

FILE

Confidential Release

Case Number: 02-1786-GA-CRS

**Date of Confidential Document:
7/16/2002**

Today's Date:

Exhibits C-1, C-3, C-4, C-5

55
RECEIVED-DOCKETING DIV
2010 NOV -2 AM 11:13
PUCO

This is to certify that the images appearing are an
accurate and complete reproduction of a case file
document delivered in the regular course of business.
Technician DM Date Processed NOV 02 2010



attorneys at law

RECEIVED-DOCKETING DIV

Janine L. Migden

Direct Phone: 614.233.5120

Direct Fax: 614.233.5121

2002 JUL 16 PM 4: 69 E-mail: jlmigden@hahnlaw.com

PUCO

July 16, 2002

Ma. Daisy Crockron
Chief, Docketing Division
Public Utilities Commission of Ohio
180 East Broad Street
Columbus, OH 43215

02-1786-JA CRS

Re: Volunteer Energy Services, Inc.

Dear Ms. Crockron:

Please accept the following exhibits to be filed UNDER SEAL for Volunteer Energy Services, Inc.

Thank you for your attention to the matter.

Respectfully submitted,

Janine L. Migden

lck
Enclosure

COL - 73875.1

Hahn Loeser • Parks

1050 Fifth Third Center

21 East State

Columbus, OH

43215-4224

phone 614.221.0240

fax 614.221.5909

www.hahnlaw.com

EXHIBIT C-1

(UNDER SEAL)

CONFIDENTIAL

10:12 AM
07/16/02
Accrual Basis

Volunteer Energy Services, Inc.
Profit & Loss
May through December 2001

CONFIDENTIAL

	May - Dec 01
Ordinary Income/Expense	
Income	
Commodity Swap	196,487.00
Sales	1,430,486.67
Transportation Charges	4,562.61
Total Income	1,631,536.28
Cost of Goods Sold	
Commissions	1,500.00
Financial Swap	244,777.65
Fuel Purchase	1,217,930.86
Fuel Purchase Management Fee	18,078.45
Meter Installation	15,603.66
Pooling Fee	612.93
Transmission Cost	8,035.09
Transportation	4,389.05
Total COGS	1,510,927.69
Gross Profit	120,608.59
Expense	
Advertising	262.50
Bank Service Charges	541.85
Equipment Rental	1,363.26
Insurance	
Dental Insurance	1,995.73
Health Insurance	8,306.45
Liability Insurance	350.00
Work Comp	632.51
Total Insurance	11,284.69
Licenses and Permits	616.57
Miscellaneous	535.06
Office Expense	2,550.47
Office Supplies	3,970.08
Payroll Expenses	
FICA Expense	7,986.95
FUTA Expense	223.93
Ohio Unemployment	971.95
Payroll Expenses - Other	120.54
Total Payroll Expenses	9,303.37
Postage and Delivery	2,051.83
Printing and Reproduction	1,106.15
Professional Fees	
Accounting	11,760.00
Legal Fees	5,000.00
Outside Services	28,639.80
Total Professional Fees	45,399.80
Rent	5,043.12
Telephone	3,904.04
Travel & Ent	
Meals	225.14
Travel	1,554.66
Total Travel & Ent	1,779.80
Utilities	
Gas and Electric	491.34
Water	12.78
Total Utilities	504.12
Wages	
Officer Wages	57,692.25
Staff Wages	46,711.64
Total Wages	104,403.89

10:12 AM
07/16/02
Accrual Basis

Volunteer Energy Services, Inc.
Profit & Loss
May through December 2001

CONFIDENTIAL

	May - Dec 01
Total Expense	194,620.80
Net Ordinary Income	-74,012.01
Net Income	-74,012.01

2:36 PM

01/15/02

Accrual Basis

Volunteer Energy Services, Inc.

Balance Sheet

As of December 31, 2001

CONFIDENTIAL

	<u>Dec 31, 01</u>
ASSETS	
Current Assets	
Checking/Savings	
Fifth Third Bank	5,559.95
Total Checking/Savings	<u>5,559.95</u>
Accounts Receivable	
Accounts Receivable	795,506.96
Total Accounts Receivable	<u>795,506.96</u>
Other Current Assets	
Inventory - Banked Gas	20,227.60
Total Other Current Assets	<u>20,227.60</u>
Total Current Assets	<u>821,294.51</u>
Fixed Assets	
Fixed Assets	
Computer Equipment	6,089.42
Furniture & Equipment	4,507.40
Total Fixed Assets	<u>10,596.82</u>
Total Fixed Assets	<u>10,596.82</u>
Other Assets	
Security Deposit	1,088.44
Total Other Assets	<u>1,088.44</u>
TOTAL ASSETS	<u><u>832,979.77</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	856,990.17
Total Accounts Payable	<u>856,990.17</u>
Other Current Liabilities	
Accrued Sales Tax Payable	6,053.70
Payroll Liabilities	
Accrued Federal Withholding	2,859.48
Accrued FICA Withholding	2,253.04
Accrued FUTA	26.70
Accrued Local Withholding	1,463.67
Accrued Medicare Withholding	526.88
Accrued Ohio Unemployment	252.09
Accrued Ohio Withholding	782.16
Total Payroll Liabilities	<u>8,164.02</u>
Total Other Current Liabilities	<u>14,217.72</u>
Total Current Liabilities	<u>871,207.89</u>
Long Term Liabilities	
Loan Payable - Nicor, Inc.	40,000.00
Total Long Term Liabilities	<u>40,000.00</u>
Total Liabilities	<u>911,207.89</u>

2:36 PM

01/15/02

Accrual Basis

Volunteer Energy Services, Inc.

Balance Sheet

As of December 31, 2001

CONFIDENTIAL

	<u>Dec 31, 01</u>
Equity	
Net Income	<u>-78,228.12</u>
Total Equity	<u>-78,228.12</u>
TOTAL LIABILITIES & EQUITY	<u><u>832,979.77</u></u>

EXHIBIT C-3

(UNDER SEAL)

CONFIDENTIAL

5:44 PM
05/30/02
Accrual Basis

Volunteer Energy Services, Inc.
Profit & Loss
May 1 - 30, 2002

CONFIDENTIAL

	May 1 - 30, 02
Ordinary Income/Expense	
Income	
Commission Income	4,004.18
Commodity Swap	354.68
Fees	
Program Administration Fee	1,133.47
Total Fees	1,133.47
Rebiling Charges	11,509.43
Sales	704,013.91
Transportation Charges	6,460.66
Total Income	727,476.33
Cost of Goods Sold	
Commissions	8,306.10
Fuel Purchase	595,730.14
Fuel Purchase Management Fee	8,508.65
Pooling Fee	501.74
Transmission Cost	1,120.72
Transportation	48,052.79
Total COGS	660,220.14
Gross Profit	67,256.19
Expense	
Dues and Subscriptions	32.95
Equipment Rental	365.95
Office Expense	2,538.12
Payroll Expenses	
FICA Expense	1,693.91
FUTA Expense	0.00
Ohio Unemployment	0.00
Payroll Expenses - Other	131.69
Total Payroll Expenses	1,825.60
Postage and Delivery	71.00
Professional Fees	
Accounting	2,240.00
Outside Services	40,000.00
Total Professional Fees	42,240.00
Rent	2,176.88
Telephone	1,563.74
Travel & Ent	
Meals	471.50
Travel	487.20
Total Travel & Ent	958.70
Utilities	
Gas and Electric	192.70
Total Utilities	192.70
Wages	
Officer Wages	9,230.78
Staff Wages	12,911.56
Total Wages	22,142.32
Total Expense	74,107.96
Net Ordinary Income	-6,851.77
Other Income/Expense	
Other Income	
Other Income	79.60
Total Other Income	79.60

5:44 PM
05/30/02
Accrual Basis

Volunteer Energy Services, Inc.
Profit & Loss
May 1 - 30, 2002

CONFIDENTIAL

	<u>May 1 - 30, 02</u>
Net Other Income	<u>79.60</u>
Net Income	<u><u>-6,772.17</u></u>

5:43 PM
05/30/02
Accrual Basis

Volunteer Energy Services, Inc.
Balance Sheet
As of May 30, 2002

CONFIDENTIAL

	May 30, 02
ASSETS	
Current Assets	
Checking/Savings	
Fifth Thrd Bank	99,826.23
Total Checking/Savings	99,826.23
Accounts Receivable	
Accounts Receivable	1,288,206.69
Total Accounts Receivable	1,288,206.69
Other Current Assets	
Inventory - Banked Gas	19,337.93
Risk Book Contract Positions	552,081.00
Triggered Revenue Position	-483,453.00
Total Other Current Assets	87,965.93
Total Current Assets	1,475,988.85
Fixed Assets	
Fixed Assets	
Computer Equipment	9,065.98
Furniture & Equipment	8,912.76
Total Fixed Assets	17,978.74
Total Fixed Assets	17,978.74
Other Assets	
Security Deposit	2,176.88
Total Other Assets	2,176.88
TOTAL ASSETS	1,496,154.47
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	1,240,924.60
Total Accounts Payable	1,240,924.60
Other Current Liabilities	
Accrued Sales Tax Payable	7,342.40
Payroll Liabilities	
Accrued Federal Withholding	3,075.41
Accrued FICA Withholding	3,308.98
Accrued FUTA	223.95
Accrued Local Withholding	937.53
Accrued Medicare Withholding	773.82
Accrued Ohio Unemployment	-205.18
Accrued Ohio Withholding	1,005.52
Total Payroll Liabilities	9,120.03
Total Other Current Liabilities	16,462.43
Total Current Liabilities	1,257,387.03
Long Term Liabilities	
Loan Payable - LepCorp of Ohio	20,000.00
Total Long Term Liabilities	20,000.00
Total Liabilities	1,277,387.03
Equity	
Retained Earnings	-74,012.01
Net Income	292,779.45
Total Equity	218,767.44

5:43 PM

05/30/02

Accrual Basis

Volunteer Energy Services, Inc.
Balance Sheet
As of May 30, 2002

CONFIDENTIAL

	<u>May 30, 02</u>
TOTAL LIABILITIES & EQUITY	<u>1,496,154.47</u>

EXHIBIT C-4
(UNDER SEAL)
CONFIDENTIAL

CONFIDENTIAL

REVOLVING CREDIT LOAN AND SECURITY AGREEMENT

THIS REVOLVING CREDIT LOAN AND SECURITY AGREEMENT is dated as of June 3, 2002 between VOLUNTEER ENERGY SERVICES, INC., an Ohio corporation (the "Company"), and FIFTH THIRD BANK, an Ohio banking corporation (the "Bank"). The parties hereto, intending to be legally bound, hereby agree as follows:

Section 1. Definitions.

1.1. Capitalized Terms. For the purposes of this Agreement, the following capitalized terms shall have the following meanings:

"Account Debtor" means any Person who is obligated to the Company on an Account, including the buyer or lessee of goods from the Company, the customer for whom services have been rendered or goods furnished by the Company or the party with whom the Company has contracted and the heirs, personal representatives, successors and assigns of such Person.

"Accounts" and "Accounts Receivable" means and includes all of the Company's presently existing and hereafter arising or acquired accounts, receivables and all present and future rights of the Company to payment for goods sold or leased or for services rendered, including, without limitation, those which are not evidenced by instruments or chattel paper, and whether or not they have been earned by performance; proceeds of any letters of credit on which the Company is named as beneficiary; contract rights; chattel paper; electronic chattel paper; instruments; documents; insurance proceeds; and all such obligations whatsoever owing to the Company including finance charges accruing with respect to any of the same, together with all instruments and all documents of title representing any of the foregoing, all rights in any merchandise or goods which any of the same may represent, and all right, title, security and guaranties with respect to each of the foregoing, including, without limitation, any right of stoppage in transit.

"Affiliate" means, as to any Person, any other Person which directly or indirectly controls, or is under common control with, or controlled by, such Person. As used in this definition, "control" (including, with its correlative meanings, "controlled by" and "under common control with") shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise), provided that, in any event, any Person that owns directly or indirectly 5% or more of the securities having ordinary voting power for the election of directors or other governing body of a corporation or warrants to purchase such securities (whether or not currently exercisable) or 5% or more of the partnership or other ownership interests of any other Person (other than as a limited partner of such other Person) will be deemed to control such corporation or other Person. Notwithstanding the foregoing, (a) no individual shall be deemed to be an Affiliate of a corporation solely by reason of his or her being an officer or director of such corporation, (b) the Company and its Subsidiaries shall not be

Affiliates of each other and (c) no Bank shall not be deemed to be an Affiliate of the Company or any of its Subsidiaries.

"Agreement" means this Revolving Credit Loan and Security Agreement, as the same may hereafter be amended from time to time.

"Bank" means Fifth Third Bank.

"Bankruptcy Code" means the United States Bankruptcy Code of 1978, as amended from time to time, or any successor statute.

"Borrowing Base" means the Net Value of Eligible Accounts.

"Borrowing Base Certificate" means a certificate, in the form attached hereto, signed by a duly authorized officer of the Company, that computes the Borrowing Base, together with any memo of returns and credits, remittance report, schedule of Accounts, hedge sheet, and such other supporting documents and materials which the Bank may reasonably require to be delivered with such certificate.

"Business Day" means any day other than a day on which the Bank is not authorized to be open for business or is required to be closed.

"Cash Equivalents" means: (a) marketable direct obligations issued or unconditionally Guaranteed by the United States Government or issued by any agency or instrumentality thereof and backed by the full faith and credit of the United States, in each case maturing within 270 days from the date of acquisition thereof; (b) commercial paper maturing within 270 days from the date of acquisition thereof and, at the time of acquisition, rated A-1 or better by Moody's Investors Service, Inc.; (c) deposits maturing on demand or certificates of deposit or bankers' acceptances maturing on demand or within 270 days from the date of acquisition thereof issued by Fifth Third Bank or any other commercial bank organized under the laws of the United States or any state thereof or the District of Columbia having a combined capital, surplus and undivided profits of at least \$250,000,000; and (d) repurchase obligations issued by the Fifth Third Bank or any other bank described in clause (c) above with respect to obligations described in clause (a) above.

"Closing Date" means the date of this Agreement.

"Code" means the Internal Revenue Code of 1986 as amended from time to time, or any successor statute.

"Collateral" means and includes all Accounts, Inventory, goods, deposit accounts, letter-of-credit rights, commercial tort claims, General Intangibles, supporting obligations, equipment, machinery, vehicles or furnishings of the Company, all property now or at any time hereafter in any Bank's possession (including claims and credit balances), and all other personal property of the Company in which the Company at any time grants a Lien to the Bank pursuant to the Credit Documents or otherwise, whether now existing or hereafter acquired or arising,

together with (a) all books, records, ledger cards and other property pertaining to any of the foregoing, and any equipment on which any such items are stored or maintained and (b) all products and proceeds of any of the foregoing, and all insurance proceeds related to any of the foregoing, including, without limitation, any claims against third parties for loss or damage to or destruction of any or all of the foregoing and any cash, negotiable instruments and other instruments of money, chattel paper, security agreements or other documents excluding all real estate or Investment (other than any Investment subject to the Control Agreements) owned by the Company.

"Collateral Account" means one or more accounts opened and maintained by Fifth Third Bank on behalf of the Company.

"Collateral Location" means each of the locations listed on the Collateral Locations Exhibit, and such other locations as may be established as such pursuant to Section 5.21 hereof.

"Company" means Volunteer Energy Services, Inc., an Ohio corporation.

"Control Agreements" is defined in Section 6.29.

"Credit Documents" means, collectively, this Agreement, the Note, the Guaranty and UCC-1 financing statements.

"Credit Extension" means a borrowing of a Loan hereunder.

"Credit Extension Date" means each date on which a Credit Extension is made.

"Customer" means any Person who is obligated as an Account debtor or other obligor on, under, or in connection with any Account.

"Debt" means, as to any Person, without duplication: (a) all obligations of such Person for borrowed money or evidenced by bonds, debentures, notes or similar instruments; (b) all obligations of such Person for the deferred purchase price of property or services (including, without limitation, obligations under agreements not to compete) other than trade accounts payable and accrued liabilities arising out of the ordinary course of business which are not overdue by more than 90 days or which are being contested in good faith by appropriate proceedings; (c) all capital lease obligations of such Person; (d) all obligations of others of the kind described in clauses (a), (b) or (c) hereof secured by a Lien on any asset or revenues of such Person or a Subsidiary of such Person, whether or not such obligation is assumed by such Person or the Subsidiary of such Person; (e) all obligations of others of the kind described in clauses (a), (b) or (c) hereof to the extent directly or indirectly Guaranteed by such Person or a Subsidiary of such Person or in respect of which such Person or a Subsidiary of such Person is contingently or otherwise liable; and (f) all obligations of such Person, contingent or otherwise, in respect of any letters of credit, bankers' acceptances or similar instruments.

"Defaulted Account" means an Account that a Customer has not satisfied in full on or before the 90th day after the date an invoice is issued.

"Dollars" and "\$" means dollars in lawful money of the United States of America.

"Eligible Account" means each Account of the Company which, at the time of determination, meets all the following qualifications: (a) the Company has lawful and absolute title to such Account, subject only to the Lien of the Bank given by the Agreement; such Lien constitutes a perfected Lien in the Account prior to the rights of any other Person and such Account is not subject to any other Lien whatsoever; (b) the Company has the full unqualified right to grant a Lien in such Account to the Bank as security and collateral for the Secured Obligations; (c) the Account is evidenced by an invoice issued to the proper Customer and is not evidenced by any instrument or chattel paper; (d) the Account arose from the sale of Inventory by the Company in the ordinary course of business, which Inventory has been shipped or delivered to the Customer under such Account; and such sale was an absolute sale and not on consignment, approval or a sale-and-return basis; (e) no notice of the bankruptcy, receivership, reorganization, or insolvency of the Customer has been received by the Company; (f) the Account is a valid, legally enforceable obligation of the Customer, and is not subject to any dispute, offset, counterclaim, or other defense on the part of such Customer; (g) it is not a Defaulted Account; (h) the terms of the Account require payment no more than 90 days from the date an invoice is issued; (i) the Customer on the Account is not (1) the United States of America, or any department, agency or instrumentality thereof (and, upon the receipt of notice from the Bank, unless the Company and the Bank shall have fully complied with the Assignment of Claims Act of 1940, as amended, or any other applicable law governing government Accounts, with respect to such Account), (2) the Company, or any Affiliate, (3) located outside the United States or Canada (including without limitation any foreign government), and, upon the receipt of notice from the Bank, or (4) indebted to the Company in an amount, which when added to all other amounts then owed to the Company by any affiliate of such Customer, exceeds 10% of the amount of all then outstanding Eligible Accounts (unless the Customer is Energy Cooperative of Ohio, Columbia Gas of Ohio or East Ohio Gas); (j) the amount the Company is indebted to the Customer on the Account (or any affiliate of such Customer) for any goods provided or services rendered to the Company has been deducted from the amount of the Account; (k) the Account is not owing by any Customer with 50% or more of the value of its outstanding Accounts not qualifying as Eligible Accounts; (l) the Account is an Account representing all or part of the sales price of merchandise, insurance and service within the meaning of Section 3(c)(5) of the Investment Company Act of 1940, as amended; and (m) the Account is denominated and payable only in United States dollars in the United States.

"Environmental Laws" means any and all federal, state, local and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to the environment or the release of any materials into the environment.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any corporation or trade or business which is a member of the same controlled group (within the meaning of Section 414(b) of the Code) as the Company or is under common control (within the meaning of Section 414(c) of the Code) with the Company.

"Event of Default" has the meaning set forth in Section 7 hereof.

"GAAP" means generally accepted accounting principles applied on a basis consistent with those which, in accordance with the last sentence of Section 1.2.1 hereof, are to be used in making the calculations for purposes of determining compliance with the provisions of this Agreement.

"General Intangibles" has the meaning set forth in the UCC.

"Government" means the government of the United States of America, the government of any other nation, any political subdivision of the United States of America or any other nation (including, without limitation, any state, territory, federal district, municipality or political entity).

"Guarantee" means a guarantee, an endorsement, a contingent agreement to purchase or to furnish funds for the payment or maintenance of, or otherwise to be or become contingently liable under or with respect to, Debt, other obligations, net worth, working capital or earnings of any Person, or a guarantee of the payment of dividends or other distributions upon the stock of any corporation, or an agreement to purchase, sell or lease (as lessee or lessor) property, products, materials, supplies or services primarily for the purpose of enabling a debtor to make payment of such debtor's obligations or an agreement to assure a creditor against loss, and including, without limitation, causing a bank to open a letter of credit for the benefit of another Person, but excluding endorsements for collection or deposit in the ordinary course of business. The terms "Guarantee" and "Guaranteed" used as a verb shall have a correlative meaning.

"Guaranty" is defined in Section 4.1.2.

"Guarantor" means Richard A. Curnutte, Sr., an individual.

"Interest Expense" means, for any period, the sum, without duplication, of the following for the Company (determined in accordance with GAAP): (a) the aggregate amount of interest paid in cash or accrued as a liability on Debt during such period (including, without limitation, imputed interest on capital lease obligations, but excluding (i) amortization of Debt discount and expense, and (ii) any interest paid in kind, added to the principal amount of the related Debt or otherwise capitalized during such period); plus (b) fees or commissions payable during such period in respect of any letters of credit or similar instruments.

"Inventory" means all natural gas owned or acquired by the Company for resale in the ordinary course of business, and all natural gas wherever located, to be furnished by the Company under any contract or contract for service or held for sale or Lease, whether now owned or hereafter acquired, and all documents of title or other documents representing the foregoing.

"Investment" in any Person means: (a) the acquisition (whether for cash, property, services or securities or otherwise) of capital stock, bonds, notes, debentures, partnership or other ownership interests or other securities of such Person; and (b) any deposit with, or advance, loan or other extension of credit to, such Person (other than any such advance, loan or other extension of credit having a term not exceeding 90 days representing the purchase price of Inventory or supplies purchased in the ordinary course of business) or Guarantee of, or other contingent obligation with respect to, Debt or other liability of such Person and (without duplication) any amount committed to be advanced, lent or extended to such Person.

"Letters of Credit" has the meaning set forth in Section 3.1 hereof.

"Letter of Credit Documents" means, with respect to each Letter of Credit, collectively, such Letter of Credit, any amendments, supplements and modifications thereto, any documents delivered thereunder, any application therefor and any other agreements, instruments, Guarantees or other documents (whether general in application or applicable only to such Letter of Credit) governing or providing for the rights and obligations of any party obligated in respect thereof or any collateral security for any of such obligations.

"Letter of Credit Liability" means, without duplication, at any time and in respect of any Letter of Credit, the sum of (a) the undrawn face amount of such Letter of Credit *plus* (b) the aggregate unpaid amount of all Reimbursement Obligations of the Company at the time due and payable in respect of drawings made under such Letter of Credit.

"Letter of Credit Request" means a request by the Company, in substantially the form of Exhibit 3.2 hereto, made under Section 3.2 hereof for the issuance of a Letter of Credit.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset. For purposes of this Agreement, a Person or any of its Subsidiaries shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

"Loans" means, collectively, the Revolving Credit Loans.

"Margin Stock" means securities which are "margin stock" as defined in Regulation U.

"Maturity Date" means May 31, 2003.

"Multiemployer Plan" means a multiemployer plan defined as such in Section 3(37) of ERISA to which contributions have been made by the Company or any ERISA Affiliate and which is covered by Title IV of ERISA.

"Net Proceeds" means, with respect to any receipt of insurance proceeds, sale, lease, assignment, transfer or other disposition of any asset or assets by the Company, the excess,

if any, of: (a) the aggregate amount received in cash (including any cash received by way of deferred payment pursuant to a note receivable, other non-cash consideration or otherwise, but only as and when such cash is so received) in connection with such sale or other disposition, over (b) the sum of (i) reasonable fees and out-of-pocket expenses incurred, and taxes paid (or reasonably estimated to be payable), in connection therewith and (ii) contractually required repayments of Debt to the extent secured by a Lien on such asset or assets.

"Net Value of Eligible Accounts" means 70% of the lower of the book value or collectible value of Eligible Accounts as reflected in the Company's books in accordance with GAAP, net of all credits, discounts and allowances (including all unissued credits in the form of a competitive allowance or otherwise).

"Net Worth" means, at any date of determination the aggregate amount of all equity, partnership interests, common stock, preferred stock, additional paid-in capital, retained earnings (or deficit) and Subordinated Debt.

"Note" means the Revolving Credit Note issued by the Company hereunder to the Bank.

"PBGC" means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

"Permitted Investments" means an Investment in or asset that (1) is used in the ordinary course of business of the Company (such as working interests in gas wells or customers from another gas marketer), in amounts that do not exceed \$25,000 in the aggregate or (2) an Investment that is existing on the date of this Agreement.

"Permitted Liens" means, collectively, the Liens described in Section 6.6 hereof.

"Person" means any individual, corporation, partnership, association, trust or other entity or organization, including a Government.

"Plan" means, at any time, an employee benefit or other plan established or maintained by the Company or any ERISA Affiliate which is covered by Title IV of ERISA or subject to funding standards under Section 412 of the Code other than a Multiemployer Plan.

"Post-Default Rate" means, in respect of any principal of any Loan or any other amount payable by the Company under any Credit Document which is not paid when due (whether at stated maturity, by acceleration or otherwise), a rate per annum during the period from and including the due date to but excluding the date on which such amount is paid in full equal to three fifty hundred (350) basis points above the Prime Rate as in effect from time to time.

"Prime Rate" means the rate of interest publicly announced by the Fifth Third Bank from time to time as its Prime Rate, which Prime Rate is not necessarily the best interest rate offered by the Fifth Third Bank.

"Regulations D, G, T, U and X" means, respectively, Regulations D, G, T, U and X of the Board of Governors of the Federal Reserve System (or any successor), as amended from time to time.

"Reimbursement Obligations" means, at any time, the obligations of the Company then outstanding, or which may thereafter arise in respect of Letters of Credit then outstanding, to reimburse the amount paid by the Fifth Third Bank in respect of any drawing under a Letter of Credit and to pay any other amounts (including, without limitation, interest) payable under or in respect of the Letter of Credit Documents relating to such Letter of Credit.

"Revolving Credit Commitment" means the obligation of the Bank to make Revolving Credit Loans up to an aggregate principal amount at any one time outstanding equal to \$400,000, as the same may be reduced hereunder from time to time.

"Revolving Credit Loan" has the meaning set forth in Section 2.1 hereof.

"Revolving Credit Note" has the meaning set forth in Section 2.2 hereof.

"Secured Obligations" means (a) the principal of and interest on the Loans made by the Bank to the Company, and all other amounts from time to time owing to the Bank (or such other holder of any of the Secured Obligations from time to time) by the Company and (b) all amounts from time to time owing to the Bank (or such other holder of any of the Secured Obligations from time to time) by the Company hereunder.

"Senior Officer" means the President or Chief Financial Officer of the Company.

"Subordinated Debt" means all Debt owing by the Company to Persons other than the Bank which meets all of the following specifications: (a) no principal payments are due or payable with respect to such Debt prior to the Maturity Date; (b) such Debt is not payable on demand and has a maturity date which is not prior to the Maturity Date; (c) such Debt if secured is subordinate to the Lien of the Bank; (d) the agreements, instruments and documents creating and evidencing such Debt provide that the holders of such Debt agree that such Debt, and any renewals or extensions thereof, shall at all times and in all respects be subordinate and junior in right of payment to the obligations of the Company under the Credit Documents; and (e) the terms and conditions of the agreements, instruments and documents described in clause (d) above, are satisfactory to the Bank in its sole discretion and have been approved by the Bank in writing.

"Subsidiary" means, with respect to any Person, any corporation or other entity of which at least a majority of the outstanding securities or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other Persons performing similar functions of such corporation or other entity (irrespective of whether or not at the time securities or other ownership interests of any other class or classes of such corporation or entity shall have or might have voting power by reason of the happening of any contingency)

is at the time directly or indirectly owned or controlled by such Person or one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries.

"Tangible Net Worth" means the Net Worth of the Company, minus all intangible assets (as defined by GAAP).

"Total Liabilities" means all liabilities of the Company of a type which would be classified as liabilities of an entity conducting a business the same as or similar to that of the Company in accordance with GAAP.

"UCC" means the Uniform Commercial Code as enacted in the State of Ohio.

1.2. Accounting Terms and Determinations.

1.2.1. Except as otherwise expressly provided herein, all accounting terms used herein shall be interpreted, and all financial statements and certificates and reports as to financial matters required to be delivered to the Bank hereunder shall (unless otherwise disclosed to the Bank in writing at the time of delivery thereof in the manner described in Section 1.2.2 hereof) be prepared in accordance with generally accepted accounting principles applied on a basis consistent with those used in the preparation of the latest financial statements furnished to the Bank hereunder after the date hereof. All internally generated statements will not have footnotes required by GAAP and will be subject to normal year-end adjustments. All calculations made for the purposes of determining compliance with the provisions of this Agreement shall (except as otherwise expressly provided herein) be made by application of generally accepted accounting principles applied on a basis consistent with those used in the preparation of the financial statements furnished to the Bank under Section 6.1 hereof (or, at any time prior to the delivery of the initial financial statements thereunder consistent with those in effect on the date hereof).

1.2.2. The Company shall deliver to the Bank at the same time as the delivery of any annual or monthly financial statements under Section 6.1 hereof a description in reasonable detail of any material variation between the application of accounting principles employed in the preparation of such statements and the application of accounting principles employed in the preparation of the next preceding annual or monthly financial statements and reasonable estimates of the difference between such statements arising as a consequence thereof.

1.2.3. Except as otherwise provided herein, if any changes in accounting principles from those used in the preparation of the financial statements furnished to the Bank under Section 6.1 hereof (or, at any time prior to the delivery of the initial financial statements thereunder, generally accepted accounting principles in effect on the date hereof) are hereafter required or permitted by the rules, regulations, pronouncements and opinions of the Financial Accounting Standards Board or the American Institute of Certified Public Accountants (or successors thereto or agencies with similar functions) and are adopted by the Company with the agreement of its independent certified public accountants and such changes result in a change in the method of calculation of any of the financial covenants, standards or terms in or relating to Section 6 hereof or otherwise, the parties hereto agree to enter into discussions with a view to amending such provisions so as to equitably reflect such changes with the desired result that the

criteria for evaluating the financial condition of the Company shall be the same after such change as if such change had not been made, provided that no change in such accounting principles which would affect the method of calculation of any of such financial covenants, standards or terms shall be given effect in such calculations until such provisions are amended, in a manner satisfactory to the Bank, to so reflect such change in accounting principles.

1.3. General Terms.

1.3.1. Upon the occurrence of an Event of Default, and to the extent permitted by law, the Bank shall have the right, in addition to all other rights and remedies available to them, and regardless of the sufficiency of any of the Collateral or of the other rights and remedies so available, to setoff against all of the Secured Obligations, whether matured or unmatured, all amounts owing to the Company by the Bank or any Affiliate of the Bank, whether or not then due and payable, in a deposit account with a Bank or any Affiliate of a Bank and all other funds or property of the Company on deposit with or otherwise held by or in the custody of a Bank or any Affiliate of a Bank for the beneficial account of the Company, whether solely in the name of or for the benefit of the Company or jointly in the name of or for the benefit of the Company and any other Person, all without notice to or demand on the Company or any other Person, all such notices and demands being hereby expressly waived. The Company hereby confirms a Bank's right, after an Event of Default, of banker's lien or setoff and nothing herein is deemed to be a waiver or prohibition of the exercise by the Bank of such banker's lien or setoff.

1.3.2. The Company shall use the proceeds of the Loans for normal working capital needs and for the issuance of Letters of Credit.

1.3.3. The Company shall maintain its primary deposit and primary operating accounts with Fifth Third Bank or an Affiliate of Fifth Third Bank.

1.3.4. Except as otherwise herein expressly provided, the proceeds of any collection, sale or other realization of all or any part of the Collateral pursuant hereto, and any other cash at the time held by the Bank hereunder at any time applied by the Bank shall be applied in the following order:

(a) first, to the payment of all costs and expenses of such collection, sale or other realization, including the Bank's reasonable attorneys' fees and disbursements;

(b) then, to the payment in full of the Secured Obligations in accordance with the amounts then due and owing; and

(c) then, to the extent any amounts shall remain unapplied after payment in full of the Secured Obligations then due and payable, and after payment in full of the foregoing any surplus remaining shall be paid to the Company or to whomsoever may be lawfully entitled to receive the same. As used in this Section 1.3.4, "proceeds" of any collection, sale or other realization of all or any part of the Collateral shall mean cash, securities and other property realized in respect of, and distributions in kind of, Collateral, including any thereof received

under any reorganization, liquidation or adjustment of Debt of the Company or any issuer of or obligor on any of the Collateral.

Section 2. Revolving Credit Commitment. For purposes of this Agreement, the Bank shall:

2.1. Revolving Credit Loans. During the period from and including the date hereof to but excluding the Revolving Credit Termination Date, the Bank agrees, on the terms and conditions set forth in this Agreement, to make one or more loans ("Revolving Credit Loans") to the Company in an aggregate principal amount at any one time outstanding up to but not exceeding the lesser of (a) the amount of the Revolving Credit Commitment as then in effect or (b) the Borrowing Base. Subject to the terms of this Agreement, during such period, the Company may borrow, repay and reborrow the amount of the Revolving Credit Commitment by means of Revolving Credit Loans.

2.2. Revolving Credit Notes. The Revolving Credit Loans made by the Bank shall be evidenced by a promissory note of the Company in substantially the form of Exhibit 2.2 hereto (the "Revolving Credit Notes"), dated the date hereof, payable to the order of the Bank, in a principal amount equal to the amount of the Revolving Credit Commitment as originally in effect and otherwise duly completed. The date, amount, and interest rate of each Revolving Credit Loan made by the Bank to the Company, and each payment made on account of the principal thereof, shall be recorded by the Bank on its books and records, such recordation to constitute evidence, in the absence of manifest error, of the amount of such Loans and payments.

2.3. Borrowing Procedure. The Company shall give Bank notice not later than 10:00 a.m. on the date of each Revolving Loan, specifying:

2.3.1. The date of such Loan, which shall be a Business Day; and

2.3.2. The aggregate amount of the Revolving Credit Loan, which shall not be less than the lesser of (a) \$1,000 or (b) the total amount of availability remaining under the Revolving Credit Commitment or the Borrowing Base.

The proceeds of each Revolving Credit Loan shall be deposited to the Company's general deposit account with the Bank. The Bank shall not be obligated to make any disbursement or advance to the Company during the continuance of an Event of Default.

2.4. Interest Rates.

2.4.1. Each Revolving Credit Loan shall bear interest on the outstanding principal amount, for each day from the date such Loan is made until it becomes due, at a rate *per annum* equal to the Prime Rate for such day plus one hundred fifty (150) basis points. Interest shall be paid by the Company on the first Business Day of each month commencing July 1, 2002.

2.4.2. Notwithstanding the provisions of the preceding Section 2.4.1, all unpaid principal of any Revolving Credit Loan shall bear interest after maturity (whether by acceleration

or otherwise) at a rate *per annum* equal to the higher of (a) the rate in effect prior to such maturity or (b) the Post-Default Rate.

2.4.3. Interest shall be calculated on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day).

2.4.4. As consideration for the Revolving Credit Loans hereby extended, the Company shall pay the Bank a closing fee computed at the rate of one percent (1.0%) *per annum* on the Revolving Credit Commitment, or \$4,000, on the date this Agreement is executed.

2.5. Maturity of Loans. Each Revolving Credit Loan shall mature, and the principal thereof shall be due and payable, on the Maturity Date.

2.6. Prepayments; Reborrowings.

2.6.1. The Company may at any time and from time to time prepay the Revolving Credit Loans in whole or in part, without premium or penalty.

2.6.2. Subject to the terms and provisions of this Agreement and if an Event of Default has not occurred hereunder, the Bank will reloan to the Company such amounts as have been paid and applied on the principal balance of a Revolving Credit Loan prepaid pursuant to this Section.

2.7. Termination or Reduction of Revolving Credit Commitment. The Company shall have the right, upon not less than five Business Days' written notice to the Bank, to terminate the Revolving Credit Commitment, or, from time to time, reduce the amount of the Revolving Credit Commitment, *provided* that (a) any such reduction shall be accompanied by prepayment of the one or more of the Revolving Credit Loans together with accrued interest on the amount so prepaid to the date of such prepayment, to the extent, if any, that the sum of the aggregate amount of the Revolving Credit Loans made hereunder then outstanding exceeds the amount of the Revolving Credit Commitment as then reduced, and (b) any such termination of the Revolving Credit Commitment shall be accompanied by prepayment in full of all of the Revolving Credit Loans then outstanding hereunder, together with accrued interest thereon to the date of such prepayment. Any such reduction shall be in the amount of \$1,000 or a whole multiple thereof and shall reduce permanently the amount of the Revolving Credit Commitment, respectively, then in effect.

2.8. Payments. All payments (including prepayments) to be made by the Company on account of principal and interest or otherwise, shall be made without setoff or counterclaim and shall be made to the Bank at Fifth Third Bank's office located at the address set forth below the signature of the Bank, in each case in immediately available Dollars. If any payment hereunder becomes due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension.

Section 3. Letters of Credit.

3.1. Terms of Issuance. Subject to the terms and conditions herein contained, the Revolving Credit Commitment may, in addition to the Revolving Credit Loans provided for in Section 2 hereof, be utilized from and including the date hereof to but excluding the Maturity Date, upon the request of the Company in the manner specified below, by the issuance by Fifth Third Bank (as agent and on behalf of all the Bank as set forth in the Participation Agreement) of, and Fifth Third Bank agrees to issue, standby or documentary letters of credit in such form, containing such terms and supporting such transactions as shall be acceptable to the Bank (collectively, the "Letters of Credit"), denominated in Dollars, for the account of the Company; provided that on the date of the issuance of any Letter of Credit and for each day thereafter when a Letter of Credit is outstanding, after giving effect to such issuance, in no event shall (a) the sum of the aggregate amount of Letter of Credit Liabilities plus the aggregate unpaid principal amount of the Revolving Credit Loans exceed the lesser of (i) the Borrowing Base or (ii) the amount of the Revolving Credit Commitment, and (b) the expiry date of any Letter of Credit extend beyond the Maturity Date.

3.2. Procedures. The Company shall give Fifth Third Bank at least three Business Days' irrevocable prior notice (effective upon receipt) of each Letter of Credit Request hereunder. Upon receipt of such a Letter of Credit Request (together with the related letter of credit application, and such other certificates, opinions, documents, instruments and information relating to such Letter of Credit as Fifth Third Bank may reasonably request), Fifth Third Bank will process such letter of credit application in accordance with its customary procedures and, subject to the fulfillment of the conditions precedent specified in Section 4.2 in respect of such Letter of Credit, shall open such Letter of Credit on the issuance date specified in such Letter of Credit Request by issuing and delivering the original of such Letter of Credit to the beneficiary thereof (with a copy thereof to the Company). The Company hereby agrees to observe and perform its covenants, duties and obligations under each letter of credit application delivered by the Company under this Section 3.2. The provisions of the letter of credit application related to any Letter of Credit are supplemental to, and not in derogation of, any rights and remedies of Fifth Third Bank under this Section 3.2 and applicable law.

3.3. Use of Revolving Credit Commitment. On each day during the period commencing with the issuance by Fifth Third Bank of any Letter of Credit and until such Letter of Credit shall have expired or been terminated, the Revolving Credit Commitment shall be deemed to be utilized for determining borrowing availability hereunder in an amount equal to the Letter of Credit Liabilities with respect to such Letter of Credit.

3.4. Payment of Letters of Credit. Upon receipt from the beneficiary of a Letter of Credit of any demand for payment under such Letter of Credit, Fifth Third Bank shall forthwith notify the Company as to the identity of such beneficiary and the related Letter of Credit, the amount to be paid as a result of such demand and the time by which the Company is to reimburse Fifth Third Bank therefor. Forthwith upon its receipt of such notice, the Company shall advise the Bank whether or not the Company intends to borrow hereunder to finance its obligation to reimburse Fifth Third Bank for the amount of the related drawing and, if it does, submit a notice of borrowing for a Revolving Credit Loan. The Company hereby agrees to reimburse the Bank

for the amount of each drawing under any Letter of Credit immediately after, and in any event on the date of, honoring such drawing, without presentment, demand, protest or other formalities of any kind, in an amount equal to the amount of such drawing plus all other Reimbursement Obligations with respect to such Letter of Credit, and otherwise in accordance with the letter of credit application relating thereto. The Company agrees to pay interest on the amount so paid by the Bank to the extent not reimbursed prior to 1:00 p.m. Columbus, Ohio time on the date of such payment from and including the date paid to but excluding the date reimbursement is made, as provided above, at a rate *per annum* equal to the Prime Rate *plus* 350 basis points. The obligations of the Company under this Section to reimburse and pay the Bank with respect to drawings under each Letter of Credit shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which the Company may have or have had against the Bank, including, without limitation, any defense based upon the failure of any drawing under a Letter of Credit to conform to the terms of such Letter of Credit; provided, however, that the Company shall not be obligated to reimburse the Bank for any wrongful payment made by the Bank under a Letter of Credit as a result of acts or omissions constituting gross negligence or willful misconduct on the part of the Bank.

3.5. Indemnity. Without limiting its other obligations hereunder, the Company hereby indemnifies and holds harmless the Bank from and against any and all claims and damages, losses, liabilities, costs or expenses (including, without limitation, counsel fees and expenses including, without limitation, such fees and expenses incurred establishing the right to indemnity) which the Bank may incur (or that may be claimed against the Bank by any Person whatsoever) by reason of or in connection with the execution and delivery or transfer of or payment or failure to pay under any Letter of Credit; *provided, however*, that the Company shall not be required to indemnify the Bank for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the gross negligence or willful misconduct of the Bank. Nothing in this Section 3.5 is intended to limit the other obligations of the Company or the Bank under this Agreement.

3.6. Further Assurances. The Company hereby agrees, from time to time, to do and perform any and all acts and to execute any and all further instruments reasonably requested by the Bank more fully to effect the purposes of this Section 3 and the issuance of Letters of Credit hereunder.

3.7. Letter of Credit Fee. The Company shall pay to the Bank a non-refundable letter of credit fee in respect of each Letter of Credit issued hereunder on the daily face amount thereof, for the period from and including the date of issuance thereof to and including the earliest of the date such Letter of Credit is drawn in full, expires or is terminated, at a rate *per annum* equal to (a) in the case of standby Letters of Credit, 1.75% per annum (but not less than \$250) or (b) in the case of documentary Letters of Credit, 1.75% per annum plus the Bank's then-standard issuance charges. Accrued letter of credit fees shall be payable 30 days after receipt of an invoice from the Bank and on the earliest of the date such Letter of Credit is drawn in full, expires or is terminated.

Section 4. Conditions Precedent.

4.1. Initial Credit Extension. The obligation of the Bank to make their initial Credit Extension hereunder is subject to each of the following conditions precedent (including, without limitation, that each document to be received by the Bank shall be in form and substance satisfactory to the Bank):

4.1.1. The Bank shall have the Note duly completed, executed and delivered by the Company.

4.1.2. The Bank shall have received the duly executed Unconditional Continuing Guaranty of the Guarantor dated as of the date hereof (the "Guaranty").

4.1.3. The Bank shall have received (a) certified copies of all corporate action taken by the Company (including, without limitation, resolutions of the Board of Directors) authorizing the making and performance of each of the Credit Documents to which it is a party and authorizing the borrowings hereunder and (b) a certificate of the Company specifying the Senior Officers (i) who are authorized to execute on its behalf the Credit Documents to which it is a party and (ii) who will, until replaced by another officer duly authorized for that purpose, act as its representative for the purposes of signing documents and giving notices and other communications in connection therewith and the transactions contemplated thereby (and the Bank may conclusively rely on such certificate until it receives notice in writing from the Company to the contrary).

4.1.4. The Bank shall have received a closing fee of \$4,000 and the Bank shall have received a payment for all of the Bank's out-of-pocket expenses in making these Loans.

4.1.5. The Bank shall have received copies of duly completed and executed UCC financing statements and/or statements of assignment and/or statements of amendment with respect to the property covered hereby, all in proper form for filing in all jurisdictions in which such filing is necessary or appropriate to establish, perfect, protect and preserve the rights, titles, interests, remedies, powers, privileges and Liens of the Bank on such property.

4.1.6. The Company shall have delivered to the Bank (a) certificates of insurance or other evidence from the Company's insurance company or companies or insurance broker evidencing the existence of all insurance required to be maintained by the Company pursuant to Section 6.4 hereof, such information as is specified in said Section 6.4 and (b) loss payable endorsements of all insurance policies so maintained by the Company in favor of the Fifth Third Bank for the benefit of the Bank, as their interest may appear. In addition, the Company shall have delivered a certificate of a Senior Officer setting forth the insurance obtained by it in accordance with the requirements of said Section 6.4 and stating that such insurance is in full force and effect and that all premiums then due and payable thereon have been paid.

4.1.7. The Bank shall have received a certified copy of the Articles of Incorporation of the Company and a good standing certificate from each jurisdiction in which the Company is qualified to do business.

4.1.8. The Bank shall have received such other certificates (including a Borrowing Base Certificate as of April 30, 2002 and a statement of Net Worth as at December 31, 2001), opinions, documents and instruments relating to the transactions contemplated hereby as the Bank or counsel to the Bank may reasonably request.

4.2. Initial and Subsequent Credit Extensions. The obligation of the Bank to make each Credit Extension to the Company (including, without limitation, the making of the initial Credit Extension) is subject to the further conditions precedent that, both immediately prior to such Credit Extension and after giving effect thereto:

4.2.1. no Event of Default shall have occurred and be continuing;

4.2.2. the representations and warranties made by the Company herein shall be true and complete on and as of the date of the making of such Loans with the same force and effect as if made on and as of such date (except to the extent such representations and warranties expressly relate to an earlier date).

Each request for a Credit Extension by the Company hereunder shall constitute a certification by the Company to the effect set forth in Sections 4.2.1 and 4.2.2 above (both as of the date of such notice and, unless the Company otherwise notifies the Bank, as of the date of such Credit Extension).

Section 5. Representations and Warranties. The Company represents and warrants to the Bank:

5.1. Existence. The Company: (a) is a corporation duly organized and validity existing under the laws of the jurisdiction of its formation; (b) has all requisite corporate power and has all material governmental licenses, authorizations, consents and approvals necessary to own its assets and carry on its business as now being or as proposed to be conducted; and (c) is qualified to do business in all jurisdictions in which the nature of the business conducted by it makes such qualification necessary and where failure so to qualify would have a material adverse effect on the assets, prospects, business, operations, financial condition, liabilities or capitalization of the Company, or on the ability of the Company to perform its obligations hereunder or under the other Credit Documents. The Company has no Subsidiaries.

5.2. Financial Condition. The unaudited balance sheet of the Company as at December 31, 2001 and the unaudited statement of income of the Company for the four month period ended April 30, 2002, heretofore furnished to the Bank, fairly present the financial condition of the Company as at said date and the results of its operations for the period covered thereby (subject to normal year-end audit adjustments which individually or in the aggregate would not be material), all in accordance with practices consistent with past practice and in accordance with the accounting principles described in the notes to said balance sheet. Since the date of such balance sheet, there has been no material adverse change in the assets, prospects,

business, operations, financial condition, liabilities or capitalization of the Company from that set forth in said audited financial statement as at said date.

5.3. Litigation. There are no legal or arbitral proceedings or any proceedings by or before any governmental or regulatory authority or agency now pending or (to the knowledge of the Company) threatened against the Company which, if adversely determined, is reasonably likely to have a material adverse effect on the assets, prospects, business, operations, financial condition, liabilities or capitalization of the Company, or on the ability of the Company to perform its obligations hereunder or under the other Credit Documents.

5.5. Corporate Action. The Company has all necessary corporate power and authority to execute, deliver and perform its obligations under each of the Credit Documents to which it is a party and the execution, delivery and performance thereof by the Company, and each of the Credit Documents to which it is a party has been duly authorized by all necessary corporate action on its part; and this Agreement has been duly and validity executed and delivered by the Company and constitutes, and each of the Credit Documents to which the Company is a party when executed and delivered by the Company will constitute the Company's legal, valid and binding obligation, enforceable in accordance with its terms, except that the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by application of general principles of equity (regardless of whether enforcement is considered in proceedings at law or in equity).

5.6. Margin Stock. The Company is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate, of buying or carrying Margin Stock and no part of the proceeds of any Credit Extension hereunder will be used to buy or carry any Margin Stock. Neither the making of any of the Loans or the proceeds thereof, will violate or be inconsistent with the provisions of Regulation D, G, T, U or X.

5.7. ERISA. The Company and the ERISA Affiliates have fulfilled their respective obligations under the minimum funding standards of ERISA and the Code with respect to each Plan, if any, and are in compliance in all material respects with the presently applicable provisions of ERISA and the Code, and have not incurred any liability to the PBGC or any Plan or Multiemployer Plan (other than an obligation to fund or make contributions to any such Plan in accordance with its terms and in the ordinary course of business).

5.8. Taxes. The Company has filed all federal income tax returns and all other material tax returns which are required to be filed by it and has paid and will pay all taxes due pursuant to such returns or pursuant to any assessment received by the Company, except to the extent the same may be contested as permitted by Section 6.6.3 hereof. The charges, accruals and reserves on the books of the Company in respect of taxes and other governmental charges are, in the opinion of the Company, adequate.

5.9. Investment Company Act. The Company is not an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

5.10. Public Utility Holding Company Act. The Company is not a "holding company", or an "affiliate" or a "holding company" or a "subsidiary company" or a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

5.11. Compliance with Laws. The Company is in compliance with, and has obtained all permits, licenses and other authorizations which are required under all applicable federal, state and local statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements and other governmental restrictions, except to the extent failure to so comply, or to obtain any such permit, license or authorization, would not have a material adverse effect on (a) the business, operations or financial condition of the Company or (b) on the ability of the Company to perform its obligations hereunder or under the other Credit Documents or the rights or remedies of the Bank thereunder.

5.12. Disclosure.

5.12.1. No information, report, financial statement, exhibit, schedule or disclosure letter furnished in writing by or on behalf of the Company to the Bank in connection with the negotiation of this Agreement or other Credit Documents or included therein or delivered thereto contains any untrue statement of material fact or omits or omitted to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. All written information furnished after the date hereof by the Company to the Bank in connection with this Agreement and the transactions contemplated hereby will be true, complete and accurate in every material respect or based on reasonable estimates on the date as of which such information is stated or certified. No fact is known to the Company (other than matters of a general economic nature) which materially and adversely affects the business, operations or financial condition of the Company.

5.12.2. The projections and financial information delivered by the Company to the Bank prior to the date of this Agreement were based on good faith estimates and assumptions believed by the Company to be reasonable at the time made and no fact is known by the Company which would result in any material change in any such projections or in any estimate reflected therein.

5.13. Assets of the Company. The Company has good and marketable title in fee simple to, or valid and subsisting leasehold interests in, all its real property, if any, and good title to all its other property, free and clear of all Liens (other than Permitted Liens).

5.14. Material Agreements. The Company is not (a) a party to any agreement or instrument or subject to any restriction which has or is likely to have a material adverse effect on the assets, prospects, business, operations, financial condition, liabilities or capitalization of the Company, or (b) in default under any agreement or instrument to which it is a party or by which it is bound or to which it is subject in any manner which could have a material adverse effect on the assets, prospects, business, operations, financial condition, liabilities or capitalization of the Company.

5.15. Solvency. After giving effect to the transactions contemplated hereby:

5.15.1. The fair salable value of the assets of the Company exceeds and will, immediately following the making of each Credit Extension, exceed the amount which will be required to be paid on or in respect of its existing Debts and other liabilities as they mature;

5.15.2. The Company neither has, nor will have, immediately following the making of each Credit Extension, unreasonably small capital to carry out its business as conducted or as proposed to be conducted; and

5.15.3. The Company does not intend to, nor believe that it will, incur Debts beyond its ability to pay such Debts as they mature.

5.16. Labor Matters. The Company has not experienced any strike, labor dispute, slow down or work stoppage due to labor disagreements which would have or is continuing to have a material adverse effect on the assets, prospects, business, operations, financial condition, liabilities or capitalization of the Company or on the ability of the Company to perform its obligations hereunder and under the other Credit Documents or the enforceability of any of the rights and remedies of the Bank thereunder.

5.17. Environmental Laws. The Company has obtained all permits, licenses and other authorizations which are required under all Environmental Laws, except to the extent failure to have any such permit, license or authorization would not have a material adverse effect on the assets, prospects, business, operations, financial condition, liabilities or capitalization of the Company. The Company is in compliance with the terms and conditions of all such permits, licenses and authorizations, and is also in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in any applicable Environmental Law or in any regulation, code, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder, except to the extent failure to comply would not have a material adverse effect on the assets, prospects, business, operations, financial condition, liabilities or capitalization of the Company.

5.18. Copyrights, Permits and Trademarks. The Company owns, or has a valid license or sub-license in, all domestic and foreign know-how licenses, inventions, technology, permits, trademark registrations and applications, trademarks, trade names, trade secrets, service marks, copyrights, product designs, applications, formulae, processes and the industrial property rights ("proprietary rights") used or necessary in the operation of its businesses in the manner in which they are currently being conducted and which are material to the assets, prospects, business, operations, financial condition, liabilities or capitalization of the Company. The Company is not aware of any existing or threatened infringement or misappropriation of any proprietary rights of others which is material to the assets, prospects, business, operations, financial condition, liabilities or capitalization of the Company.

5.19. Security. As security for the full and timely payment of the Secured Obligations in accordance with the terms hereof, from and after the initial Credit Extension Date, this Agreement shall create in favor of the Bank a legal, valid, enforceable and (when the financing

statements referred to in Section 4.1.5 hereof have been filed in the relevant offices) perfected security interest in all right, title and interest of the Company in the Collateral subject to no other Lien (other than Permitted Liens).

5.20. Books and Records; Jurisdiction of Organization. All books and records of the Company concerning the Collateral are accurate, complete and maintained in accordance with GAAP. The Collateral Locations Exhibit correctly sets forth (a) the address of the chief executive office and principal place of business of the Company, (b) any plant or division of the Company maintaining a separate principal place of business, registered office or chief executive office, (c) all other places of business of the Company (including all real estate owned or leased by the Company) and (d) the jurisdiction of organization of the Company. The only original books of account and records of the Company relating to any Accounts of the Company are, and will continue to be, kept at the chief executive offices of the Company.

5.21. Records. The Company maintains, in written form, a master list of all Customers of the Company (the "Master List"). The Master List contains the complete and accurate name and address of each Customer, and lists the name of a Person affiliated with or employed by the Customer who the Bank can contact concerning the Accounts of the Customer. If the Company maintains computerized records of its Accounts, the Company shall keep the Master List on computer tape or disk, in addition to the written version of the Master List. An updated Master List shall be delivered to the Bank within ten business day after the Bank so requests. Each Master List delivered to the Bank shall be accurate and complete as of the date of its delivery.

5.22. Tangible Assets. The Company shall keep and maintain its equipment, machinery and other similar items (the "Tangible Assets") in good operating condition and repair and shall make all necessary replacements thereof so that the value and operating efficiency thereof shall at all times be maintained and preserved. The Company shall, immediately on the Bank's demand, deliver to the Bank any and all evidences of ownership of any of the material Tangible Assets (including, without limitation, certificates of title and applications for title). The Bank may at all times have access to, examine and inspect the material Tangible Assets. The Company shall not, without the Bank's prior written consent, sell, lease, grant a security interest in or otherwise dispose of or encumber any material Tangible Assets, other than pipelines or oil and gas drilling equipment disposed of or encumbered in the ordinary course of business for fair market value.

5.23. Capitalization. Schedule 5.23 attached hereto sets forth the number of shares of capital stock of the Company which are authorized and the number of such shares which are outstanding. Each outstanding share of capital stock is a common share and is duly authorized, validly issued, fully paid and nonassessable. Set forth in Schedule 5.23 is a complete and accurate list of all Persons who are record and beneficial owners of the capital stock of the Company. All warrants, subscriptions, options, instruments and agreements under which any shares of capital stock of the Company are or may be redeemed, retired, encumbered, bought, sold or issued are described in Schedule 5.23.

5.24. No Legal Bar. The execution, delivery and performance of this Agreement, the Note and the other Documents, the extensions of credit hereunder and the use of the proceeds thereof, do not and will not violate any law applicable to the Company or material contract of the

Company, and do not and will not result in, or require the creation or imposition of any Lien on any of its properties or revenues pursuant to any law applicable to the Company or material contract of the Company, other than the security interest and Lien created in favor of the Bank pursuant hereto. Without limitation of the foregoing, if the Company is subject to regulation, or asserted to be subject to regulation, by any Government, the execution, delivery and performance of this Agreement and any other Credit Document have been duly authorized by necessary proceedings or consents, and no provision of this Agreement or any other Credit Document shall be impaired in performance or enforceability by reason of any current law or Government.

Section 6. Covenants. Until the later of (a) the Maturity Date or (b) the date the Revolving Credit Commitment is in effect or (c) the date payment in full of the principal and interest on all Loans has been made and all other amounts payable by the Company hereunder has occurred:

6.1. Financial Statements; Continuing Disclosure. The Company shall deliver to the Bank:

6.1.1. as soon as available, and in any event within 30 days after the end of each fiscal month, (a) a Borrowing Base Certificate and (b) an accounts receivable aging schedule for such fiscal month;

6.1.2. as soon as available and in any event within 120 days after the end of such fiscal year, statements of income, retained earnings and cash flows of the Company for such year and the related balance sheet as at the end of such year, setting forth in each case in comparative form the corresponding figures for the preceding fiscal year (if any), reviewed by an independent certified public accountant acceptable to the Bank;

6.1.3. as soon as available, and in any event within 45 days after the end of each fiscal month, unaudited statements of income of the Company for such fiscal month and for the period from the beginning of the respective fiscal year to the end of such fiscal month, and the related balance sheet as at the end of such fiscal month, setting forth in each case in comparative form the corresponding figures for the corresponding fiscal month in the preceding fiscal year (if any);

6.1.4. promptly after the Company knows or has reason to know that any Event of Default has occurred, a notice of such Event of Default describing the same in reasonable detail and, together with such notice or as soon thereafter as possible, a description of the action taken or proposed to be taken with respect thereto;

6.1.5. promptly after the occurrence thereof, notice of any strike, labor dispute, slow down or work stoppage due to a material labor disagreement (or any material development regarding any thereof) affecting the Company, describing the same in reasonable detail and describing the steps being taken to remedy the same;

6.1.6. promptly upon receipt thereof, a copy of each notice or other communication from any governmental authority with respect to those matters covered by Section 5.17 hereof relating to the compliance by the Company with the Environmental Laws or

the permits, licenses or authorizations referred to in said Section 5.17, a notice of such circumstances describing the same in reasonable detail; and

6.1.7. from time to time such other information regarding (a) the business, affairs or financial condition of the Company (including, without limitation, any Plan or Multiemployer Plan and any reports or other information required to be filed under ERISA), (b) compliance by the Company with its obligations herein or in any other Credit Document and (c) such other matters relating to the transactions contemplated hereby as the Bank may reasonably request.

The Company will furnish to the Bank, at the time it furnishes each set of financial statements pursuant to Section 6.1.1 or 6.1.2, a Compliance Certificate, duly completed and executed by a Senior Officer, to the effect that no Default has occurred and is continuing (or, if any Default has occurred and is continuing, describing the same in reasonable detail and describing the action taken and proposed to be taken with respect thereto).

6.2. Litigation. The Company will promptly give the Bank notice of:

6.2.1. all legal or arbitral proceedings, and of all proceedings by or before any governmental or regulatory authority or agency, and any material development in respect of such legal or other proceeding, affecting the Company, except proceedings which, if adversely determined, would not have a material adverse effect on the assets, prospects, business, operations, financial condition, liabilities or capitalization of the Company or on the ability of the Company to perform its obligations hereunder or under any other Credit Documents or the enforceability of the rights and remedies of the Bank thereunder; or

6.2.2. the issuance by any United States Federal or state court or any United States Federal or state regulatory authority of any injunction, order or other restraint prohibiting, or having the effect of prohibiting or delaying, the making of Credit Extensions, or the institution of any litigation or similar proceedings seeking any such injunction, order or other restraint.

6.3. Existence, Etc. The Company will:

6.3.1. preserve and maintain its corporate existence and all of its material rights, privileges and franchises (*provided* that nothing in this Section 6.3 shall prohibit any transaction permitted under Section 6.5 hereof);

6.3.2. comply with the requirements of all applicable laws (including, without limitation, Environmental Laws), rules, regulations and orders of governmental or regulatory authorities if failure to comply with such requirements would materially and adversely affect the assets, prospects, business, operations, financial condition, liabilities or capitalization of the Company, or the ability of the Company to perform its obligations hereunder or under the other Credit Documents, or the enforceability of any of the rights or remedies of the Bank thereunder;

6.3.3. pay and discharge all taxes, assessments and governmental charges or levies imposed on it or on its income or profits or on any of its property prior to the date on which penalties attach thereto, except for any such tax, assessment, charge or levy the payment of

which is being contested in good faith and by proper proceedings and against which adequate reserves are being maintained;

6.3.4. maintain all of its properties used or useful in its business in good working order and condition, ordinary wear and tear excepted; and

6.3.5. keep proper books of record and account in which full, true and correct entries shall be made of all dealings and transactions in relation to its business and activities, and permit representatives of the Bank, during normal business hours and upon reasonable prior notice to the Company, to examine, copy and make extracts from its books and records, to inspect its properties, and to discuss its business and affairs with its officers and independent public accountants (and by this provision the Company authorizes said accountants to discuss the business and affairs of the Company with such representatives), all to the extent reasonably requested by the Bank.

6.4. Insurance.

6.4.1. The Company will keep insured by financially sound and reputable insurers all property of a character usually insured by entities engaged in the same or similar business similarly situated against loss or damage of the kinds and in the amounts customarily insured against by such entities and carry such other insurance as is usually carried by such entities, provided that in any event the Company shall maintain:

(a) insurance against loss or damage covering all of the tangible real and personal property and improvements of the Company, by reason of any Peril (as defined below) in amounts (subject to such deductibles as shall be satisfactory to the Bank) as shall be reasonable and customary.

(b) automobile liability insurance for bodily injury and property damage in respect of all vehicles (whether owned, hired or rented by the Company) in such amounts as are then customary for vehicles used in the business of the Company, in each case, naming Fifth Third Bank as additional insured.

(c) comprehensive general liability insurance against claims for bodily injury, death or property damage occurring on, in or about such properties and adjoining streets and sidewalks, in such amounts as are then customary for property similar in use and location, in each case, naming the Bank as additional insured.

(d) workers' compensation insurance (including employers' liability insurance) to the extent required by applicable law.

(e) such other insurance in each case as generally carried by owners of similar properties in the states in which such properties are located in such amounts and against such risks as are then customary for property similar in use to the properties of the Company located in such states.

All insurance covering tangible property subject to a Lien in favor of the Bank granted pursuant to this Agreement or under any agreement, instrument or document given as security pursuant hereto shall provide that, if there shall be existing an Event of Default, and a loss ensues, the full amount of insurance proceeds with respect thereto shall be payable to the Bank as secured parties or otherwise as its interests may appear, to be applied in accordance with Section 1.3.4 hereof, and shall (i) further provide for at least 30 days prior written notice to the Bank of the cancellation or substantial modification thereof, (ii) provide that, in respect of the interests of the Company and the Bank in such insurance, such insurance shall not be invalidated by any such action or inaction of the Company or any other Person, (iii) insure the Bank's interest regardless of any violation by the Company or any other Person of any warranties, declarations or conditions contained in such insurance and (iv) provide that the Bank shall have the right (but not the obligation) to cure any default by the Company under such insurance.

For purposes hereof, the term "Peril" shall mean, collectively, fire, lightning, flood, windstorm, hail, explosion, riot and civil commotion, vandalism and malicious mischief, damage from aircraft, vehicles and smoke and all other perils covered by the "all-risk" endorsement then in effect in any jurisdiction where any property of the Company is located.

6.4.2. On the initial Credit Extension Date the Company will deliver to the Bank certificates of insurance preapproved by the Bank evidencing the existence of all insurance required to be maintained by the Company hereunder and showing that such insurance will be in effect for a period of 12 months from the date hereof, subject only to the payment of premiums as they become due. Thereafter, not later than 15 Business Days prior to the termination or expiry date of any such insurance, the Company shall deliver to the Bank certificates of insurance evidencing that such insurance has been renewed, subject only to the payment of premiums as they become due. If, in the opinion of the Company, any of the insurance which it is required to maintain pursuant to this Section 6.4 is not available on commercially reasonable terms, the Company shall so notify the Bank and, with the consent of the Bank, may elect not to purchase such insurance.

6.5. Prohibition of Fundamental Changes.

6.5.1. The Company will not enter into any transaction of merger or consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), unless the Company shall be the continuing or surviving entity.

6.5.2. The Company will not acquire any business or assets from, or capital stock or other ownership interests of, or be party to any acquisition of, any Person except for (a) purchases by the Company of Inventory and other assets to be sold or used in the ordinary course of business, and (b) Investments permitted under Section 6.8 hereof.

6.5.3. The Company will not sell, lease, assign, transfer or otherwise dispose of any of its property, business or assets (including without limitation, Accounts and leasehold interests), whether now owned or hereafter acquired, except:

(a) the disposition of obsolete or worn-out property, tools or equipment no longer used or useful in the Company's business;

(b) the sale of Inventory by the Company in the ordinary course of business; and

(c) subject to Section 6.10, the disposition of Investments.

6.6. Limitation on Liens. The Company will not create, incur, assume or suffer to exist, any Lien upon any of its property, assets or revenues (including, without limitation, the property covered hereby), whether now owned or hereafter acquired, except:

6.6.1. Liens created hereby;

6.6.2. Liens existing on the date hereof and listed on Schedule 6.6 hereto, provided that no such Lien shall be extended to cover any additional property or additional Debt and that the amount of Debt secured thereby is not increased;

6.6.3. Liens for taxes, assessments or charges imposed on it or any of its property by any governmental authority not yet due or which are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of the Company, in accordance with GAAP or Liens for such taxes, assessments or charges which are otherwise permitted under Section 6.3.3 hereof;

6.6.4. statutory Liens of carriers, warehousemen, mechanics, materialmen, repairmen, or other like Liens arising in the ordinary course of business, which are not overdue for a period of more than 30 days or which are being contested in good faith and by appropriate proceedings;

6.6.5. pledges or deposits required in connection with workers' compensation, unemployment insurance and other social security legislation;

6.6.6. Liens (other than any Lien imposed by ERISA) incurred on deposits to secure the performance of tenders, bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and return-of-money bonds and other obligations of a like nature incurred in the ordinary course of business;

6.6.7. easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business, and encumbrances consisting of zoning restrictions, easements, licenses, restrictions on the use of property or minor imperfections in title thereto, which, in the aggregate, are not material in amount, and which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of the Company;

6.6.8. Liens in favor of customs and revenue authorities arising as a matter of law and to secure payment of customs duties in connection with the importation of goods;

6.6.9. Liens securing obligations of the Company (i) in respect of goods purchased for resale in the ordinary course of business as long as no UCC financing statements are filed concerning such goods or (ii) under true consignment arrangements in which the Company is the consignee, pursuant to which UCC financing statements may be filed;

6.6.10. Liens of landlords or mortgagees of landlords on fixtures and movable property located on premises leased in the ordinary course of business, provided that the rental payments secured thereby are not yet due;

6.6.11. Liens relating to judgments to the extent such judgments do not result in an Event of Default under Section 7.1.10 hereof; and

6.6.12. Purchase money liens for equipment in an amount not to exceed \$5,000 in the aggregate.

6.7. Debt. The Company will not create, incur or suffer to exist any Debt except (a) Debt of the Company arising hereunder, (b) Debt which is Subordinated Debt, (c) Debt (not exceeding \$5,000 in the aggregate) owing to creditors who have extended purchase money credit permitted under Section 6.6.12, and (d) unsecured Debt owing to trade creditors arising in the ordinary course of business.

6.8. Investments. The Company will not make after closing Investments except (a) operating deposit accounts with the Bank, (b) Investments in Cash Equivalents or (c) Permitted Investments.

6.9. Hedged Inventory. The Company shall maintain a hedged position on at least 90% and no more than 110% of its fixed price commitments made to customers of the Company. The Company's Inventory position will be matched against fixed price sale commitments. For purposes of determining the amount hedged, Inventory of the Company shall (in addition to any futures contract or fixed price physical gas commitments) be considered as a supply source.

6.10. Limitation on Distributions. The Company shall not pay any dividends or other similar distributions to any Person; *provided, however*, that the Company may make distributions to its shareholders (a) in an amount necessary to pay the federal, state and local income tax due and owing by such shareholders attributed solely to ownership of stock in the Company, and in addition, or (b) in an amount that is immediately reinvested in the Company in the form of a capital contribution. The Company shall not purchase, buy back, acquire or otherwise redeem any of the issued and outstanding shares of its stock.

6.11. Net Worth Test. The Company will not permit Tangible Net Worth to be less than the amount set forth below at such date:

<u>Date</u>	<u>Limitation</u>
On the date hereof	\$225,000
On December 31, 2002	\$450,000
Thereafter until the Maturity Date	\$450,000

6.12. Transactions with Affiliates. Except as expressly permitted by this Agreement (including Section 6.7(e)), the Company will not directly or indirectly: (a) make any Investment in an Affiliate; (b) transfer, sell, lease, assign or otherwise dispose of any assets to an Affiliate; (c) merge into or consolidate with or purchase or acquire assets from an Affiliate; or (d) enter into any other transaction directly or indirectly with or for the benefit of an Affiliate (including, without limitation, guarantees and assumptions of obligations of an Affiliate); provided, however, that (x) any Affiliate who is an individual may serve as a director, officer or employee of the Company and receive reasonable compensation for his or her services in such capacity and (y) the Company may enter into transactions (other than extensions of credit by the Company to an Affiliate) providing for the leasing of property, the rendering or receipt of services or the purchase or sale of inventory and other assets in the ordinary course of business if the monetary or business consideration arising therefrom would be substantially as advantageous to the Company as the monetary or business consideration which would obtain in a comparable transaction with a Person not an Affiliate.

6.13. Sale and Leaseback. The Company will not enter into any arrangement with any lender or investor or to which such lender or investor is a party providing for the leasing by the Company of real and/or personal property that has been or is to be sold or transferred by the Company to such lender or investor or to any Person to whom funds have been or are to be advanced by such lender or investor or the security of such property or rental obligations of the Company.

6.14. Subordinated Debt.

6.14.1. The Company will not purchase, redeem, retire or otherwise acquire for value or make any payment or prepayment of the principal of or interest on, or any other amount owing in respect of, any Subordinated Debt.

6.14.2. The Company will not at any time exercise any option or right to prepay, redeem, defease or make any payment the effect of which is to prepay, redeem or defease any of the Subordinated Debt.

6.15. Use of Proceeds. The Company will use the proceeds of the Loans as provided in Section 1.3.2.

6.16. Computation of Borrowing Base. For the purpose of computing the Borrowing Base and its components and for the purpose of establishing the location and value of the Inventory and other Collateral, the Company shall promptly upon request of the Bank furnish to the Bank information reasonably adequate to identify the Company's Accounts and the other Collateral at such times and in such form and substance as may be requested by the Bank, including, without limitation, (a) the unpaid invoiced amount net of any discount, (b) the age and collectibility of Accounts, (c) the names and addresses of Customers, (d) copies of sales invoices, Customer statements and credit memos issued, (e) remittance advices and reports and deposit slips, and (f) such other information as the Bank may reasonably deem relevant concerning the Collateral. Any documents, schedules, invoices or other paper delivered to the Bank by the Company may be destroyed or otherwise disposed of by the Bank six months after they are delivered to or received by the Bank. The Bank may make permanent records of all such documents, schedules, invoices and other papers, and the Bank shall be under no obligation to destroy or to return such documents, schedules, invoices and other papers to the Company.

6.17. Chief Executive Office; Jurisdiction of Organization. The Company shall not move its chief executive office, its registered office or its principal place of business, or change its jurisdiction of organization except to such new location or jurisdiction as it may establish in accordance with Section 6.18 hereof. The Company shall not move the location where its books of account and records are kept and the location of the principal place of business or the chief executive offices of any plants or divisions will not be changed except in accordance with Section 6.18 hereof.

6.18. Change of Location. The Company shall not establish any locations different from those provided for in Section 5.20 hereof until (a) it shall have given to the Bank written notice, 30 days before doing so, of its intention to establish such new location or jurisdiction of organization clearly describing each such new location or jurisdiction of organization and providing such other information in connection therewith as the Bank may reasonably request, and (b) with respect to each such new location or jurisdiction of organization, it shall have taken such action, satisfactory to the Bank, as may be necessary to maintain the Lien of the Bank in the Collateral granted hereunder at all times fully perfected, first in priority to all other Liens and in full force and effect.

6.19. Master Files. The Company shall not make any material changes in the procedures for assigning Customers to or deleting Customers from the Master File of the Company or for otherwise maintaining such computer records of Accounts as described in Section 5.21 hereof.

6.20. Change of Name. The Company shall not change its corporate name unless, before the effective date of such change, the Company delivers to the Bank such financing statements executed by the Company that the Bank may request to reflect such name change, together with such other documents and instruments that the Bank may request in connection with such name change.

6.21. Creation of Lien. Except as expressly permitted by this Agreement (including Section 6.6.12), the Lien created hereunder shall be prior in interest to any other Lien affecting the Collateral, and shall be and remain in full force and effect until all of the Secured Obligations

shall have been paid and discharged in full and otherwise satisfied and the Company shall no longer have any right to request any Loans under any of the Credit Documents.

6.22. Verification. The Company hereby authorizes the Bank to make verifications of the Accounts and Inventory in any manner and through any medium that the Bank consider advisable.

6.23. Right of the Bank to Use Company's Name. The Company hereby authorizes the Bank to use the name of the Company when corresponding with or talking to any Customer or customer of the Company. The Bank shall have the right, from time to time, to discuss the Company's affairs directly with the Company's independent certified public accountants without notice to the Company; *provided, however*, that the Company makes no representation, warranty or covenant hereunder that the Company's independent certified public accountants will agree to discuss the Company's affairs directly with the Bank without the Company being present.

6.24. Care of Collateral by the Bank. The Bank shall be deemed to have exercised reasonable care in the custody and preservation of such of the Collateral as may be in the Bank's possession if the Bank take such action for that purpose as the Company shall request in writing, provided that the Bank shall not be required to take any such requested action if, in the judgment of the Bank, such action would impair the Bank's Lien in such Collateral or its rights in, or the value of, such Collateral, and provided further that such written request is received by the Bank in sufficient time to permit the Bank to take the requested action. The Company acknowledges that failure of the Bank to comply with any such request shall not of itself be deemed a failure to exercise reasonable care, and no failure of the Bank to preserve or protect any rights with respect to such Collateral against prior parties, or to do any act with respect to the preservation of such Collateral not so requested by the Company, shall be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral. No Bank shall be liable for any act or default of any warehouseman or of any carrier, forwarding agency, or other Person whomsoever, but the same shall be at the Company's sole risk at all times. If all or any part of the Collateral consists of any stock, bond or other security, no Bank shall be under any obligation to sell or otherwise dispose of such security, or to cause such security to be sold or otherwise disposed of, by reason of any diminution in the fair market value thereof, and the Bank's failure to do so shall under no circumstances be deemed a failure to exercise reasonable care in the custody and preservation of the Collateral, notwithstanding anything to the contrary in this Section 6.24 or in any other provision of the Credit Documents.

6.25. Assembling of Collateral. Following any Event of Default, the Company upon further demand by the Bank, shall promptly assemble the Collateral, or any part thereof designated by the Bank, and make it available to the Bank at a place to be designated by the Bank which shall be reasonably convenient to the Bank and the Company. The right of the Bank under this Section 6.25 to have Collateral assembled and made available to it is of the essence to the Credit Documents and the Bank may, at their election, enforce such right by a bill in equity for specific performance.

6.26. No Requirement to Marshal Collateral. The Company, to the extent that it has any right, title or interest in any of the Collateral, waives and releases any right to require the Bank at

any time to collect any of the Secured Obligations or otherwise seek recourse from any of the Collateral under any theory of marshaling of assets, or otherwise, and specifically authorizes the Bank to apply any of the Collateral against any of the Secured Obligations in any manner that the Bank may determine.

6.27. Subsidiaries. The Company shall not, without the consent of the Bank which shall not be unreasonably withheld, conditioned or delayed, form or acquire any Subsidiaries; *provided* that the Bank shall be permitted to require any such Subsidiary to become a guarantor hereof.

6.28. Cash Flow Coverage Ratio. The Company shall not permit its Cash Flow Coverage Ratio (as defined below) to be less than 1.5 to 1.0. "Cash Flow Coverage Ratio" means for the Company on a consolidated basis, as measured quarterly (commencing as of June 30, 2002) for the current quarter and the three preceding fiscal quarters, the ratio of (a) the sum of (i) net income of the Company plus (ii) depreciation plus (iii) Interest Expense of the Company to (b) the sum of (i) Interest Expense of the Company plus (ii) the current maturity of long-term Debt of the Company.

6.29. Control Agreements. If the Company enters into third party hedging agreements that are maintained with a broker or other financial intermediary, then the Company shall deliver to the Bank executed copies of a Control Agreement with such broker (the "Control Agreements") granting the Bank "control" over such brokerage account.

Section 7. Events of Default.

7.1. Events of Default and Remedies. If one or more of the following events (herein called "Events of Default") shall occur and be continuing:

7.1.1. The Company shall default in the payment when due of any principal of any Loan; or

7.1.2. The Company shall default in the payment when due of interest on any Loan or any fee or other amount payable by it under any Credit Document and such default shall continue unremedied for five Business Days or more; or

7.1.3. Any representation, warranty or certification made or deemed made by the Company or in any certificate, document or other written statement furnished to the Bank pursuant to the provisions thereof, shall prove to have been false or misleading as of the time made or deemed made in any material respect; or

7.1.4. The Company shall default in the performance of any of its obligations under Sections 6.1.4, 6.3.1, 6.5.1, 6.5.2, 6.7, 6.9, 6.11, 6.14, 6.15, 6.16 or 6.21 (inclusive) hereof; or the Company shall default in the performance of any of its other obligations in this Agreement and such default shall occur unremedied for a period of 30 days following the occurrence thereof; or

7.1.5. The Company shall default in the performance of any of its obligations under any of the Credit Documents (other than this Agreement) after giving effect to any applicable grace period; or

7.1.6. The Company shall default in the payment when due of principal of or interest on any of its other Debt aggregating \$1,000 or more beyond the applicable grace period, or any event specified in any note, agreement, indenture or other document evidencing or relating to any such Debt shall occur if the effect of such event is to cause, or to permit the holder or holders of such Debt (or a trustee or agent on behalf of such holder or holders) to cause, such Debt to become due prior to its stated maturity unless contested in good faith or subject to setoff; or

7.1.7. The Company shall admit in writing its inability to pay its Debts as such Debts become due; or

7.1.8. The Company or the Guarantor shall (a) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its property, (b) make a general assignment for the benefit of its (or his) creditors, (c) commence a voluntary case under the Bankruptcy Code (as now or hereafter in effect), (d) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or readjustment of Debts, (e) fail to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against it in an involuntary case under the Bankruptcy Code, or (f) take any action for the purpose of effecting any of the foregoing; or

7.1.9. A proceeding or case shall be commenced, without the application or consent of the Company or the Guarantor, respectively, in any court of competent jurisdiction, seeking (a) its (or his) liquidation, reorganization, dissolution or winding-up, or the composition or readjustment of its Debts, (b) the appointment of a trustee, receiver, custodian, liquidator or the like of the Company or the Guarantor, respectively, or all or any substantial part of its (or his) assets, or (c) similar relief in respect of the Company under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of Debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of 90 or more days; or an order for relief against the Company or the Guarantor, respectively, shall be entered in an insolvency case under the Bankruptcy Code; or

7.1.10. A final judgment or judgments for the payment of money in excess of \$10,000 in the aggregate shall be rendered by a court or courts against the Company and the same shall not be discharged (or provision shall not be made for such discharge), or a stay of execution thereof shall not be procured, within 30 days from the date of entry thereof and the Company shall not, within said period of 30 days, or such longer period during which execution of the same shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal; or

7.1.11. An event or condition shall occur or exist with respect to any Plan or Multiemployer Plan and, as a result of such event or condition, together with all other such events or conditions, the Company or any ERISA Affiliate shall incur or in the opinion of the Bank shall be reasonably likely to incur a liability to a Plan, a Multiemployer Plan or PBGC (or any combination of the foregoing) which is material in relation to the financial condition, operations, business or prospects taken as a whole of the Company; or

7.1.12. The Liens created hereby shall at any time not constitute a valid and perfected Lien on the Collateral described therein (to the extent perfection by filing, registration, recordation or possession is required herein or therein) in favor of the Bank, free and clear of all other Liens (other than Permitted Liens), or any of the provisions hereof shall at any time cease to be in full force and effect or shall be declared null and void or the validity or enforceability thereof shall be contested by the Company; or

7.1.13. The Guarantor dies or defaults under the Guaranty to the Bank.

THEREUPON, (a) in the case of an Event of Default (other than an Event of Default referred to in Sections 7.1.8 or 7.1.9), the Bank may and shall, by notice to the Company, cancel the Revolving Credit Commitment and/or declare the principal amount then outstanding of, and the accrued interest on, the Loans and all other amounts payable by the Company hereunder and under the Note to be forthwith due and payable, whereupon such amounts shall be immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by the Company; and (b) in the case of the occurrence of an Event of Default referred to in Sections 7.1.8 or 7.1.9, the Revolving Credit Commitment shall automatically be cancelled and the principal amount then outstanding of, and the accrued interest on, the Loans and all other amounts payable by the Company hereunder and under the Note shall automatically become immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by the Company. The Bank shall have the right to assess a late payment processing fee in the amount of the greater of \$50 or 5% of the scheduled payment if a payment of principal, interest or fees is not paid within 12 days of the date such payment is due hereunder.

Section 8. Miscellaneous.

8.1. Waiver. No failure on the part of the Bank to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Agreement or any Note shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement or any Note operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement or any Note preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

8.2. Notices. Except as otherwise expressly provided herein, all notices and other communications provided for herein (including, without limitation, any modifications of, or waivers or consents under, this Agreement) shall be given or made by telex, telecopy, fax,

telegraph, cable or in writing and telexed, telecopied, faxed, telegraphed, cabled, mailed or delivered to the intended recipient at the "Address for Notices" specified below its name on the signature pages hereof or, as to any party, at such other address as shall be designated by such party in a notice to the other party. Except as otherwise expressly provided herein, all such communications shall be deemed to have been duly given when transmitted by telex, telecopier or fax, delivered to the telegraph or cable office or personally delivered or, in the case of a mail notice, upon receipt, in each case given or addressed as aforesaid.

8.3. Expenses, Etc. The Company agrees to pay or reimburse the Bank for: (a) all reasonable out-of-pocket costs and expenses of the Bank (including, without limitation, the fees and expenses of counsel to the Bank, which such legal fees shall be supported by a detailed time analysis reflecting the identity of the working attorney or paralegal, their respective billing rates, the amount of time billed and a description of the activity undertaken), in connection with (i) the negotiation, preparation, execution and delivery of this Agreement and the other Credit Documents and the extensions of credit provided for hereby and (ii) any amendment, modification or waiver (whether made effective or proposed) of any of the terms of this Agreement or any of the other Credit Documents; (b) all costs and expenses of the Bank (including reasonable counsel fees and disbursements) in connection with any Default and any enforcement or collection proceeding resulting therefrom; and (c) all transfer, stamp, documentary or other similar taxes, assessments or charges levied by any governmental or revenue authority in respect of this Agreement or any of the other Credit Documents or any other document referred to herein or therein and all costs, expenses, taxes, assessments and other charges incurred in connection with any filing, registration, recording or perfection of any security interest contemplated by this Agreement or any other Credit Document or any document referred to herein or therein. The Company hereby agrees to indemnify the Bank and their directors, officers, employees and agents from, and hold each of them harmless against, any and all losses, liabilities, claims, damages or expenses incurred by any of them arising out of or by reason of any actual or proposed use by the Company of the proceeds of any Credit Extension or any breach by the Company of any provision of this Agreement or any other Credit Document or any investigation, litigation or other proceedings (including any threatened investigation or litigation or other proceedings) relating to the foregoing, including, without limitation, the reasonable fees and disbursements of counsel incurred in connection with any such investigation or litigation or other proceedings (including counsel fees and disbursements incurred in establishing the right to indemnity but excluding any such losses, liabilities, claims, damages or expenses incurred by reason of the gross negligence or willful misconduct of the Person to be indemnified). Neither the Bank nor the Company shall be responsible or liable to the other or any other Person for any consequential damages which may be alleged as a result of this Agreement or any other Credit Document.

8.4. Amendments, Etc. Except as otherwise expressly provided herein, any provision of this Agreement or the Note may be amended or modified only by an instrument in writing signed by the Company and the Bank, and any provision of this Agreement may be waived by the Bank.

8.5. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

8.6. Assignments and Participations.

8.6.1. The Company may not assign its rights or obligations hereunder or under the Note without the prior consent of the Bank.

8.6.2. The Bank may not assign any of its Loans, its Note or its Revolving Credit Commitment without the prior consent of the Company (which consent shall not be unreasonably withheld), *provided* that upon prior written notice to the Company, the Bank may assign to its Affiliates all or any portion of its Loans, its Note or its Revolving Credit Commitment. Upon written notice to the Company of an assignment permitted by the provisions of the preceding sentence (which notice shall identify the assignee, the amount of the Revolving Credit Commitment and Loans assigned), and upon the effectiveness of any assignment consented to by the Company, the assignee shall have, to the extent of such assignment (unless otherwise provided in such assignment with the consent of the Company), the obligations, rights and benefits of the Bank hereunder holding the Commitments or Loans (or portions thereof) assigned to it (in addition to the Revolving Credit Commitment and Loans, if any, theretofore held by such assignee) and the Bank shall, to the extent of such assignment, be released from the Revolving Credit Commitment (or portions thereof) so assigned.

8.6.3. The Bank may sell or agree to sell to one or more other Persons a participation in all or any part of any Loan held by it or any Loan made or to be made by it, in which event each such participant shall be entitled to the rights and benefits of the provisions hereof with respect to its participation in such Loan as if (and the Company shall be directly obligated to such participant under such provisions as if) such participant were a "Bank" for purposes hereof, but shall not have any other rights or benefits under this Agreement, any Note or any other Credit Document (the participant's rights in respect of such participation to be those set forth in the Participation Agreement executed by the Bank in favor of the participant). The Bank shall be obligated to the participants under the Participation Agreement to take or refrain from taking any action hereunder or under any Credit Document or under the Note as set forth therein.

8.6.4. The Bank may furnish any information concerning the Company in the possession of the Bank from time to time to assignees and participants (including prospective assignees after consent of Company and participants).

8.7. Survival. The obligation of the Company under Sections 2.9 and 8.3 hereof shall survive the repayment of the Loans and the termination for the Commitments.

8.8. Captions. The captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

8.9. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be identical and all of which, taken together, shall constitute one and the same instrument, and any of the parties hereto may execute this Agreement by signing any such counterpart.

8.10. Warrant of Attorney. The undersigned and all indorsers authorize any attorney at law, including an attorney engaged by the holder, to appear in any court of record in Columbus, Ohio, after the indebtedness evidenced hereby, or any part thereof, becomes due and waive the issuance and service of process and confess judgment against any one or more than one of the undersigned and all indorsers in favor of the holder, for the amount then appearing due, together with costs of suit and, thereupon, to release all errors and waive all rights of appeal and stay of execution, but no such judgment or judgments against any one of the undersigned shall be a bar to a subsequent judgment or judgments against any one or more than one of such persons against whom judgment has not been obtained hereon. The foregoing warrant of attorney shall survive any judgment; and if any judgment be vacated for any reason, the holder hereof nevertheless may thereafter use the foregoing warrant of attorney to obtain an additional judgment or judgments against the undersigned and all indorsers or any one or more of them. The undersigned and all indorsers hereby expressly waive any conflict of interest that the holder's attorney may have in confessing such judgment against such parties and expressly consent to the confessing attorney receiving a legal fee from the holder for confessing such judgment against such parties.

8.11. Governing Law: Submission to Jurisdiction; Waiver of Jury Trial. THIS AGREEMENT AND THE NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF OHIO. THE COMPANY HEREBY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE EASTERN DIVISION OF THE SOUTHERN DISTRICT OF OHIO AND OF ANY OHIO STATE COURT SITTING IN COLUMBUS FOR THE PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. THE COMPANY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. EACH OF THE COMPANY AND THE BANK HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. THIS PROVISION IS A MATERIAL INDUCEMENT TO THE BANK TO ENTER INTO THE FINANCING TRANSACTION. IT SHALL NOT IN ANY WAY AFFECT, WAIVE, LIMIT, AMEND OR MODIFY THE BANK'S ABILITY TO PURSUE ITS REMEDIES INCLUDING, BUT NOT LIMITED TO, ANY CONFESSION OF JUDGMENT OR COGNOVIT PROVISION CONTAINED HEREIN OR ANY OTHER DOCUMENT RELATED HERETO OR THERETO.

CONFIDENTIAL

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

WARNING - BY SIGNING THIS PAPER YOU GIVE UP YOUR RIGHT TO NOTICE AND COURT TRIAL. IF YOU DO NOT PAY ON TIME A COURT JUDGMENT MAY BE TAKEN AGAINST YOU WITHOUT YOUR PRIOR KNOWLEDGE AND THE POWERS OF A COURT CAN BE USED TO COLLECT FROM YOU REGARDLESS OF ANY CLAIMS YOU MAY HAVE AGAINST THE CREDITOR WHETHER FOR RETURNED GOODS, FAULTY GOODS, FAILURE ON HIS PART TO COMPLY WITH THE AGREEMENT OR ANY OTHER CAUSE.

VOLUNTEER ENERGY SERVICES, INC.

By: Richard A. Curnutte Sr.
Name: Richard A. Curnutte, Sr.
Its: President

Address for Notices:

800 Cross Pointe Road, Suite D
Gahanna, OH 43230
Attention: Richard A. Curnutte

With a copy to:
Thomas E. Moloney
Standard Energy Company
1105 Schrock Road
Suite 602
Columbus, Ohio 43229

FIFTH THIRD BANK

By: Edward J. Beemiller
Name: Edward J. Beemiller
Its: Vice President

Address for Notices:

21 East State Street
Columbus, OH 43215
Attention: Edward J. Beemiller

Telephone No.: 614-233-4403
Telecopy No.: 614-341-2606

COLLATERAL LOCATIONS EXHIBIT

CONFIDENTIAL

Collateral Location and Location of Books and Records

Chief Executive Office

800 Cross Pointe Road, Suite D
Gahanna, Ohio 43230

Jurisdiction of Organization

Ohio

EXHIBIT C-5

(UNDER SEAL)

CONFIDENTIAL

Volunteer Energy Services Income/Expense Projections 2002

7/16/2002

Income		Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Totals
Energy Cooperative of Ohio	COH - ECO Choice	\$28,500	\$35,508	\$53,519	\$47,068	\$28,812	\$15,048	\$12,423	\$12,840	\$12,563	\$15,420	\$28,158	\$46,037	\$335,895
	COH - ECO Traditional	\$11,250	\$13,904	\$21,513	\$17,558	\$10,532	\$4,666	\$3,645	\$3,767	\$3,767	\$3,939	\$9,701	\$16,410	\$120,551
	COH - ECO Choice	\$7,500	\$9,801	\$14,080	\$13,950	\$7,778	\$5,290	\$5,172	\$5,378	\$5,146	\$5,988	\$8,417	\$13,003	\$101,504
	COH - ECO Full Requirements	\$8,750	\$9,874	\$14,668	\$10,612	\$7,021	\$3,181	\$1,701	\$1,717	\$1,772	\$2,928	\$4,545	\$7,129	\$73,998
	COH - ECO Full Requirements	\$1,000	\$1,233	\$1,198	\$2,084	\$1,348	\$543	\$573	\$401	\$145	\$413	\$802	\$1,194	\$10,934
Load Growth (2%/month)		\$0	\$896	\$2,068	\$2,664	\$2,134	\$1,368	\$1,331	\$1,577	\$1,733	\$2,352	\$4,693	\$8,302	\$28,909
Direct Customer		\$23,231	\$26,074	\$31,995	\$25,724	\$14,578	\$6,381	\$10,979	\$13,277	\$16,160	\$22,740	\$47,198	\$88,502	\$326,839
Tops - COH	Tops - COH	\$688	\$888	\$1,227	\$1,301	\$772	\$465	\$509	\$339	\$347	\$346	\$588	\$644	\$7,914
	Tops - EOG	\$4,680	\$4,680	\$4,680	\$4,686	\$3,226	\$1,630	\$1,345	\$1,022	\$821	\$1,026	\$1,280	\$2,063	\$11,013
	Hukli Chemical - EOG	\$927	\$927	\$976	\$1,092	\$838	\$748	\$879	\$856	\$1,004	\$870	\$1,094	\$930	\$11,062
	North Central - EOG	\$387	\$387	\$315	\$389	\$350	\$394	\$331	\$359	\$387	\$344	\$436	\$343	\$4,441
	North Central - COPA	\$287	\$297	\$843	\$459	\$408	\$186	\$338	\$262	\$416	\$488	\$166	\$274	\$4,242
Kentucky Buyers Club - CKY/Phase II	Kentucky Buyers Club - CKY/Phase II	\$3,000	\$4,254	\$3,170	\$2,538	\$1,325	\$446	\$394	\$407	\$407	\$394	\$1,303	\$2,719	\$20,357
	Kentucky Buyers Club - COH	\$0	\$0	\$2,284	\$1,628	\$922	\$237	\$170	\$175	\$175	\$170	\$665	\$1,481	\$7,923
	Capital Mfg. - COH	\$1,439	\$1,439	\$1,191	\$961	\$228	\$148	\$14	\$78	\$88	\$81	\$185	\$326	\$6,155
	Columbus International Air Center - COH	\$7,304	\$7,304	\$11,234	\$7,426	\$2,838	\$289	\$349	\$148	\$89	\$266	\$1,225	\$3,808	\$42,209
	Energy Cooperative of New York	\$4,500	\$5,556	\$5,076	\$3,945	\$2,532	\$1,140	\$648	\$854	\$676	\$1,077	\$1,731	\$2,715	\$30,249
Jerry & Mark New Lead		\$0	\$632	\$1,275	\$1,521	\$1,139	\$819	\$842	\$841	\$763	\$960	\$1,513	\$3,417	\$13,325
Load Growth (2%/month)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Income Totals		\$51,731	\$61,581	\$85,513	\$72,792	\$43,390	\$21,430	\$23,402	\$26,117	\$28,723	\$38,159	\$75,355	\$134,539	\$662,734

Expenses		Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Totals
Salaries	Salaries	\$17,083	\$17,083	\$17,083	\$17,083	\$17,083	\$17,083	\$25,417	\$25,417	\$25,417	\$25,417	\$25,417	\$25,417	\$255,000
	Rick Cumula Sr. - President	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$120,000
	EOG & COH Salesman - Rick Cumula Jr.	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$50,000
	Salesman - Jerry Smith	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$2,917	\$36,000
	Salesman - Mark Stages	\$1,708	\$1,708	\$1,708	\$1,708	\$1,708	\$1,708	\$2,542	\$2,542	\$2,542	\$2,542	\$2,542	\$2,542	\$25,000
Payroll Expense (10% of payroll)	Payroll Expense (10% of payroll)	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$27,600
	Medical Insurance	\$1,204	\$1,204	\$1,204	\$1,204	\$1,204	\$1,204	\$1,204	\$1,204	\$1,204	\$1,204	\$1,204	\$1,204	\$14,448
	Accounting Services	\$2,408	\$2,408	\$2,408	\$2,408	\$2,408	\$2,408	\$2,408	\$2,408	\$2,408	\$2,408	\$2,408	\$2,408	\$28,896
	Consulting Services	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$28,800
	Rent	\$9,751	\$11,626	\$16,231	\$13,893	\$8,325	\$4,145	\$4,249	\$4,628	\$4,989	\$5,522	\$12,686	\$22,379	\$119,424
LepCorp Mgmt Fees (\$0.05/Dth)	LepCorp Mgmt Fees (\$0.05/Dth)	\$0	\$0	\$0	\$0	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$40,000
	Standard Energy Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Slate & Local Taxes	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
	Office Supplies	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$1,680
	Internet Access	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000
Telephone	Telephone	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000
	Travel, Hotel & Meals	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
	Misc.	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$300
	Bank Svce. Charges	\$37,520	\$39,395	\$43,999	\$41,662	\$41,094	\$36,914	\$47,584	\$47,963	\$48,325	\$49,857	\$58,022	\$65,714	\$556,048
	Total Expenses	\$14,211	\$22,186	\$41,514	\$31,130	\$2,296	\$15,484	\$24,182	\$21,846	\$19,601	\$11,697	\$19,334	\$68,825	\$688,686
Net Income Totals		\$14,211	\$36,398	\$77,912	\$109,042	\$111,338	\$95,854	\$71,673	\$49,826	\$30,225	\$18,527	\$37,861	\$106,686	\$0
Cumulative		\$14,211	\$50,696	\$128,608	\$237,650	\$348,988	\$444,842	\$516,515	\$566,341	\$596,566	\$615,093	\$654,927	\$761,541	\$1,418,231

Volunteer Energy Services
Managed Load 2002

Energy Cooperative of Ohio	Margin	Dec-01	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Totals
COH - ECO Choice	\$0.250	45,000	55,616	80,052	70,231	42,128	18,664	14,581	15,068	15,068	15,366	38,802	65,639	96,014	535,217
COH - ECO Traditional	\$0.250	30,000	38,204	56,310	55,799	31,111	21,161	20,688	21,513	20,585	23,953	33,688	62,013	70,049	485,864
DEO - ECO Choice	\$0.250	35,000	38,495	58,672	43,249	28,085	12,726	6,805	6,888	7,089	11,311	18,179	28,514	44,677	305,669
DEO - ECO Full Requirements	\$0.250	4,000	4,931	4,798	8,337	5,390	2,171	2,293	1,604	678	1,560	3,209	4,775	5,240	44,978
DEO - ECO Full Requirements Load Growth (2%/month)	\$0.250		2,785	8,234	10,657	9,537	5,472	5,324	6,307	6,931	9,409	18,772	33,207	54,619	170,284
Totals		114,000	142,031	214,074	188,273	115,249	60,193	49,891	51,380	50,251	61,879	112,531	184,148	282,199	1,511,780
Direct Customer															
Tops - COH	\$0.250	2,752	2,762	4,908	5,202	3,087	1,880	2,037	1,398	1,386	1,385	2,351	2,576	3,940	32,843
Tops - EOG	\$0.250	18,760	18,760	18,414	17,864	12,805	6,761	5,380	4,087	3,686	4,105	5,119	8,210	11,433	116,733
Hukil Chemical - EOG	\$0.300	3,081	3,081	3,253	3,639	2,794	2,493	2,930	2,854	3,348	2,900	3,648	2,767	3,127	38,844
North Central - EOG	\$0.300	1,281	1,281	1,060	1,286	1,186	1,312	1,102	1,231	1,322	1,146	1,454	1,142	1,248	14,739
North Central - COPA	\$0.300	989	989	2,142	1,630	1,359	652	1,128	874	1,386	1,025	553	814	1,480	14,832
Kentucky Buyers Club - CKY (Phase I)	\$0.300	10,000	14,180	10,568	8,451	4,418	1,484	1,313	1,357	1,367	1,313	4,343	9,064	14,121	71,879
Kentucky Buyers Club - CKY (Phase II)	\$0.300			7,612	6,421	2,740	780	586	593	593	586	2,282	4,935	7,774	33,852
Captrol Mfg. - COH	\$0.300	4,795	4,795	3,971	3,204	760	484	45	289	288	204	618	1,087	1,570	17,283
Columbus International Air Center - COH	\$0.300	24,346	24,346	37,447	24,782	9,793	988	1,164	482	208	951	4,083	12,027	18,434	132,784
Energy Cooperative of New York	\$0.300	15,000	18,520	16,920	13,150	8,440	3,800	2,160	2,190	2,250	3,590	5,770	9,060	14,180	100,010
Jerry & Mark New Load	\$0.300							15,317	23,788	31,084	47,767	104,833	200,284	361,244	774,287
Load Growth (2%/month)			1,774	4,261	5,071	3,797	2,084	2,139	2,138	2,545	3,201	6,044	11,390	18,073	62,489
Totals		81,023	90,497	110,537	89,590	51,259	22,708	35,281	41,199	49,532	68,753	141,099	253,426	444,922	1,408,504
Totals		195,023	232,528	324,611	277,863	166,508	82,901	84,972	92,580	99,784	130,432	253,729	447,574	726,821	2,920,284

Volunteer Energy Services Income/Expense Projections 2003

7/19/2002

Income											
	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Totals
Energy Cooperative of Ohio	\$62,080	\$80,756	\$68,469	\$59,751	\$43,329	\$23,868	\$14,874	\$15,259	\$13,955	\$17,039	\$483,029
COH - ECO Choice	\$28,118	\$30,030	\$25,195	\$20,016	\$12,226	\$5,750	\$4,013	\$4,147	\$4,147	\$4,228	\$104,552
COH - ECO Traditional	\$22,779	\$30,743	\$23,966	\$23,034	\$18,676	\$11,298	\$6,319	\$6,562	\$5,819	\$6,596	\$163,863
EOG - ECO Choice	\$11,016	\$14,388	\$13,145	\$10,216	\$6,557	\$2,952	\$1,678	\$1,594	\$1,748	\$2,789	\$77,694
EOG - ECO Full Requirements	\$2,168	\$4,012	\$3,530	\$3,104	\$2,461	\$1,698	\$1,271	\$983	\$316	\$830	\$23,848
Load Growth (2%/month)	\$0	\$1,583	\$2,633	\$3,382	\$3,210	\$2,170	\$1,694	\$1,874	\$1,325	\$2,599	\$35,618
Direct Customer	\$106,637	\$121,715	\$118,055	\$109,865	\$63,067	\$31,814	\$9,153	\$10,300	\$12,383	\$17,188	\$701,308
Tops - COH	\$986	\$1,330	\$1,003	\$1,217	\$876	\$763	\$587	\$398	\$347	\$346	\$8,956
Tops - EOG	\$2,858	\$5,198	\$4,712	\$4,593	\$3,179	\$2,224	\$1,597	\$1,022	\$921	\$1,026	\$20,661
Hukill Chemical - EOG	\$782	\$922	\$950	\$984	\$809	\$652	\$740	\$714	\$637	\$725	\$9,818
North Central - EOG	\$312	\$189	\$260	\$232	\$289	\$256	\$255	\$308	\$331	\$287	\$3,375
North Central - COPA	\$370	\$208	\$271	\$139	\$264	\$174	\$282	\$219	\$347	\$406	\$3,035
Kentucky Buyers Club - CKY (Phase I)	\$3,630	\$4,203	\$3,366	\$2,467	\$1,284	\$424	\$332	\$399	\$338	\$328	\$18,984
Kentucky Buyers Club - CKY (Phase II)	\$1,944	\$2,220	\$1,800	\$1,291	\$652	\$188	\$139	\$146	\$146	\$142	\$10,479
Capitol Mtg. - COH	\$393	\$1,199	\$983	\$601	\$190	\$124	\$11	\$65	\$72	\$51	\$4,323
Columbus International Air Center - COH	\$4,109	\$6,086	\$9,362	\$6,188	\$2,448	\$250	\$291	\$123	\$76	\$238	\$33,196
Energy Cooperative of New York	\$3,545	\$4,830	\$4,230	\$3,298	\$2,110	\$950	\$540	\$545	\$533	\$698	\$25,003
Jerry & Mark New Load	\$87,811	\$95,000	\$90,000	\$87,500	\$50,000	\$25,000	\$3,829	\$5,947	\$7,771	\$11,942	\$541,074
Load Growth (2%/month)	\$0	\$524	\$1,079	\$1,268	\$968	\$619	\$570	\$585	\$638	\$800	\$11,356
Gross Income Totals	\$168,718	\$202,471	\$186,524	\$169,616	\$106,396	\$55,681	\$24,027	\$25,559	\$28,338	\$34,227	\$1,184,337

Expenses											
	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Totals
Salaries	\$27,917	\$27,917	\$27,917	\$27,917	\$27,917	\$27,917	\$27,917	\$27,917	\$27,917	\$27,917	\$335,000
Rick Cumitta Sr. - President	\$11,000	\$11,000	\$11,000	\$11,000	\$11,000	\$11,000	\$11,000	\$11,000	\$11,000	\$11,000	\$132,000
EOG & COH Salesman - Rick Cumitta Jr.	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$55,000
Salesman - Jerry Smith	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$55,000
Salesman - Mark Shaggs	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$55,000
Admin. Asst. Salary - Chris Murt	\$3,167	\$3,167	\$3,167	\$3,167	\$3,167	\$3,167	\$3,167	\$3,167	\$3,167	\$3,167	\$38,000
Payroll Expense (10% of payroll)	\$2,792	\$2,792	\$2,792	\$2,792	\$2,792	\$2,792	\$2,792	\$2,792	\$2,792	\$2,792	\$33,500
Medical Insurance	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600	\$31,200
Accounting Services	\$1,204	\$1,204	\$1,204	\$1,204	\$1,204	\$1,204	\$1,204	\$1,204	\$1,204	\$1,204	\$14,448
Consulting Services	\$2,408	\$2,408	\$2,408	\$2,408	\$2,408	\$2,408	\$2,408	\$2,408	\$2,408	\$2,408	\$28,896
Rent	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$28,800
LapCorp Mgmt Fees (\$0.05/Dth)	\$33,744	\$40,494	\$37,305	\$33,923	\$21,278	\$11,136	\$4,805	\$5,112	\$5,268	\$5,845	\$238,887
Standard Energy Fees	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$60,000
Office Supplies	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
Internet Access	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$140	\$1,680
Telephone	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000
Travel, Hotel & Meals	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000
Misc.	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
Bank Svce. Charges	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$300
Total Expenses	\$79,429	\$86,180	\$82,990	\$79,608	\$66,965	\$56,822	\$50,491	\$50,797	\$50,953	\$52,531	\$785,091
Net Income Totals	\$89,289	\$116,292	\$103,534	\$90,007	\$39,432	\$1,140	(\$28,464)	(\$25,238)	(\$24,615)	(\$18,303)	\$48,359
Cumulative	\$89,289	\$205,580	\$309,114	\$399,121	\$438,553	\$437,413	\$410,949	\$385,711	\$361,096	\$342,793	\$399,246

**Volunteer Energy Services
Managed Load 2003**

Energy Cooperative of Ohio	Margin	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Totals
COH - ECO Choice	\$0.250	104,472	120,119	100,779	80,053	48,904	23,001	16,558	16,558	16,558	16,903	41,806	70,176	104,472	655,451
COH - ECO Traditional	\$0.250	91,115	122,973	95,893	92,134	75,504	45,180	25,275	26,248	23,276	26,382	41,029	63,037	91,115	728,078
DEO - ECO Choice	\$0.250	44,064	57,550	52,578	40,863	28,227	11,808	6,712	6,714	6,992	11,156	17,830	28,122	44,064	310,776
DEO - ECO Full Requirements	\$0.250	8,670	16,045	14,121	12,415	9,843	6,793	5,084	3,932	1,265	3,319	5,731	8,170	8,670	95,391
Load Growth (2%/month)	\$0.250		6,334	10,534	13,529	12,838	8,679	6,375	7,486	7,668	10,397	21,289	37,291	69,687	202,668
Totals		248,321	323,024	273,875	239,004	173,316	95,471	59,498	61,038	55,820	68,157	127,795	206,796	307,918	1,991,712
Direct Customer															
Tops - COH	\$0.250	3,940	6,321	4,013	4,869	3,600	3,013	2,207	1,366	1,388	1,385	2,351	2,576	3,940	35,980
Tops - EOG	\$0.250	11,433	20,783	18,646	18,373	12,717	8,907	6,386	4,087	3,685	4,105	5,119	8,210	11,433	122,843
Hull Chemical - EOG	\$0.250	3,127	3,897	3,801	3,535	3,237	3,408	2,959	2,854	3,348	2,900	3,648	2,767	3,127	39,272
North Central - EOG	\$0.250	1,246	755	1,038	927	1,184	1,024	1,018	1,231	1,322	1,148	1,454	1,142	1,246	13,499
North Central - COPA	\$0.250	1,480	830	1,084	556	1,014	694	1,128	874	1,385	1,625	553	914	1,480	12,138
Kentucky Buyers Club - CKY (Phase I)	\$0.250	14,121	16,811	13,985	9,837	6,134	1,987	1,328	1,367	1,357	1,313	4,343	9,054	14,121	79,877
Kentucky Buyers Club - CKY (Phase II)	\$0.250	7,774	8,919	7,199	5,162	2,608	751	554	583	583	566	2,282	4,636	7,774	41,918
Capital Mfg. - COH	\$0.250	1,570	4,705	3,971	3,204	780	494	45	259	286	204	618	1,087	1,570	17,283
Columbus International Air Center - COH	\$0.250	18,434	24,345	37,447	24,752	8,783	988	1,164	482	288	851	4,053	12,027	18,434	132,784
Energy Cooperative of New York	\$0.250	14,180	18,520	16,920	13,150	6,440	3,900	2,160	2,180	2,250	3,590	6,770	9,050	14,180	100,010
Jerry & Mark New Load	\$0.250	351,244	390,000	380,000	360,000	200,000	100,000	18,317	23,788	31,084	47,767	104,833	200,264	351,244	2,164,297
Load Growth (2%/month)	\$0.250		2,095	4,316	5,084	3,672	2,478	2,281	2,138	2,545	3,201	6,044	11,390	18,073	63,498
Totals		426,549	486,861	472,221	439,459	252,269	127,255	36,810	41,199	49,532	68,753	141,099	263,426	444,622	2,923,307
Totals		674,870	809,885	746,096	678,462	425,585	222,726	96,108	102,237	105,353	136,910	268,894	470,222	752,540	4,815,018