. RNG is not a producer of natural gas.

9. Northstar is engaged in the business of natural gas production.

10. In order for produced natural gas to be successfully purchased, marketed and sold, in this case a service Northstar contracted with RNG to provide, requires that the producer, here Northstar, bear the cost of transporting their natural gas on pipelines on a firm or interruptible basis to desired physical points located on pipeline systems. Producers, like

Northstar, as is the case here, contracted with RNG to acquire firm pipeline transportation capacity, on its behalf, on DTI Gateway at a monthly cost and obligation, in order for the producers' gas to be received and transported on DTI.

11. DTI Gateway was designed to help meet the demand for natural gas in the Mid-Atlantic and Northeastern United States by constructing additional firm pipeline transportation capacity on DTI Gateway to transport natural gas to homes, businesses, industries, and power plants throughout the eastern United States.

12. Before constructing a pipeline or expanding an existing one, pipeline companies such as DTI rely on contractual commitments (called precedent agreements) between the pipeline company and its shippers of natural gas, in this case RNG on behalf of Northstar, which contain commitments from shippers to pay monthly charges, surcharges, deductions and fees to DTI ("DTI Gateway Charges") to financially support DTI's incurrence of millions of dollars of construction costs to construct the additional firm pipeline transportation capacity. In exchange, DTI commits to reserve firm capacity or space (firm transportation capacity) in the pipeline ready at all times for the shipper to call upon to use when needed; again, in this case for RNG's use on behalf of Northstar.

13. DTI conducted an open season that started on April 1, 2008, and ended on April 25, 2008, to seek commitments in the form of precedent agreements from shippers to reserve firm transportation capacity on DTI Gateway, and to pay the DTI Gateway Charges over a fixed term of years for the reserved firm transportation capacity to be constructed.

14. RNG and DTI subsequently entered into a precedent agreement in which RNG, on behalf of Northstar, purchased firm transportation capacity on DTI Gateway, with the

actual implementation of the firm transportation service (the "in-service date" of the pipeline facilities) to begin upon completion of the DTI Gateway facilities.

15. As an integral part of the DTI open season process and as a pre-requisite to RNG committing to purchase firm transportation capacity on DTI on Northstar's behalf, Northstar agreed to reimburse RNG for the DTI Gateway Charges RNG would pay to DTI for the DTI Gateway firm transportation capacity for 10 years that was to facilitate RNG's ability to purchase, market and sell Northstar's natural gas on a firm basis on the DTI Gateway facilities. This agreement between Northstar and RNG is memorialized in an agreement dated August 1, 2008 ("Agreement"), a copy of which is attached hereto as "Exhibit 1."

16. Without the agreements and commitments by Northstar, RNG would not have acquired DTI Gateway firm transportation capacity on behalf of Northstar; and, without such firm capacity, Northstar understood and knew that RNG, on Northstar's behalf, may not be able to sell Northstar's gas into the DTI Gateway system, which would have jeopardized Northstar's revenue earnings capabilities from such gas sales.

The Agreement

17. The primary purpose of the Agreement was to facilitate the purchase, sale, and marketing by RNG of Northstar's natural gas at physical points into DTI Gateway ("Delivery Point(s)") up to and requiring a firm transportation quantity on DTI Gateway specified in the Agreement of August 1, 2008 as 3500 dth/day for 10 years. See Ex. 1, at Exhibit A.

18. Northstar's commitment was subsequently modified to include a FT [firm transportation] Rate of $0.495/dt; however, the firm transportation quantity remained as 3500

dth/day. See Contract #1065 Revised Exhibit A Term Sheet dated August 8, 2012, attached hereto as "Exhibit 2."

19. Pursuant to the Agreement, Northstar is responsible and liable to RNG for all charges of any kind, including transportation charges such as the DTI Gateway Charges, upstream or downstream of Delivery Point(s) identified in the Agreement. See Ex. 1, ¶ 2.

20. As a purchaser of DTI Gateway firm transportation capacity on behalf of Northstar to facilitate the delivery of Northstar's gas into the DTI Gateway Delivery Point(s), RNG agreed to pay DTI Gateway Charges on behalf of Northstar.

21. Pursuant to its agreement with DTI, and given the nature of firm transportation capacity on pipelines and the charges therefore, as described above, RNG is responsible and liable to DTI for the DTI Gateway Charges on behalf of Northstar irrespective of whether Northstar tenders natural gas to RNG for purchase and sale at the Delivery Point(s) under the Agreement.

22. Correspondingly, pursuant to the Agreement, Northstar is responsible and liable to RNG, and agreed to reimburse RNG, for all DTI Gateway Charges incurred by RNG on behalf of Northstar. See Ex. 1, ¶ 2; Ex. 1 at Exhibit B.

23. Moreover, Northstar is responsible and liable to RNG, and agrees to reimburse RNG, for DTI Gateway Charges irrespective of whether Northstar actually tenders natural gas to RNG for purchase and sale at the Delivery Point(s) pursuant to the Agreement. Id.

Count I – Breach of Contract

24. The Agreement is governed by the Uniform Commercial Code. See W. Va. Code § 46-2-107(1).

25. The Agreement contains all essential terms, including the parties to the Agreement, the subject matter of the Agreement, terms for determining the price of the natural gas to be purchased, the fees for marketing and selling the natural gas, the agreed upon volumes for firm transportation on DTI Gateway to facilitate the purchase and sale of the natural gas, the duration of the Agreement, and for the reimbursement by Northstar to RNG of DTI Gateway Charges.

26. The Agreement provides a reasonably certain basis for granting an appropriate remedy for breach. See W. Va. Code § 46-2-204(3).

27. Although Northstar has tendered natural gas to RNG for purchase and sale at the Delivery Point(s) pursuant to the Agreement, Northstar has wrongfully refused to reimburse RNG for all DTI Gateway Charges incurred by RNG on behalf of Northstar.

28. Northstar is legally obligated to pay and is legally liable to RNG for the DTI Gateway Charges. Section 2 of the Agreement clearly sets forth this obligation:

> All charges of any kind upstream of the Delivery Point(s) including without limitation any gathering and extraction charges or deductions for retainage, fuel or shrink. In addition, charges downstream of Delivery Point(s) shall be borne as follows:
>
> (a) for any Delivery Point(s) not into DTI's Appalachia Gateway Project facilities, [RNG] shall be responsible and liable for payment of all charges that are downstream of such Delivery Point(s); and
>
> (b) for any additional Delivery Point(s) into DTI's Appalachia Gateway Project facilities, the terms set forth on Exhibit B, "ADDITIONAL TERMS FOR ANY DELIVERY POINT(S) INTO DTI'S APPALACHIA GATEWAY PROJECT FACILITIES" shall also apply.

Ex. 1, ¶ 2.

29. Exhibit B referenced in above Section 2 of the Agreement further states that Northstar shall pay and be liable to RNG for the DTI Gateway Charges listed in detail:

> (a) the cost and fees for all FT [firm transportation] reserved from DTI by [RNG] for [Northstar]'s Firm Quantity for the ten (10) year period; (b) all other charges or deductions of any kind whatsoever including without limitation commodity fees, retainage, fuel and shrink assessed by DTI; and (c) the Management Fee set forth in the Term Sheet that shall compensate [RNG] for its management of assets including without limitation the management of nominations and the meeting of DTI's credit requirements by [RNG.]

Ex. 1 at Ex. B, ¶ ii.

30. RNG has invoiced Northstar for DTI Gateway Charges incurred by RNG on behalf of Northstar.

31. Northstar has wrongfully refused to reimburse RNG for DTI Gateway Charges incurred by RNG on behalf of Northstar as required by the Agreement.

32. Northstar's wrongful refusal to reimburse RNG for DTI Gateway Charges incurred by RNG on behalf of Northstar constitutes a breach of the Agreement, which provides in relevant part:

> In no event whatsoever shall [Northstar] be relieved from its obligations to make payments to [RNG] for all FT [RNG] has reserved for any or all of [Northstar]'s Firm Quantity irrespective of the cause or contingency of such losses and any such failure to make payments shall be a breach under this Agreement.

Ex. 1 at Ex. B ¶ iii; <u>see also</u> Ex. 1, ¶ 2; Ex. 1 at Ex. A.

33. RNG has incurred substantial expenses resulting from Northstar's failure to comply with the Agreement.

Count II – Declaratory Relief

34. RNG re-alleges and incorporates by reference all of the allegations of paragraphs 1 through 33 of this Amended Verified Complaint.

35. Under the Agreement, Northstar is contractually liable and responsible to, and required to reimburse, RNG for all DTI Gateway Charges for firm transportation capacity on DTI Gateway incurred by RNG on behalf of Northstar irrespective of whether RNG, on behalf of Northstar, uses DTI Gateway capacity because of Northstar's failure to tender its natural gas to RNG.

Count III – Monetary Relief

36. RNG re-alleges and incorporates by reference all of the allegations of paragraphs 1 through 35 of this Amended Verified Complaint.

37. RNG has incurred substantial expenses resulting from Northstar's failure to reimburse RNG for DTI Gateway Charges incurred by RNG on behalf of Northstar as required by the Agreement.

38. RNG is entitled to recover from Northstar all costs incurred as a result of Northstar's breach of contractual obligations.

WHEREFORE, Plaintiff Riley Natural Gas Company prays that this Court enter an order granting the following relief:

A. A declaration that Northstar is contractually obligated to reimburse RNG for DTI Gateway Charges incurred by RNG on behalf of Northstar;

B. Damages for all losses incurred by RNG from Northstar's breach of contractual agreements, including pre-judgment and post-judgment interest, attorneys' fees and costs associated with Northstar's breach of contractual obligations; and

C. Such other relief as this Court may deem just and appropriate.

Lori A. Dawkins (WV State Bar #6880)
600 17th Street, Suite 1950 S
Denver, CO 80202
(303) 389-4300

STEPTOE & JOHNSON PLLC
Of Counsel

Shawn A. Morgan (WV State Bar #6640)
Lauren K. Turner (WV State Bar #11942)
400 White Oaks Boulevard
Bridgeport, WV 26330
(304) 933-8000

VERIFICATION

STATE OF WEST VIRGINIA

COUNTY OF HARRISON, TO-WIT:

Kathie Bonnell, being first duly sworn, states that she is employed by Riley Natural Gas Company as its Manager of Marketing, that she has read the foregoing "Verified Complaint for Breach of Contract and Declaratory and Monetary Relief" and that the information therein is true and correct to the best of her belief and knowledge.

K Bonnell
Kathie Bonnell

The foregoing instrument was acknowledged before me this 13th day of October 2015, by Kathie Bonnell.

Susan D Grimes
Notary Public

OFFICIAL SEAL
STATE OF WEST VIRGINIA
NOTARY PUBLIC
Susan D. Grimes
108 Burton Avenue
Nutter Fort WV 26301
My Commission Expires May

CERTIFICATE OF SERVICE

I hereby certify that on the 23rd day of November 2015, I served the foregoing "Riley Natural Gas Company's Amended Verified Complaint for Breach of Contract and Declaratory and Monetary Relief" upon all counsel of record via U.S. mail, in postage pre-paid envelopes addressed as follows:

Stephen L. Thompson
Barth & Thompson Law Offices
Kanawha Boulevard, West at Berkeley Street
Charleston, WV 25302

Lori A. Dawkins (WV State Bar #6880)
Shawn A. Morgan (WV State Bar #6640)
Lauren K. Turner (WV State Bar #11942)

FILED IN 15TH CIRCUIT COURT
2015 NOV 30 P 3:48

7045474.1

Riley Natural Gas Company

Northstar Energy
900 Lee Street, E
Suite 940
Charleston, WV 25301

August 1, 2008

This letter agreement and the Exhibits that are attached hereto and hereby incorporated herein (collectively "Agreement") evidence the agreement of **Northstar Energy** ("Seller"), and **Riley Natural Gas Company** ("Purchaser"), whereby Purchaser agrees to purchase and receive, and Seller agrees to sell and deliver to Purchaser, natural gas ("Gas") in accordance with the terms and conditions set forth herein and in a transaction specific term sheet ("Term Sheet") that has been executed by each party hereto, such Term Sheet to be in substantially the form set forth in Exhibit A. With respect to any particular transaction, the Agreement consists of this letter agreement and its Exhibits and the applicable executed Term Sheet.

1. Quantity
Commencing on the first day of the Primary Term as set forth in the applicable Term Sheet and daily throughout the term of this Agreement, Seller shall deliver and sell, and Purchaser shall receive and purchase, such Quantity of Gas as set forth in the applicable Term Sheet.

2. Price
Seller and Purchaser agree to the Price at the Delivery Point(s) as set forth in the applicable Term Sheet, as such Price may be amended from time to time by mutual agreement of the parties or otherwise amended as set forth in this Agreement or the Term Sheet. Seller shall be responsible and liable for all charges of any kind upstream of the Delivery Point(s) including without limitation any gathering and extraction charges or deductions for retainage, fuel or shrink. In addition, charges downstream of any Delivery Point(s) shall be borne as follows:

(a) for any Delivery Point(s) not into DTI's Appalachia Gateway Project facilities, Purchaser shall be responsible and liable for payment of all charges that are downstream of such Delivery Point(s); and

(b) for any Delivery Point(s) into DTI's Appalachia Gateway Project facilities, the terms set forth on Exhibit B, "ADDITIONAL TERMS FOR ANY DELIVERY POINT(S) INTO DTI'S APPALACHIA GATEWAY PROJECT FACILITIES" shall also apply.

Purchaser reserves the right to make periodic price adjustments to correct for payment differentials attributed to significant fluctuations in estimated versus actual production. These adjustments will be made in an effort to make each Gas payment to the Seller applicable to the month during which the Gas was actually sold; provided, however, that Purchaser shall not be liable for any failure to achieve this goal. Purchaser will attempt to absorb variances of up to ten percent (10%) of the most recent actual production number However, Seller recognizes and agrees that Purchaser cannot incur losses attributed to production variation.

REC'D AUG 2 8 2008

PO BOX 450
BRIDGE[illegible] 26330
PH: (304) 842-8930
FAX: (304) 842-8936

PO BOX 1540
SEVERNA PARK, MD 21146
PH: (410) 544-3328
FAX: (410) 544-3990

EXHIBIT 1

3. Term
The Primary Term of this Agreement shall be as set forth in the Term Sheet, and shall thereafter continue in effect from month to month unless terminated by either party by written notice to the other party at least thirty (30) calendar days prior to the expiration of the Primary Term or any extension thereof or as otherwise set forth in this Agreement The parties recognize that sale and deliveries of Seller's Gas hereunder will be dependent on volumes accepted by various buyers that purchase Gas from Purchaser during any particular month. Accordingly, it is agreed that Purchaser shall have the right to determine in its sole discretion at various times during this Agreement that a price revision is necessary for the sale of such Gas to remain competitive in the market If Purchaser shall so determine, Purchaser shall promptly provide Seller telephonic notice of the revised Price which Purchaser believes is required to meet the existing market condition and Purchaser shall provide written notice to Seller no later than five (5) calendar days after such telephonic notice. Not later than five (5) calendar days after Seller's receipt of Purchaser's written notice, Seller shall notify Purchaser in writing that Seller accepts Purchaser's revised Price or Seller requests that this Agreement be terminated and if so requested, such termination shall be effective on the last day of the third calendar month following the month that Purchaser received Seller's written notice; provided, however, the revised Price shall be applicable to all deliveries made to the Delivery Point(s) after the date of Seller's notice of its request to terminate until its effective date of termination and in the event Purchaser further revises such Price prior to such effective date of termination, the parties shall utilize the procedures as set forth in this Paragraph for any such further Price revisions Notwithstanding anything to the contrary, in the event that Seller fails to provide to Purchaser timely written notice of either Seller's acceptance of such revised Price or Seller's request to terminate, Seller shall be deemed to have accepted such revised Price and Seller shall not be able to request this Agreement be terminated.

4. Delivery Point(s)
The point of sale and Delivery Point(s) shall be the Meter(s) as set forth in the applicable Term Sheet. Title to the Gas shall pass to and vest in Purchaser at the point of sale. As between the parties hereto, Seller shall be deemed to be in exclusive control and possession of Seller's Gas and shall be responsible for and indemnify Purchaser with respect to any losses, injuries, claims, liabilities or damages caused thereby until the same shall have been delivered to Purchaser at the point of sale and Delivery Point(s) referenced in this Paragraph 4, after which Delivery Point(s) Purchaser shall be deemed to be in exclusive control and possession thereof and shall be responsible for and indemnify Seller with respect to any losses, injuries, claims, liabilities or damages caused thereby

5. Quality, Measurement, and Transportation
Seller and Purchaser acknowledge and agree that third party pipelines ("Pipeline Transporter(s)") are utilized by Purchaser and that each Pipeline Transporter(s)'s rules, guidelines and policies, as may be changed from time to time, shall define and set forth, among other things, the units of measurement, measurement specifications, quality, heating value, testing specifications, required delivery pressure and specifications of Seller's Gas to be delivered to Purchaser pursuant hereto All such definitions, specifications, procedures and terms and all other terms and provisions of each Pipeline's Transporter(s) related to the delivery of Gas are hereby expressly incorporated herein by reference, and this Agreement shall be subject thereto.

6. Billing and Payment
Purchaser shall submit to Seller, a statement showing the amount of Seller's Gas delivered at each Delivery Point(s) as confirmed by Pipeline Transporter(s) and including any adjustments made by Pipeline Transporter(s) and any known Imbalance Charges or any other amounts or payments owed by Seller to Purchaser Such statement together with a check in the amount due will be rendered ten (10) calendar days after receipt of Pipeline Transporter(s) Gas Measurement detail statement or the fifteenth (15th) day of the month, whichever is later. Notwithstanding anything herein to the contrary, Purchaser may in its discretion and without notice to Seller and at any time, aggregate and/or set-off any amounts or payments owed by Seller to Purchaser for any reason including without limitation Imbalance Charges or Other Contract losses (as defined in this Agreement) against any amounts payable to Seller under this Agreement or any other agreement or arrangement between the parties or against any collateral or margin held by Purchaser for Seller; provided, however, if at any time any amounts or payments owed to Purchaser by Seller including without limitation any Imbalance Charges or Other Contract losses are unascertained, then Purchaser may in good faith estimate such and use such good faith estimate in Purchaser's aggregate and/or set-off

7. Fixed Price Contracts
Sellers not delivering into DII's Appalachian Gateway Project facilities will not be eligible to enter into fixed price contracts due to possible curtailment of Seller's monthly volumes by DII.

Seller may request to enter into fixed price contracts ("Fixed Price Contracts") for a portion of Seller's monthly volumes At the same time and in reliance upon Seller's commitment to enter into said Fixed Price Contracts Purchaser may enter into an offsetting contract with third parties for the same volumes and period ("Other Contracts"). In the event Purchaser enters into Other Contracts and if for any reason whatsoever whether through fault of Seller or otherwise the volume requirements in such Other Contracts are not satisfied, and as a result the Purchaser suffers any loss under the Other Contracts including costs to buy or secure replacement Gas then Seller shall remit to Purchaser payment for such losses or Purchaser in its sole discretion may deduct or set-off any such losses from any amounts owed to Seller as set forth in Paragraph 6. Notwithstanding any provisions of this Agreement including Paragraph 9 to the contrary, in no event whatsoever shall Seller be relieved from its obligations to make payments for any of the aforementioned losses under the Other Contracts irrespective of the cause or contingency of such losses and any such failure to make payments shall be a breach under this Agreement.

8. Warranty of Title
Seller warrants generally its title to all Gas delivered by it, and further represents that it has the right to sell the same, and that such Gas is free from liens and adverse claims of every kind Seller shall pay or cause to be paid all taxes and other sums due on the gathering and handling of the Gas delivered by Seller Seller shall indemnify and save Purchaser harmless from and against all suits, actions, damages, costs and expenses arising from or out of any breach of this Paragraph

9. Force Majeure
Except as otherwise set forth in this Agreement, in case either party to this Agreement fails to perform any obligation hereunder assumed by it and such failure is caused by acts of God or a public enemy, strikes, riots, injunctions or other interference through legal proceedings, earthquakes, storms, or the compliance with any statute, either State or Federal, or with any order of the Federal Government or any branch thereof, or of the Government of the State wherein the subject premises are situated, such failure shall not be deemed to be a violation by such party of its obligations hereunder The party claiming such suspension shall give timely notice to the other and shall use due diligence to again put itself in position to carry out all of the obligations which it has assumed by the terms of this Agreement. Notwithstanding the foregoing, any of the aforementioned causes or contingencies affecting the performance hereunder of a party hereto, however, shall in no event relieve said party of liability to make any payments due hereunder or shall not relieve said party of liability in the event of its concurrent negligence or in the event of its failure to use due diligence to remedy the situation and to remove the cause in an adequate manner and with all reasonable dispatch

10. Assignment
This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective representatives, successors, and assigns; but this Agreement and the right to and obligations hereunder shall not be assignable by either party hereto to any other person without the written consent of the other party Such consent shall not be unreasonably withheld or delayed

11. Governing Law
This Agreement shall be governed by the laws of the State of West Virginia

12. Imbalances
If Purchaser incurs any fees, penalties, costs, charges, or losses (in cash or in kind) for failure to satisfy balance or nomination requirements ("Imbalance Charges") then Seller shall be liable for and remit to Purchaser such Imbalance Charges or Purchaser in its sole discretion may deduct or set-off any such Imbalance Charges from any amounts or payments owed to Purchaser as set forth in Paragraph 6. Notwithstanding anything in this Agreement to the contrary including Paragraph 9, in no event shall Seller be relieved from its obligations to make payments for Imbalance Charges irrespective of the cause or contingency of Seller's failure to perform and any such failure to make payments shall be a breach under this Agreement.

13. Notices

Any statement, payment or bill provided for in this Agreement shall be in writing and shall be considered as duly delivered when mailed to the other party at the address noted below and shall be considered duly received five calendar days after the date of such delivery. Any notice, request, demand or pricing change, as referenced in Paragraph 3 above, or any notice which a party may desire to give to the other may be communicated by telephone but shall be followed up in writing no later than five calendar days after such telephonic notice.

Seller:

Northstar Energy
Attn:
900 Lee Street, E
Suite 940
Charleston, WV 25301

Purchaser:

Riley Natural Gas Company
Attention: Tina R Smith, Vice President
P O. Box 450
Bridgeport, WV 26330
Telephone: (304) 842-8930
Facsimile: (304) 842-8936

14. Default; Limitation on Liability

Either party will be in default under this Agreement if it (i) makes an assignment or any general arrangement for the benefit of creditors; (ii) files a petition or otherwise commences, authorizes, or acquiesces in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors, or has such petition filed against it and such proceeding remains undismissed for thirty (30) days; (iii) otherwise becomes bankrupt or insolvent (however evidenced); (iv) is unable to pay its debts as they fall due; (v) fails to pay or perform, when due, any obligation to the other party, whether under this Agreement or any other contract between the parties, if such failure is not remedied on or before the third business day after notice of such failure is given to the party who is default; (vi) fails to give adequate security for or assurance of its ability to perform its further obligations under this Agreement within forty-eight (48) hours of a reasonable request by the other party; or (vii) fails to deliver any volumes of Gas which it is obligated to deliver to the other party and such failure is not remedied within a 48-hour period. If a party is in default, then the non-defaulting party shall have, in addition to any and all other remedies available hereunder or pursuant to law, the right to withhold payment and /or to liquidate any or all contracts (including any forward contract or portion of a forward contract, Fixed Price Contract, or other contract not yet fully delivered) then outstanding at any time or from time to time thereafter by (a) closing out each such contract transaction being liquidated at its market value so that each such transaction is cancelled and a settlement payment in an amount equal to the difference between such market value and the contract value of such transaction shall be due to the Purchaser under the transaction if such market value exceeds the contract value and to the Seller if the contract value exceeds the market value; and (b) discounting each amount then due under subsection (a) above to present value in a commercially reasonable manner as of the time of liquidation to take into account the period between the date of liquidation and the date on which such amount would have otherwise been due pursuant to the relevant transaction with such rate of interest used in calculating net present value to be determined by the performing party in a commercially reasonable manner. If Seller is in default, Purchaser may set-off or aggregate as set forth in Paragraph 6 hereof. EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THIS AGREEMENT, IN NO EVENT WILL EITHER PARTY BE LIABLE UNDER THIS AGREEMENT, WHETHER IN CONTRACT, IN TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, FOR INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES

If the foregoing correctly reflects our agreement and understanding, please so signify by executing in the space provided below.

Yours truly,

Tina R. Smith
Vice President

ACCEPTED AND AGREED to this 25th day of August, 2008.

Northstar Energy

Name: ___________

Title: President

EXHIBIT A

TERM SHEET

Date:	August 1, 2008
Seller:	Northstar
Purchaser:	Riley Natural Gas Company
Primary Term:	10 years [In Service Date Estimated November 2011 through November 2021]
Pricing Term:	
Delivery Point(s):	Dominion Transmission
Meter #'s:	2155301 Future Mids
Price:	

Quantity (in Dth/Month):

For any Delivery Point(s) into DTI's Appalachia Gateway Project Facilities:

Requested Firm Quantity: Seller commits to deliver on a firm basis for ten years with respect to DTI's transmission facilities that are part of DTI's Appalachia Gateway Project Facilities the following monthly volumes in dth/day (net of gathering and processing, if applicable): 3500 [transaction specific]

Management Fee: Purchaser shall charge Seller the following management fee per each dth of FT that Purchaser is able to reserve for Seller: $.08/dth .

Other terms and conditions:

1. The conditions of this Term Sheet are binding unless disputed within (3) business days
2. All terms and conditions of the Agreement dated August 1, 2008 between Seller and Purchaser including any exhibits attached thereto.

APPROVED AND AGREED to as a Term Sheet to the Agreement dated August 1, 2008 between Seller and Purchaser.

Seller:
Northstar
Signature

Name: James K. Abcouwer
Title: President
Date: 8-25-08

Purchaser:
Riley Natural Gas Company
Signature

Name: Tina R. Smith
Title: Vice President
Date: 8/29/08

EXHIBIT B

PARAGRAPH 2(b), CONTINUED
ADDITIONAL TERMS FOR ANY DELIVERY POINT(S)
INTO DTI'S APPALCHIA GATEWAY PROJECT FACILITIES

The following additional terms apply to any Delivery Point(s) into DTI's Appalachia Gateway Project facilities and are incorporated into Paragraph 2(b):

DTI transmission facilities: With respect to any DTI transmission facilities that are part of the Appalachia Gateway Project facilities and are downstream of the Delivery Point(s), DTI has indicated that it shall offer firm capacity for ten (10) years ("FT") on such transmission facilities beginning on or about November 1, 2011 and, in the event DTI offers such FT, and notwithstanding any provisions of this Agreement to the contrary, including specifically by way of illustration and not limitation the contents of Paragraphs 3 and 8, Seller and Purchaser agree as follows:

i Purchaser shall use commercially reasonable efforts to attempt to obtain FT on Seller's behalf for the Firm Quantity set forth and committed and agreed to by Seller in the applicable Term Sheet;

ii Seller shall pay and be liable to Purchaser for: (a) the cost and fees for all FT reserved from DTI by Purchaser for Seller's Firm Quantity for the ten (10) year period; (b) all other charges or deductions of any kind whatsoever including without limitation commodity fees, retainage, fuel and shrink assessed by DTI; and (c) the Management Fee set forth in the Term Sheet that shall compensate Purchaser for its management of assets including without limitation the management of nominations and the meeting of DTI's credit requirements by Purchaser;

iii In no event whatsoever shall Seller be relieved from its obligations to make payments to Purchaser for all FT Purchaser has reserved for any or all of Seller's Firm Quantity irrespective of the cause or contingency of such losses and any such failure to make payments shall be a breach under this Agreement;

iv. If Purchaser has reserved FT for any or all of Seller's Firm Quantity and Purchaser provides to Seller telephonic notice of the revised Price which Purchaser believes is required to meet the existing market condition and written notice no later than five (5) calendar days after such telephonic notice then such revised Price shall be effective not later than five (5) calendar days after Seller's receipt of such written notice and in no event shall Seller be able to request and/or terminate this Agreement because of such revised Price;

v Purchaser shall not be liable to Seller, and Seller shall not make any claim against Purchaser, in the event that Purchaser is unable to obtain FT for any or all of Seller's Firm Quantity or Seller is unable to flow or produce any, all or a portion of Seller's Firm Quantity for which Purchaser has obtained FT for any reason whatsoever including without limitation pipeline pressures;

vi In the event Purchaser has obtained and reserved FT for Seller's Firm Quantity and Seller desires to decrease or eliminate, or have Purchaser release directly to Seller, the FT so reserved, then Seller may provide written notice ("Written Notice") to Purchaser specifying its desired decrease, elimination or release to Seller such FT;

vii. Upon receipt of a Written Notice from Seller requesting a decrease or elimination of the FT reserved by Purchaser for any of Seller's Firm Quantity, Purchaser shall use commercially reasonable efforts to release such FT amounts to another customer of Purchaser that is delivering Gas to a Delivery Point(s) into DTI transmission facilities that are part of the Appalachia Gateway Project facilities; provided however, any such release shall be in compliance with all laws, rules, orders or regulations; provided, further, Seller acknowledges and agrees that in the event Purchaser receives a substantially similar Written Notice from any such other customer for which Purchaser has obtained and reserved FT on DTI transmission facilities that are part of the Appalachia Gateway Project, Purchaser shall prioritize and address all such Written Notices including Seller's in the order of receipt by Purchaser of any such Written Notice. By way of example and not limitation, Purchaser shall first use its commercially reasonable efforts with respect to the Written Notice that is first received by Purchaser. Notwithstanding anything in this Agreement to the contrary and regardless of a Written Notice to Purchaser by Seller or regardless of Seller's actual production volumes including without limitation whether Seller is producing at a reduced rate or is not producing at all, Seller shall not be relieved of and shall continue to be liable and responsible for payments to Purchaser for all FT reserved by Purchaser for all of Seller's Firm Quantity unless and until a third party enters into a written agreement in terms and conditions substantially similar to this Agreement for all FT reserved by Purchaser for any or all of Seller's Firm Quantity; and

viii. Upon receipt of a Written Notice from Seller requesting that Purchaser release directly to Seller FT reserved by Purchaser for any or all of Seller's Firm Quantity, Purchaser shall notify DTI and, in the event that (a) DTI approves and allows the release by Purchaser directly to Seller of the FT so reserved; (b) Seller qualifies as a customer of DTI; and (c) DTI and Seller release Purchaser of any and all obligations and liabilities for all FT so reserved, then Purchaser shall release all FT so reserved to Seller and Seller shall be solely liable and responsible to DTI for all such FT; provided, however, notwithstanding anything to the contrary, in the event that any of the conditions set forth in (a), (b) or (c) of this subparagraph is not met or does not occur, Purchaser shall not release to Seller the FT so reserved during the term of the FT

Contract #1065
X Revised

EXHIBIT A

TERM SHEET

Date:	August 8, 2012
Seller:	Northstar
Purchaser:	Riley Natural Gas Company
Primary Term:	10 years [In Service Date Estimated September 2012 through September 2022]
Delivery Point(s):	Dominion Transmission
Meter #'s:	2155301
FT Rate:	$0.495/dt ✓

For any Delivery Point(s) into DTI's Appalachia Gateway Project Facilities:

Firm Quantity: Seller commits to deliver on a firm basis for ten years with respect to DTI's transmission facilities that are part of DTI's Appalachia Gateway Project Facilities the following monthly volumes in dth/day (net of gathering and processing, if applicable): ✓ 3500 [transaction specific]

Management Fee: Purchaser shall charge Seller the following management fee per each dth of FT that Purchaser is able to reserve for Seller: $.08/dth . ✓

Other terms and conditions:

1. The conditions of this Term Sheet are binding unless disputed within (3) business days.
2. All terms and conditions of the Agreement dated August 1, 2008 between Seller and Purchaser including any exhibits attached thereto.

APPROVED AND AGREED to as a Term Sheet to the Agreement dated August 1, 2008 between Seller and Purchaser.

Seller:
Northstar

Signature

Name: James K Abcauwer
Title: Owner/pres
Date: 8/15/2012

Purchaser:
Riley Natural Gas Company

Signature

Name: Tina R. Smith
Title: Vice President
Date: 8/15/12

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EXHIBIT 2