

Columbia Gas Transmission, LLC
FERC NGA Gas Tariff
Original Volume No. 1.1

Section 2.2
Non-Conforming Svc Agmts
Version 0.0.0

Non-Conforming Service Agreement
No. 20542

Jay-Bee Production Company

Agreement Effective Date: October 1, 2010

Issued : September 28, 2010

Effective: October 1, 2010

SERVICE AGREEMENT

THIS AGREEMENT, made and entered into this 1st day of October, 2010, by and between COLUMBIA GAS TRANSMISSION, LLC ("Transporter") and JAY-BEE PRODUCTION COMPANY ("Shipper").

WITNESSETH: That in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

Section 1. Service to be Rendered. Transporter shall perform and Shipper shall receive service in accordance with the provisions of the effective FTS Rate Schedule and applicable General Terms and Conditions of Transporter's FERC Gas Tariff, Fourth Revised Volume No. 1 (Tariff), on file with the Federal Energy Regulatory Commission (Commission), as the same may be amended or superseded in accordance with the rules and regulations of the Commission. The maximum obligation of Transporter to deliver gas hereunder to or for Shipper, the designation of the points of delivery at which Transporter shall deliver or cause gas to be delivered to or for Shipper, and the points of receipt at which Shipper shall deliver or cause gas to be delivered, are specified in Appendix A, as the same may be amended from time to time by agreement between Shipper and Transporter, or in accordance with the rules and regulations of the Commission. Service hereunder shall be provided subject to the provisions of Part 284.223 of Subpart G of the Commission's regulations. Shipper warrants that service hereunder is being provided on behalf of Shipper.

Section 2. Term. Service under this Agreement shall commence as of October 1, 2010 and shall continue in full force and effect until September 30, 2020. Pre-granted abandonment shall apply upon termination of this Agreement, subject to any right of first refusal Shipper may have under the Commission's regulations and Transporter's Tariff.

Section 3. Rates. Shipper shall pay Transporter the charges and furnish Retainage as described in the above-referenced Rate Schedule, unless otherwise agreed to by the parties in writing and specified as an amendment to this Service Agreement. Transporter may agree to discount its rate to Shipper below Transporter's maximum rate, but not less than Transporter's minimum rate. Such discounted rate may apply to: a) specified quantities (contract demand or commodity quantities); b) specified quantities above or below a certain level or all quantities if quantities exceed a certain level; c) quantities during specified time periods; d) quantities at specified points, locations, or other defined geographical areas; e) that a specified discounted rate will apply in a specified relationship to the quantities actually transported (i.e., that the reservation charge will be adjusted in a specified relationship to quantities actually transported); and f) production and/or reserves committed by the Shipper. In addition, the discount agreement may include a provision that if one rate component which was at or below the applicable maximum rate at the time the discount agreement was executed subsequently

exceeds the applicable maximum rate due to a change in Transporter's maximum rate so that such rate component must be adjusted downward to equal the new applicable maximum rate, then other rate components may be adjusted upward to achieve the agreed overall rate, so long as none of the resulting rate components exceed the maximum rate applicable to that rate component. Such changes to rate components shall be applied prospectively, commencing with the date a Commission order accepts revised tariff sections. However, nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates which had been charged under a discount agreement exceeded rates which ultimately are found to be just and reasonable.

Section 4. Notices. Notices to Transporter under this Agreement shall be addressed to it at 5151 San Felipe, Suite 2500, Houston, Texas 77056, Attention: Director, Commercial Services and notices to Shipper shall be addressed to it at 1720 Route 22 East, Union, NJ 07083 Attention: Debbie Morgan, until changed by either party by written notice.

Section 5. Superseded Agreements. This Service Agreement supersedes and cancels, as of the effective date hereof, the following Service Agreements: N/A

Section 6. Credit Annex. The credit requirements appended hereto to as Attachment A, are incorporated herein by reference with full force and effect and are made a part of this Service Agreement as though restated herein verbatim.

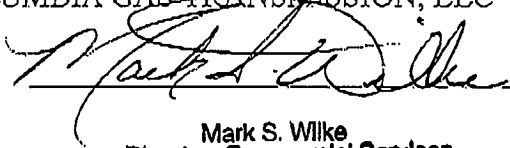
JAY-BEE PRODUCTION COMPANY

By 

Title VP

Date 9/24/10.

COLUMBIA GAS TRANSMISSION, LLC

By 

Title Mark S. Wilke
Director, Commercial Services

Date _____

Appendix A to Service Agreement No. 20542

Revision No. 0

Under Rate Schedule

FTS

Between (Transporter)

Columbia Gas Transmission, LLC

and (Shipper)

Jay-Bee Production Company

Transportation Demand

Begin Date	End Date	Transportation Demand Demand Dth/day	Recurrence Interval
October 1, 2010	September 30, 2020	10,000	1/1 - 12/31

Primary Receipt Points

Begin Date	End Date	Scheduling Point No.	Scheduling Point Name	Measuring Point No.	Measuring Point Name	Maximum Daily Quantity (Dth/Day) 1/	Minimum Receipt Pressure Obligation (psig) 1/	Recurrence Interval
October 1, 2010	September 30, 2020	540565	Jay Bee - Stradley	640605	Jay Bee - Stradley	10,000		1/1 - 12/31

Primary Delivery Points

Begin Date	End Date	Scheduling Point No.	Scheduling Point Name	Measuring Point No.	Measuring Point Name	Maximum Daily Delivery Obligation (Dth/Day) 1/	Design Daily Quantity (Dth/Day) 1/	Aggregate Daily Quantity 1/	Minimum Delivery Pressure Obligation (psig) 1/	Recurrence Interval
October 1, 2010	September 30, 2020	801	TCO-LEACH	801	TCO-LEACH	10,000				1/1 - 12/31

Appendix A to Service Agreement No. 20542

Revision No. 0

Under Rate Schedule

FTS

Between (Transporter)

Columbia Gas Transmission, LLC

and (Shipper)

Jay-Bee Production Company

1/ Application of MDDOs, DDQs and ADQs and/or minimum pressure and/or hourly flowrate shall be as follows:

The Master List of Interconnects (MLI) as defined in Section 1 of the General Terms and Conditions of Transporter's Tariff is incorporated herein by reference for purposes of listing valid secondary interruptible receipt points and delivery points.

Yes No (Check applicable blank) Transporter and Shipper have mutually agreed to a Regulatory Restructuring Reduction Option pursuant to Section 42 of the General Terms and Conditions of Transporter's FERC Gas Tariff.

Service pursuant to this Appendix A, Revision No. 0 shall be effective from October 01, 2010 through September 30, 2020.

Yes No (Check applicable blank) Shipper has a contractual right of first refusal equivalent to the right of first refusal set forth from time to time in Section 4 of the General Terms and Conditions of Transporter's FERC Gas Tariff.

Yes No (Check applicable blank) This Appendix A, Revision No. 0 shall cancel and supersede the previous Appendix A, Revision No. __, effective as of __, 20__, to the Service Agreement referenced above.

Yes No (Check applicable blank) All gas shall be delivered at existing points of interconnection within the MDDOs, and/or ADQs, and/or DDQs, as applicable, set forth in Transporter's currently effective Rate Schedule FTS Appendix A with Shipper, which for such points set forth are incorporated herein by reference.

Yes No (Check applicable blank) This Service Agreement covers interim capacity sold pursuant to the provisions of General Terms and Conditions Section 4.2(j). Right of first refusal rights, if any, applicable to this interim capacity are limited as provided for in General Terms and Conditions Section 4.2(j).

With the exception of this Appendix A, Revision No. 0, all other terms and conditions of said Service Agreement shall remain in full force and effect.

By: Jay-Bee Production Company

[Signature]

Its: VP

Date: 9/21/10

By: Columbia Gas Transmission, LLC

[Signature]

Its: Mark S. Wike

Date: Director, Commercial Services

Attachment A to Service Agreement
Shipper's Credit Requirements

1. Shipper must at all times throughout the term of this Service Agreement comply with the following creditworthiness requirements:

- (a) If Shipper is rated by Fitch, Standard and Poor's or Moody's Investor Service, then Shipper must maintain:
 - (i) a minimum senior unsecured debt rating (not supported by third party credit enhancement) of BBB- by Fitch and Standard and Poor's, and Baa3 by Moody's Investor Service; or
 - (ii) if subpart (i) above is not applicable, then a minimum issuer credit rating or corporate credit rating (or underlying rating, if applicable) will apply. If the existing ratings in parts (i) and (ii) result in split ratings, then Shipper must maintain an investment grade rating from any two of the three investment rating agencies mentioned above.
- (b) Shipper will deliver to Transporter within three (3) business days of any request by Transporter, Shipper's Financial Information. For purposes of this provision, Financial Information includes: (i) within 120 days following each fiscal year, a copy of Shipper's annual reports containing audited consolidated financial statements for such fiscal year; and (ii) within 60 days after the end of each of its first three fiscal quarters of each fiscal year, a copy of Shipper's quarterly reports, if available, containing unaudited consolidated financial statements for such fiscal quarter. In all cases the statements must be for the most recent accounting period and prepared in accordance with generally accepted accounting principles. If any such statements are not available on a timely basis due to a delay in preparation or certification, that delay will not be deemed an Event of Default so long as Shipper diligently pursues the preparation, certification and delivery of the statements. If Shipper provides Transporter access to such identified information on its publicly available and accessible internet website (in downloadable format), the physical delivery of such information is waived. Any non-public Financial Information delivered by Shipper will be treated as confidential by Transporter and circulated internally only to those employees of Transporter whose duties involve credit evaluation.

2. If Shipper does not comply with and maintain all of the requirements set forth in Section 1 above, and subject to Section 4 herein, throughout the term of this Service Agreement, then Shipper may be deemed uncreditworthy and must post one of the following forms of credit assurance within three (3) business days after Shipper's receipt of Transporter's demand therefor.

- (a) A guaranty in a form and issued by a creditworthy guarantor acceptable to Transporter in its sole discretion for an amount equal to the revenues Shipper would pay to Transporter for twelve (12) months of service at the demand rates as set forth in this Service Agreement at the time Shipper is deemed uncreditworthy pursuant to this section; or
- (b) A letter of credit to be effective through the term hereof for an amount equal to the revenues Shipper would pay to Transporter for twelve (12) months of service as contemplated hereunder, including all applicable commodity charges and surcharges, at the demand rates as set forth in this Service Agreement at the time Shipper is deemed

uncreditworthy pursuant to this section, in a form and from a financial institution approved by and acceptable to Transporter, in Transporter's sole reasonable discretion; or

- (c) A cash prepayment in an amount equal to the revenues Shipper would pay to Transporter for twelve (12) months of service as contemplated hereunder, including all applicable commodity charges and surcharges, at the demand rate as set forth in this Service Agreement at the time Shipper is deemed uncreditworthy pursuant to this section.

Within three (3) business days, or as soon as reasonably practicable after Transporter determines that Shipper has come back into compliance with the credit requirements set forth in this Attachment A, Transporter will refund the remaining prepayment or return to Shipper the guaranty or the letter of credit.

3. Transporter has the right to seek additional security to cover the value of any imbalance owed by Shipper. The imbalances will be valued at the "Spot Market Price", defined as the midpoint of the range of prices reported for "Columbia Gas, Appalachia" as published in Platts Gas Daily price survey or any successor publication on each day on which the gas is owed, less applicable transportation charges. Transporter will also have the right to seek security from Shipper to cover the estimated value of a future monthly imbalance in an amount equal to Shipper's largest monthly imbalance owed to Transporter over the most recent 12-month period multiplied by the Estimated Imbalance Rate. The term "Estimated Imbalance Rate" means the average of the NYMEX future prices for the available 12-month period as such prices close on the day the Estimated Imbalance Rate is determined.

4. If at any time during the term of any guaranty provided pursuant to Section 2, above, Transporter determines in its sole reasonable discretion that the guarantor does not meet all of Transporter's creditworthiness requirements set forth in Section 1(a) and 1(b) and Section 4, then Shipper must within three (3) business days after Transporter's demand therefore provide a letter of credit or a cash prepayment pursuant to Section 2(b) and Section 2(c) above.

5. Notwithstanding anything to the contrary in this Attachment A, if Transporter at any time throughout the term of this Service Agreement has reasonable grounds for insecurity regarding:

- (a) the performance by Shipper, or by the guarantor, of any obligation hereunder;
- (b) the guaranty with respect to the guarantor; or
- (c) the Shipper's performance under the terms and provisions of the Precedent Agreement (whether or not then due), including without limitation and in Transporter's sole reasonable discretion, the occurrence of a material change in the creditworthiness of Shipper or the guarantor,

then Transporter may demand credit assurance in one or more of the forms set forth above so long as the total credit assurance demand does not exceed the amounts determined in Section 2 above. If Shipper fails to provide the required credit assurance within three (3) business days after written demand therefore, Transporter may suspend performance under the Service Agreement immediately upon written notice, in addition to any and all other remedies otherwise available to Transporter at law or in equity.