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July 17, 2017

Via Electronic Filing

Sharla Dillon
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243

Re: Petition of B&W Pipeline, LLC for an Increase in Rates
Docket No. 15-00042

Dear Sharla:

Please accept for filing in the above-captioned docket the attached Order from the Federal Energy Regulatory Commission granting B&W Pipeline, LLC ("B&W") a blanket certificate of limited jurisdiction pursuant to 18 C.F.R. § 284.224.

Attached also for the Commission's information, is a complete copy of the compliance filing made today by B&W Pipeline at the FERC. As directed by the FERC Order, B&W has submitted for consideration by the FERC a Statement of Operating Conditions, including rates, terms and conditions of service, applicable to gas transported by B&W in interstate commerce.

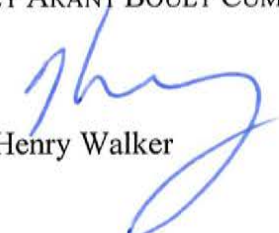
Copies of both the FERC Order and B&W's compliance filing have been sent to Mr. Vance Broemel in the Consumer Advocate's office and to Mr. H. LaDon Baltimore Baltimore, counsel for Navitas.

Sincerely,

BRADLEY ARANT BOULT CUMMINGS LLP

By:

Henry Walker

A blue ink signature of Henry Walker, written in a cursive style, is placed over the name "Henry Walker".

HW/dbi

Attachments

cc: Vance Broemel (w/ attachments)
H. LaDon Baltimore (w/ attachments)

7/4025840.1
207335-301001

FERC Order

[See attached]

159 FERC ¶ 62,297
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

B&W Pipeline, L.L.C.

Docket No. CP17-78-000

ORDER ISSUING BLANKET CERTIFICATE OF LIMITED JURISDICTION

(Issued June 15, 2017)

1. On March 17, 2017, B&W Pipeline, L.L.C. (B&W), a Hinshaw Pipeline, filed an application under section 7(c) of the Natural Gas Act (NGA) and section 284.224 of the Commission's regulations for a limited jurisdiction blanket certificate to sell or transport gas in interstate commerce.¹ B&W requests approval of rates and charges based upon its currently-effective rate schedules on file with the Tennessee Regulatory Authority (TRA). For the reasons discussed below, the requested certificate authority is granted and the proposed rate election is accepted subject to the conditions discussed herein.

Background and Proposal

2. B&W, approximately fifty-miles in length, is located entirely within Tennessee and regulated by the TRA. B&W is a Delaware limited liability company authorized to conduct business in the State of Tennessee. B&W was built in sections between 1981 and 1989. B&W initially transported gas from Tennessee gas wells to East Tennessee Natural Gas Company (East Tennessee) for redelivery in interstate commerce. As production declined and other regional market opportunities became available, B&W became a net recipient of gas from East Tennessee, delivering gas to its then affiliate, Gasco Distribution Systems, Inc. (Gasco). Gasco later filed for bankruptcy, and in 2010 B&W's current owners acquired the pipeline and local gas wells, while Navitas² acquired Gasco's distribution facilities. B&W continued to transport gas to Navitas, under a then-existing transportation service contract. Upon expiration of the contract B&W sought permission from the TRA to increase rates, but was advised that they needed to obtain a Certificate of Convenience and Necessity and limited jurisdiction blanket

¹ 18 C.F.R. § 284.224 (2016). Section 284.224 authorizes LDCs and Hinshaw pipelines to perform the same types of transactions which intrastate pipelines are authorized to perform under section 311 of the Natural Gas Policy Act (NGPA) and subparts C and D of Part 284 of the Commission's regulations.

² For the purpose of this proceeding, Navitas Utilities Corporation (Navitas) includes the two separate distribution companies of Navitas TN NG, LLC (Navitas-Tennessee), and Navitas KY NG, LLC (Navitas-Kentucky).

certificate to sell or transport gas in interstate commerce from the FERC. The TRA noted that approximately one-fourth of the total amount of gas transported on B&W's system is delivered to Navitas-Tennessee and consumed in Tennessee. Approximately three-fourth's of the gas is delivered at a meter located in Tennessee to Navitas-Kentucky, which transports the gas across the Tennessee-Kentucky line to customers in Kentucky.

3. On April 29, 2016, B&W states that it self-reported to the Federal Energy Regulatory Commission's Office of Enforcement that the pipeline has been operating without interstate authority. At the time of purchase, B&W was unaware that it needed to file with the Commission for a Blanket Certificate of Limited Jurisdiction to continue serving Navitas-Kentucky.³ B&W files this application for a blanket certificate to continue transporting gas from East Tennessee and local wells to Navitas-Kentucky for distribution to local customers in Kentucky. B&W also requests that it be allowed to charge the intrastate rates approved by the TRA for the transportation of all gas on its pipeline, whether the gas is consumed in Tennessee or Kentucky.

4. B&W states that the granting of a blanket certificate will enhance the availability of service to natural gas consumers that have no other source of natural gas in this remote, rural area.

Notice and Intervention

5. Public notice of the filing was issued on March 21, 2017. Interventions and protests were due on or before April 7, 2017. Pursuant to Rule 214 (18 C.F.R. section 385.214 (2016)), all timely filed motions to intervene and any unopposed motion to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. No protests or adverse comments were filed.

Discussion

6. Approval of the blanket certificate will allow B&W to provide service to Navitas-Kentucky and engage in other transactions of the type authorized by subparts C and D of Part 284 of the Commission's Regulations. B&W's primary role will continue to be that of a state-regulated pipeline. B&W proposes to offer firm service to the extent service can be rendered within the limits of the B&W's operating conditions and facilities. B&W's application meets the requirements of section 284.224 and, accordingly, its proposal is in the public convenience and necessity.

³ On April 13, 2017 in Docket No. CP17-171-000, Navitas-Kentucky requested a service area determination pursuant to section 7(f) of the Natural Gas Act. An order on that filing is being issued contemporaneously with this order.

7. Under section 284.224 blanket certificate authority, the rates charged by a Hinshaw pipeline may be determined by: (1) electing rates based upon a state-approved transportation rate schedules for comparable service or the methodology used in designed city-gate rates for sales or transportation service; or (2) submitting proposed rates to the Commission for approval. B&W's chose to make a rate election based upon the rates approved by the TRA. B&W's rate election meets the requirements of sections 284.123 of the Commission's regulations and is deemed to be fair and equitable. Consistent with Commission policy, B&W is required to have its rates reviewed within five years.⁴

8. No new facilities are proposed for construction in the instant application. No environmental assessment or environmental impact statement has been prepared for this application because no environmental impact will be involved with the approval of this project.

Findings:

(A) A blanket certificate of limited jurisdiction is granted under section 284.224 of the Commission's regulations authorizing B&W to engage in the sale and/or transportation of natural gas that is subject to the Commission's jurisdiction under the NGA to the same extent and in the same manner that intrastate pipelines are authorized to engage in such activity by subparts C and D of the Commission's regulations.

(B) The certificate issued by paragraph (A) above and the rights granted thereunder are conditioned upon B&W's compliance with all applicable Commission regulations under the NGA and in particular the general terms and conditions set forth in paragraphs (a) and (e) of section 157.20 of the Commission's regulations. Further, the authorization granted herein is also subject to all the terms and conditions in section 284.224 of the Commission's regulations.

(C) The rate election B&W filed pursuant to section 284.123(b) is accepted. Within 30 days of date of this order B&W must file in eTariff a rate election⁵ and

⁴ *Contract Reporting Requirements of Intrastate Natural Gas Companies*, Order No. 735, FERC Stats. & Regs. ¶ 31,310, at P 92, *order on reh'g*, Order No. 735-A, FERC Stats. & Regs. ¶ 31,318 (2010); *see also Hattiesburg Industrial Gas Sales, L.L.C.*, 134 FERC ¶ 61,236 (2011) (imposing a five-year rate review requirement on Hattiesburg Industrial Gas Sales, L.L.C.)

⁵ Under section 284.224 blanket certificate authority, the rates charged by an intrastate pipeline may be determined by: (1) electing rates based upon a state-approved transportation rate schedules for comparable service or the methodology used in designed city-gate rates for sales or transportation service; or (2) submitting proposed rates to the

Statement of Operating Conditions (SOC) as a baseline tariff⁶ in accordance with the regulations adopted in Order No. 714.⁷

9. This action is taken pursuant to the authority delegated to the Director, Division of Pipeline Regulation under 18 C.F.R. section 375.307. This action constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 C.F.R. section 385.713.

Sincerely,

Elizabeth Zerby, Acting Director
Division of Pipeline Regulation

Commission for approval.

⁶ B&W is reminded that after filing its baseline tariff it must continue to make all subsequent SOC and SOC-related filings electronically using eTariff. *Order Establishing Baseline Filing Schedule Starting April 1, 2010*, 130 FERC ¶ 61,228, at P 7 (2010).

⁷ *Electronic Tariff Filings*, Order No. 714, FERC Stats. & Regs. ¶ 31,276 (2008).

Compliance Filing with FERC

[See attached



Henry Walker
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July 17, 2017

VIA ELECTRONIC FILING

Ms. Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

Re: Compliance Filing of B&W Pipeline, LLC
Docket No.: CP17-78-00

Dear Ms. Bose:

On June 15, 2017, the Commission issued an order stating that B&W Pipeline, LLC (B&W) “must file in eTariff a rate election” and Statement of Operating Conditions within 30 days of the date of the Order and explaining that B&W may elect to submit rates pursuant to Section 284.123(b)(2). “Order Issuing Blanket Certificate of Limited Jurisdiction,” issued June 15, 2017, at pp. 3-4, footnote 5.

In accordance with the Commission’s directions, B&W elects to submit the attached rates, along with supporting schedules and exhibits, and Statement of Operating Conditions to the Commission for approval pursuant to paragraph (b)(2) of Section 284.123.

A copy of this filing has been filed with the Tennessee Public Utility Commission under Docket 15-00042 and copies provided to the parties in that docket including counsel for Navitas.

If you have any questions or concerns regarding this matter, please do not hesitate to contact me at (615) 252-2363.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS LLP

By: /s/ Henry Walker
Henry Walker

HW/dbi
Enclosures

Statement of Operating Conditions
of
B&W Pipeline, LLC

STATEMENT OF OPERATING CONDITIONS

Schedule of Specific Conditions Applicable to Transportation Service

1. AVAILABILITY

This delivery service is available on a firm or interruptible basis to any Shipper requesting transportation service pursuant to 18 C.F.R. §284.224 and it consists of the receipt of a daily quantity of gas by the Company from a Shipper at a specified Point(s) of Receipt along the Company's distribution system, the transportation of gas through the Company's facilities, and the delivery of an equivalent quantity of gas to a specified interstate Point(s) of Delivery. Firm service shall only be made available by Company when it determines, in its sole discretion, that such service can be accomplished by Company without detriment to the operation of its facilities and/or Company's ability to meet its local distribution obligations. A Customer receiving firm service shall be limited to a maximum daily quantity ("MDQ").

2. TRANSPORTATION SERVICE AGREEMENT

Once a service request is accepted by Company, Shipper must execute a transportation service agreement in the form prepared by the Company specifying, amongst other things, the maximum daily quantity. This agreement shall remain in effect for the term specified therein, or if no term is specified then indefinitely, until terminated by the Shipper or the Company upon written notice to the other. Such termination shall be effective upon the issuance of the written notice. Notwithstanding the above, the Company may terminate service at any time as provided by law or by provisions of this Statement of Operating Conditions. Service will be initiated only on the first day of the calendar month, or as agreed to by the Company.

3. OVERRUN SERVICE

Provided that the transportation and delivery of such gas for any Shipper can be accomplished by Company without detriment to the operation of its facilities and/or Company's ability to meet its other firm obligations, Company may, upon request of Shipper and after confirmation by of the interstate pipeline to which gas is being delivered, schedule on an interruptible basis quantities of gas in excess of Shipper's MDQ specified in its transportation service agreement. The delivery charge for such overrun service shall be agreed upon between Company and Shipper at the time such service is scheduled; provided however, that such charge shall not exceed the 100% load factor volumetric equivalent of the Maximum Transportation Charge specified in the Rate Summary.

4. CHARGES

4.1 Monthly Bill. The monthly bill shall consist of the sum of billings for the services as provided in this Statement of Operating Conditions and subject to the maximum rate attached hereto (which may be discounted). For billing purposes, the gas received and delivered hereunder shall be measured by metering facilities installed, operated and maintained by Company or its designee.

4.2 Disputed Bills. In the event that Shipper, in good faith, disputes any monthly bill, Shipper shall pay to Company any undisputed amount and shall notify Company in writing within fifteen (15) days following receipt of the invoice that Shipper disputes other amounts, which notice shall include adequate documentation demonstrating the amount of and basis for the dispute. The Shipper and Company shall endeavor in good

faith to resolve such dispute within thirty (30) days following Company's receipt of such notice

4.2 Late Payment. If Shipper fails to pay any undisputed amount of any invoice when the amount is due, Company may bill Shipper a charge for late payment which will be included by Company on the next regular monthly bill rendered, or by separate invoice from Company to Shipper. The charge for any undisputed late payment shall be equal to the product of the unpaid, undisputed portion of the bill, times 1.5% per month

5. TITLE

Receipt of gas by the Company for delivery service shall not vest title to the gas in the Company. Title to such gas shall remain vested in the Shipper.

6. LIABILITY

The Company shall not be liable, under any circumstances or in any respect to a Shipper, or to any other person or entity, for damages arising either directly or indirectly from curtailment, interruption or termination of delivery service that is consistent with this this Statement of Operating Conditions.

7. NOMINATIONS

7.1 Gas Day. Each Gas day shall begin and end at 10:00 A.M. Eastern Standard or Daylight-Savings Time, as applicable.

7.2 Nominations. The Shipper shall timely provide to the Company, electronically or in other format specified by the Company nominations in Mcfs for flowing gas.

Shipper may designate a nomination agent to Company for purposes of handling all of Shipper's nomination, confirmation and imbalance resolution activity.

7.3 Volume Adjustment. The quantity of gas received into the Company's system for the Shipper's account and deemed to be delivered to the Point of Delivery shall be based on timely nominations as confirmed by the Company's gas control department.

(a) Operational Flow Order Penalty Charges – When operating conditions require, the Company shall notify the Shipper, electronically or in other format specified by the Company, of the issuance of an Operational Flow Order ("OFO").

1. Notice of the commencement of an OFO shall be provided as soon as practicable. Notice of the termination of an OFO may be made at any time, and shall specify the effective date and time of the termination.
2. OFO notices will contain specific instructions as to the action(s) required of the Shipper. The Shipper shall be responsible for any communications necessary for the Shipper's compliance with OFO requirements.
3. Penalty charges for non-compliance of an OFO shall be equal to the greater of: (a) \$25.00 per Mcf, or (b) the actual cost or penalty incurred by the Company as a result of the violation by the Shipper.

8. BALANCING OF DELIVERIES

Shipper and Company shall establish, and from time to time modify, procedures, policies, and guidelines that will ensure both Shipper's and Company's ability to monitor Shipper's nominations and usage to determine if Shipper would be in compliance with all balancing requirements of the interstate pipeline to which gas is being delivered. As part of this process, Shipper or its designated agent shall inform Company of its natural gas delivery nominations and Company shall confirm such nominations with the interstate pipeline to which gas is being delivered. In addition, all Shipper contingency nominations and associated Shipper contracts applicable to daily gas deliveries shall be provided to Company for nomination to the interstate pipeline to which gas is being delivered consistent with such pipeline's rules deeming Company to be the confirming party as the gate station point operator.

All downstream Shipper contracts and contingency contracts may be ranked with the interstate pipeline to which gas is being delivered in accordance with such pipeline's Pre-Determined Allocation ("PDA") rules, as agreed to by all Shippers delivering at the same Delivery Point. Company shall allocate gas deliveries to each Delivery Point among all Shippers scheduled for delivery at such Delivery Point (i) first to such Shippers as are entitled to firm service based on the quantities received from such Shippers at the Receipt Points for delivery at the same Delivery Point up to their respective MDQs at such Delivery Point, (ii) then to Shippers receiving interruptible or overrun service for deliveries to such Delivery Point, to the extent that such services are scheduled in accordance with Section 3. In the event that daily receipts from Shippers are insufficient to meet Shippers' confirmed delivery nominations at any Delivery Point, Company will allocate deliveries at such Delivery Point in accordance with the PDA methodology agreed to by all Shippers, or if no pre-determined allocation methodology is

provided then on a pro-rata basis based on the confirmed delivery nominations at the Delivery Points.

Shipper shall at all times have at least one contract on the downstream interstate pipeline that will accept PDA nominations and Company shall be permitted to allocate Shipper imbalances to such contract. Shipper shall have the right to minimize or eliminate any penalties or imbalance charges through retroactive allocations or imbalance trades in accordance with the tariff rules of the interstate pipeline where such imbalance resides.

GENERAL TERMS AND CONDITIONS
for Service under 18 C.F.R. Section 284.224

1. STATEMENTS

1.1 Statements. On or before the fifteenth (15th) of each month, Company shall tender to Shipper a monthly statement showing the following with respect to the preceding month:

- a. The volumetric Transportation Charge and any other charges or credits applicable to Shipper's account;
- b. any applicable overrun or other surcharges multiplied by the quantity of authorized overrun service; and
- c. the total net amount due Company for services hereunder.

1.2 Verification. Both the Company and the Shipper shall have the right to examine, at reasonable times, books, records and charts of the other to the extent necessary to verify the accuracy of any statement, charge or computation made under or pursuant to any of the provisions hereof.

2. PAYMENTS

2.1 Time. Shipper shall render payment to Company for the amount due on the monthly statement on or before the last business day of each month.

2.2 Default. All bills carry the date they are placed in the mail, or, in the event bills are delivered by other means, they shall bear the date of delivery. If such failure to pay continues for thirty days after payment is due, the Company, in addition to any other remedy it may have hereunder, may, after any required application to and authorization by the governmental authority having jurisdiction, suspend further delivery of gas until such amount is paid; provided, however, that if the

Shipper in good faith shall dispute the amount of any such bill or parts thereof and shall pay to the Company such amounts as the Shipper concedes to be correct at any time thereafter, within thirty days of a demand made by the Company, the Shipper shall furnish a good and sufficient surety bond, to secure payment to the Company of the amount ultimately found due upon such bills after a final determination which may be reached either by agreement or judgment of the courts as may be the case, then the Company shall not be entitled to suspend further delivery of gas on account of such disputed claim while so secured.

- 2.3 Adjustment.** In the event an error is discovered in the amount billed in any statement rendered by the Company, such error shall be adjusted within thirty days of the determination thereof; provided that claim herefor shall have been made within sixty days from the date of discovery of such error.

3. FORCE MAJEURE

Except with regard to indemnity obligations and payment obligations hereunder, neither Company nor Shipper shall be liable in damages to the other for any act, omission, or circumstances occasioned by or in consequence of any blockades, sabotage, wars, acts of terror, insurrections, riots, epidemics, weather events, extreme cold or freezing weather, lightning, restraint of rulers and peoples, civil disturbances, terrorist activities, explosions, the failure of any upstream or downstream pipeline to take gas or install, repair or operate facilities to receive gas, strikes, lockouts, work stoppages, or other industrial disturbances, delays in action of federal, state, or local government or any agency thereof, the order of any court or governmental authority having jurisdiction, or any other cause, whether of the kind herein enumerated or

otherwise, not reasonably within the control of the Party claiming suspension and which by the exercise of due diligence such Party is unable to prevent or overcome (any such event, “Force Majeure”). In addition, solely with respect to Company, Force Majeure shall include mechanical failures, breakage of or accident to machinery, compressors, or line of pipe, and associated repairs, except to the extent that such breakage or accident is the result of Company’s failure to operate or maintain such facilities in accordance with good industry practice and in compliance with all valid and applicable laws, orders, directives, rules and regulations of governmental authorities having jurisdiction.

4. CREDITWORTHINESS

If at any time Company reasonably determines that a Shipper’s creditworthiness is unsatisfactory, Company may require such Shipper to provide credit assurance in a form and amount reasonably acceptable to Company, such as a letter of credit, third-party guarantee, deposit or prepayment. If Shipper fails to provide such credit assurance within five (5) business days after notice from Company, then Company shall have the right, at its sole election, to immediately suspend deliveries and/or to terminate the service initiation agreement in place with the Customer.

5. DEFINITIONS

5.1 Company – The term Company shall mean B&W Pipeline, LLC.

5.2 Tennessee Public Utility Commission (TPUC) – The state regulatory agency that provides oversight, policy guidance and direction to public utilities and suppliers, with respect to matters within its jurisdiction.

- 5.4 **Point of Delivery** – The point of delivery shall be the interstate pipeline point specified in the service agreement executed by the Company and the Shipper.
- 5.5 **Point of Receipt** – The point of receipt shall be the point specified in the service agreement executed by Company and Shipper.
- 5.6 **Shipper(s)** – The term Shipper(s) shall mean an entity which has executed a transportation service agreement with the Company. **B&W Pipeline, LLC**

B&W Pipeline, LLC

Rate Summary

For Section 284.224 Transportation Service *

The charges for Transportation Service under Section 284.224 shall consist of the following:

Interruptible Service Delivery Charge (per Mcf Delivered) **

Maximum Delivery Charge	\$5.4235 per Mcf
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* A Shipper's late payment obligations are specified in the Statement of Operating Conditions. See Schedule of Specific Conditions Applicable to Transportation Service.

** Company has the right to discount the rate below the maximum level.

EXHIBIT xx
SCHEDULE 1
PR17-xx

B & W Pipeline, LLC

COST OF SERVICE
12 MONTHS ENDED DECEMBER 31, 2016

LINE NO.	DESCRIPTION	REFERENCE (1)	Amount (2)
1	O&M EXPENSES	SCHEDULE 2	\$ 30,875
2	A&G EXPENSES	SCHEDULE 2	169,962
3	DEPRECIATION EXPENSE	SCHEDULE 4	167,692
4	RETURN REQUIREMENT	SCHEDULE 6	197,633
5	FEDERAL AND STATE INCOME TAXES	SCHEDULE 7	65,031
6	TAXES OTHER THAN INCOME TAXES	SCHEDULE 8	12,071
7	TOTAL COST OF SERVICE		<u>\$ 643,265</u>
8	LESS REVENUE CREDITS	SCHEDULE 9	0
9	NET COST OF SERVICE		<u>\$ 643,265</u>
10	INTRASTATE - TRANSPORTATION VOLUMES - MCF		29,332
11	INTERSTATE - TRANSPORTATION VOLUMES - MCF		89,275
12	TOTAL THROUGHPUT - MCF		<u>118,607</u>
13	UNIT RATE - \$/MCF	LN 9 / LN 13	<u>\$ 5.4235</u>

Note: These numbers are taken from the Company's 2017 Annual Report to the Tennessee Public Utility Commission, and are attached as Exhibit 1 to this filing.

EXHIBIT xx
SCHEDULE 2
PR17-xx

B & W Pipeline, LLC
O&M AND A&G EXPENSES
12 MONTHS ENDED DECEMBER 31, 2016

Line No.	FERC Acct No	Description (1)	Amount (2)
1		STORAGE EXPENSES	
2		OPERATING	
3	824	Other Expenses	\$ -
4		TOTAL STORAGE EXPENSES	<u>\$ -</u>
5		TRANSMISSION EXPENSES	
6		OPERATING	
7	851	Compressor Station Fuel & Power	\$ 4,709
8	855	System Control & Load Dispatch	\$ 4,634
9	860	Rents	\$ 68
10	859	Other Expenses	\$ -
11	863	Maintenance of Mains	\$ 21,465
12		TOTAL TRANSMISSION EXPENSES	<u>\$ 30,875</u>
13		TOTAL OPERATING & MAINTENANCE EXPENSES	<u>\$ 30,875</u>
14		ADMINISTRATIVE & GENERAL EXPENSES	
15	920	Administrative & General Salaries	\$ 136,500
16	923	Outside Services Employed	\$ 12,796
17	924	Property Insurance	\$ 1,000
18	930.2	Miscellaneous General Expenses	\$ 19,666
19		TOTAL A&G EXPENSES	<u>\$ 169,962</u>
20		TOTAL O&M and A&G EXPENSES	<u>\$ 200,837</u>

Note: These numbers are taken from the Company's 2017 Annual Report to the Tennessee Public Utility Commission, and are attached as Exhibit 1 to this filing.

EXHIBIT xx
SCHEDULE 3
PR17-xx

B & W Pipeline, LLC
GAS UTILITY PLANT IN SERVICE
12 MONTHS ENDED DECEMBER 31, 2016

LINE NO.	DESCRIPTION	FERC ACCT. NO.	GROSS PLANT AS OF 12/31/16 (1)	ACCUMULATED DDA (2)	NET PLANT AS OF 12/31/16 (3)
1	<u>TRANSMISSION PLANT</u>				
2	Rights-of-Way	365.20	\$ 108,550	\$ 0	\$ 108,550
3	Main Lines	367.00	3,120,313	(682,824)	2,437,489
4	Compressor Station - Equipment	368.00	0	0	0
5	M&R Station - Equipment	369.00	775	0	775
6	Other Equipment	371.00	0	0	0
7	TOTAL TRANSMISSION PLANT		\$ 3,229,638	\$ (682,824)	\$ 2,546,814
8	<u>GENERAL PLANT</u>				
9	Transportation Equipment	392.00	0	0	0
10	Power Operated Equipment	396.00	0	0	0
11	Miscellaneous Equipment	398.00	0	0	0
12	TOTAL GENERAL PLANT		0	0	0
13	TOTAL PLANT IN SERVICE		\$ 3,229,638	\$ (682,824)	\$ 2,546,814
14	CONSTRUCTION WORK IN PROGRESS	107.00	0	0	0
15	TOTAL PLANT		\$ 3,229,638	\$ (682,824)	\$ 2,546,814

Note: These numbers are taken from the Company's 2017 Annual Report to the Tennessee Public Utility Commission, and are attached as Exhibit 1 to this filing.

Note: A narrative explanation and accompanying documents supporting the transmission plant included above along with a description of how these assets were acquired is included as Exhibit 2 to this filing.

EXHIBIT xx
SCHEDULE 4
PR17-xx

B & W Pipeline, LLC

**DEPRECIATION EXPENSE BY FUNCTIONAL CLASSIFICATION
12 MONTHS ENDED DECEMBER 31, 2016**

<u>LINE NO.</u>	<u>GAS PLANT ACCOUNT</u>	<u>DEPRECIATION BY FUNCTIONAL CLASSIFICATION</u>	<u>REFERENCE</u> (1)	<u>DEPRECIABLE YEARS</u> (2)	<u>DEPRECIABLE PLANT</u> (3)	<u>ANNUAL DEPRECIATION (3) / (2)</u> (4)
1	365 - 371	TRANSMISSION PLANT	SCHEDULE 3	20	3,229,638	167,692
2	389 - 399	GENERAL PLANT	SCHEDULE 3	10	-	0
3		TOTAL PLANT IN SERVICE			<u>\$ 3,229,638</u>	<u>\$ 167,692</u>

Note: These numbers are taken from the Company's 2017 Annual Report to the Tennessee Public Utility Commission, and are attached as Exhibit 1 to this filing.

EXHIBIT xx
SCHEDULE 5
PR17-xx

B & W Pipeline, LLC

B & W Pipeline, LLC's owners.
CAPITAL STRUCTURE, CAPITAL COST AND RATE OF RETURN
12 MONTHS ENDED DECEMBER 31, 2016

LINE NO.	DESCRIPTION	ACTUAL CAPITAL STRUCTURE (1)	HYPOTHETICAL CAPITAL STRUCTURE RATIO (2)	CAPITAL COST FACTOR (3)	RATE OF RETURN (4)
1	LONG TERM DEBT	\$ -	50.0%	5.00%	2.50%
2	COMMON EQUITY & RETAINED EARNINGS	\$ 2,584,361	50.0%	10.51%	5.26%
3	TOTAL	<u>\$ 2,584,361</u>	<u>100.00%</u>		<u>7.76%</u>

EXHIBIT xx
SCHEDULE 6
PR17-xx

B & W Pipeline, LLC

**RATE BASE AND RETURN REQUIREMENT
12 MONTHS ENDED DECEMBER 31, 2016**

LINE NO.	DESCRIPTION	REFERENCE (1)	AMOUNT (2)
1	<u>RATE BASE AND RETURN REQUIREMENT</u>		
2	TOTAL PLANT INVESTMENT	SCHEDULE 3	\$ 3,229,638
3	LESS: ACCUMULATED DD&A	SCHEDULE 3	(682,824)
4	NET GAS UTILITY PLANT IN SERVICE	Ln 2 + Ln 3	\$ <u>2,546,814</u>
5	PLUS WORKING CAPITAL		
6	CASH WORKING CAPITAL ALLOWANCE	\$154.312(e)(1)	0
7	LINE PACK		<u>0</u>
8	LESS: DEFERRED INCOME TAXES		0
9	TOTAL RATE BASE	Ln 4 through Ln 8	\$ <u>2,546,814</u>
10	RATE OF RETURN	SCHEDULE 5	7.76%
11	RETURN REQUIREMENT	Ln 9 x Ln 10	\$ <u><u>197,633</u></u>

EXHIBIT xx
SCHEDULE 7
PR 17-xx

B & W Pipeline, LLC

**CALCULATION OF FEDERAL AND STATE INCOME TAXES
12 MONTHS ENDED DECEMBER 31, 2016**

LINE NO.	DESCRIPTION	REFERENCE (1)	AMOUNTS (2)
1	RETURN REQUIREMENT	SCHEDULE 6	\$ 197,633
2	LESS: INTEREST ON DEBT	Line 11	\$ (63,670)
3	EQUITY RETURN SUBJECT TO INCOME TAXES	Ln 1 + Ln 2	\$ 133,963
4	FEDERAL INCOME TAX RATE	/1	28.0%
5	STATE INCOME TAX RATE	/2	6.5%
6	COMPOSITE TAX RATE	F + S - (F X S)	32.68%
7	FEDERAL TAXABLE INCOME	Ln 3 x Ln 6	\$ 198,994
8	FEDERAL INCOME TAXES	Ln 4 x Ln 7	\$ 55,718
9	STATE TAXABLE INCOME	Ln 7 - Ln 8	\$ 143,276
10	STATE INCOME TAXES	Ln 5 x Ln 9	\$ 9,313
11	TOTAL FEDERAL AND STATE INCOME TAXES	32.7% Ln 9 + Ln 10	\$ <u>65,031</u>
<u>CALCULATION OF INTEREST ON DEBT</u>			
12	RATE BASE	SCHEDULE 6	\$ 2,546,814
13	DEBT COMPONENT OF RATE OF RETURN	SCHEDULE 5	2.50%
14	DEBT COMPONENT OF RETURN	Ln 12 X Ln 13	\$ <u>63,670</u>

/1 The weighted average marginal federal tax rate of B & W Pipeline, LLC's owners.

/2 The weighted average marginal state tax rate of B & W Pipeline, LLC's owners.

EXHIBIT xx
SCHEDULE 8
PR17-xx

B & W Pipeline, LLC

**CALCULATION OF TAXES OTHER THAN INCOME TAXES
12 MONTHS ENDED DECEMBER 31, 2016**

LINE NO.	DESCRIPTION	REFERENCE (1)	AMOUNT (2)
1	<u>AD VALOREM TAXES</u>		
2	ASSESSED VALUE OF ASSETS	Assessment	\$ 719,943
3	TAX RATE	Ln 4 / Ln 2	1.677%
4	AD VALOREM TAXES		\$ <u>12,071</u>
5	TOTAL TAXES OTHER THAN INCOME TAXES	Ln 4 + Ln 8	\$ <u>12,071</u>

EXHIBIT xx
SCHEDULE 9
PR17-xx

B & W Pipeline, LLC

**CREDITS TO COST OF SERVICE
12 MONTHS ENDED DECEMBER 31, 2016**

LINE NO.	MONTH	AMOUNT (1)
1	JANUARY 2016	\$ -
2	FEBRUARY 2016	0
3	MARCH 2016	0
4	APRIL 2016	0
5	MAY 2016	0
6	JUNE 2016	0
7	JULY 2016	0
8	AUGUST 2016	0
9	SEPTEMBER 2016	0
10	OCTOBER 2016	0
11	NOVEMBER 2016	0
12	DECEMBER 2016	0
13	TOTAL	<u>\$ -</u>

EXHIBIT xx
SCHEDULE 10
PR17-xx

B & W Pipeline, LLC

**RATE DESIGN VOLUMES (MCF)
12 MONTHS ENDED DECEMBER 31, 2016**

LINE NO.	MONTH	INTRASTATE TRANSPORTATION MCF VOLUMES (1)	INTERSTATE TRANSPORTATION MCF VOLUMES (2)	TOTAL MCF VOLUMES (3)
1	JANUARY 2016	2,132	11,864	13,996
2	FEBRUARY 2016	1,850	11,378	13,228
3	MARCH 2016	2,001	8,668	10,668
4	APRIL 2016	2,890	7,345	10,235
5	MAY 2016	3,301	6,233	9,534
6	JUNE 2016	1,845	4,567	6,412
7	JULY 2016	1,923	5,773	7,696
8	AUGUST 2016	1,090	4,946	6,036
9	SEPTEMBER 2016	2,244	5,059	7,302
10	OCTOBER 2016	2,240	5,944	8,184
11	NOVEMBER 2016	2,249	8,067	10,316
12	DECEMBER 2016	5,567	9,433	15,001
13	TOTAL TRANSPORT	<u>29,332</u>	<u>89,275</u>	<u>118,607</u>

Note: These numbers are taken from the Company's 2017 Annual Report to the Tennessee Public Utility Commission, and are attached as Exhibit 1 to this filing.

STATE OF TENNESSEE

COUNTY OF KNOX

We the undersigned Marcelo Recchia
and Rafael Ramon
of B&W Pipeline, LLC

on our oath do severally say that the foregoing return has been prepared,
under our direction, from the original books, papers and records of said
utility; that we have carefully examined the same, and declare the same to be
a correct statement of the business and affairs of said utility for the period
covered by the return in respect to each and every matter and thing therein
set forth, to the best of our knowledge, information and belief.

.....
(Chief Officer)

.....
(Officer in charge of accounts)

Subscribed and sworn to before me this.....
day of....., 20.....
.....
Notary Public,County,
My commission will expire.....
.....
(Seal)

AFFIDAVIT - First page of this Report

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Name of Respondent:	This report is : (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report Mar 31, 2017	Reporting Year 2016
<p>Report of: <u>B&W Pipeline, LLC</u></p> <p>Legal Name of Utility</p> <p>Mailing Address: <u>10025 Investment Drive, Suite 160 Knoxville, TN 37932</u></p> <p>Physical Address: <u>10025 Investment Drive, Suite 160 Knoxville, TN 37932</u></p> <p>Location of where records are kept <u>10025 Investment Drive, Suite 160 Knoxville, TN 37932</u></p> <p>List name, title, and mailing address of contact person for this utility:</p> <p><u>Rafael Ramon</u></p> <p><u>10025 Investment Drive, Suite 160 Knoxville, TN 37932</u></p> <p>Phone Number of contact person: <u>931-563-0100 x 314</u></p> <p>Fax number of contact person: _____</p>			

OFFICERS & MANAGERS		
NAME	TITLE	Company Responsibilities
Marcelo Recchia	General Manager	General Manager

OWNERSHIP				
Report every corporation or individual owning or holding directly or indirectly 5 percent or more of the voting securities of the reporting utility.				
Owner name	Address	Percent Ownership In Utility	Salary Charged Utility	Meetings Attended During Year
FIR Energy, LLC	1728 SW 22nd Street, Suite 800 Miami, FL 33145	100	0	N/A

Name of Respondent B&W Pipeline, LLC	This Report is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) Mar 31, 2017	Year of Report 2016	
INCOME STATEMENT				
	Reference Page #	Col. "C" This Year	Col. "D" Last Year	Col. "E" Increase or (Decrease)
UTILITY OPERATING INCOME				
Operating Revenues (400)	G-1	244,522	75,292	169,230
Operation Expense (401)	G-1	10,270	183,541	(173,271)
Maintenance Expense (402)	G-1	190,567	23,583	166,984
Depreciation Expense (403)	G-1	118,613	102,298	16,315
Amortization Expense (404-406)	G-1	49,079	-	49,079
Amortization of Property Losses & Conversion Expenses (407)	G-1	-	-	-
Taxes Other than Income Taxes, Operating Income (408.1)	G-1	40,011	32,661	7,350
Income Taxes, Utility Operating Income (409.1)	G-1	-	-	-
Provision for Deferred Inc. Taxes, Oper. Inc. (410.1)	G-1	-	-	-
Income Taxes Deferred in Prior Years-Cr. (411.1)	G-1	-	-	-
Investment Tax Credits, Deferred to Future Periods (412.1)	G-1	-	-	-
Investment Tax Credits, Restored to Operating Income (412.2)	G-1	-	-	-
Total Operating Expenses		408,540	342,083	66,457
Operating Income		(164,019)	(266,791)	102,772
Income from Utility Plant Leased to Others (413)		-	-	-
Gains (losses) from Disposition of Utility Property (414)		-	-	-
Total Operating Income		(164,019)	(266,791)	102,772
OTHER INCOME AND DEDUCTIONS				
Other Income:				
Income from Merchandising and Jobbing (415-416)		-	-	-
Income from Nonutility Operations (417)		-	-	-
Nonoperating Rental Income (418)		-	-	-
Interest and Dividend Income (419)		-	-	-
Allowance for Funds Used During Construction (420)		-	-	-
Miscellaneous Nonoperating Income (421)		-	-	-
Gains (losses) from Disposition of Property (422)		-	-	-
Total Other Income		-	-	-
Other Income Deductions:				
Miscellaneous Amortization (425)		-	-	-
Miscellaneous Income Deductions (426)		-	-	-
Total Other Income Deductions		-	-	-
Taxes Applicable to Other Income and Deductions:				
Taxes Other than Income Taxes, Other Inc. and Ded. (408.2)		-	-	-
Income Taxes, Other Income and Deductions (409.2)		-	-	-
Provisions for Deferred Inc. Taxes, Nonoperating Inc. (410.2)		-	-	-
Income taxes Deferred in Prior Years-Cr. (411.2)		-	-	-
Investment Tax Credits, Nonutility Operations, Net (412.4)		-	-	-
Investment Tax Credits, Restored to Nonoperating Income (412.3)		-	-	-
Total Taxes on Other Income and Deductions		-	-	-
Net Other Income and Deductions		-	-	-
INTEREST CHARGES				
Interest on Long-Term Debt (427)		-	-	-
Amortization of Debt Discount and Expense (428)		-	-	-
Amortization of Premium on Debt-Cr. (429)		-	-	-
Interest on Debt to Associated Companies (430)		-	-	-
Other Interest Expense (431)		-	-	-
Total Interest Charges		-	-	-
Income Before Extraordinary Items		(164,019)	(266,791)	102,772
EXTRAORDINARY ITEMS				
Extraordinary Income (433)		-	-	-
Extraordinary Deductions (434)		-	-	-
Income Taxes, Extraordinary Items (409.3)		-	-	-
Total Extraordinary Items		-	-	-
NET INCOME		(164,019)	(266,791)	102,772

Name of Respondent B&W Pipeline, LLC	This Report is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) Mar 31, 2017	Year of Report 2016	F-4	
BALANCE SHEET				1	
ASSETS AND OTHER DEBITS	Reference Page #	Col. "C" Balance First of Year	Col. "D" Balance End of Year	Col. "E" Increase or (Decrease)	2
UTILITY PLANT					3
Utility Plant (100)	F-6	3,376,875	3,229,638	(147,237)	4
Less: Accum Prov. for Deprec. and Amort. (110)	F-6	552,813	682,824	130,011	5
Net Utility Plant		2,824,062	2,546,814	(277,248)	6
OTHER PROPERTY AND INVESTMENTS					7
Nonutility Property (121)	F-6	-	-	-	8
Less: Accum. Prov. for Deprec. and Amort. (122)	F-6	-	-	-	9
Net Nonutility Property		-	-	-	10
Other Investments (124)	F-7	-	-	-	11
Special Funds (125)	F-7	-	-	-	12
Other (Please Specify)		-	-	-	13
Total Other Property and Investments		-	-	-	14
CURRENT AND ACCRUED ASSETS					15
Cash and Working Funds (131)		1,836	1,330	(506)	16
Temporary Cash Investments (132)		-	-	-	17
Notes Receivable (141)	F-7	-	-	-	18
Customer Accounts Receivable (142)	F-7	30,469	164,570	134,101	19
Other Accounts Receivable (143)	F-7	-	-	-	20
Accumulated Provisions for Uncollectible Accounts-Cr (144)	F-7	-	-	-	21
Notes Receivable from Associated Companies (145)	F-7	-	-	-	22
Accounts Receivable from Associated Companies (146)	F-7	(13,500)	146,006	159,506	23
Materials & Supplies (150)	F-8	-	-	-	24
Gas Stored Underground (164)		-	-	-	25
Liquefied Natural Gas Stored (165)		-	-	-	26
Prepayments (166)	F-8	-	-	-	27
Other Current and Accrued Assets (170)		-	-	-	28
Over Payment of Taxes		-	-	-	29
Other (Please Specify)		-	-	-	30
Total Current and Accrued Assets		18,805	311,906	293,101	31
DEFERRED DEBITS					32
Unamortized Debt Discount and Expense (181)	F-8	-	-	-	33
Extraordinary Property Losses (182)	F-8	-	-	-	34
Other Deferred Debits (183)	F-8	-	235,540	235,540	35
Other (Please Specify)		-	-	-	36
Other (Please Specify)		-	-	-	37
Total Deferred Debits		-	235,540	235,540	38
TOTAL ASSETS & OTHER DEBITS		2,842,867	3,094,259	251,392	39
NOTES TO BALANCE SHEET:					40
None.					41

Name of Respondent B&W Pipeline, LLC	This Report is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) Mar 31, 2017	Year of Report 2016	
BALANCE SHEET				
	Page #	Col. "C" Balance First of Year	Col. "D" Balance End of Year	Col. "E" Increase or (Decrease)
LIABILITIES & OTHER CREDITS				
PROPRIETARY CAPITAL				
Common Capital Stock (201)	F-9	-	-	-
Preferred Capital Stock (204)	F-9	-	-	-
Other Paid-In Capital (207)		5,803,654	5,803,654	0
Installments Received on Capital Stock (212)		-	-	-
Discount on Capital Stock (213)		-	-	-
Capital Stock Expense (214)		-	-	-
Retained Earnings (215-216)	F-9	(3,036,549)	(3,219,294)	(182,745)
Reacquired Capital Stock (217)		-	-	-
Noncorporate Proprietorship (218)		-	-	-
Other (Please Specify)		-	-	-
Other (Please Specify)		-	-	-
Total Proprietary Capital		2,767,105	2,584,361	(182,744)
LONG-TERM DEBT				
Bonds (221)	F-9	-	-	-
Advances from Associated Companies (223)	F-9	-	-	-
Other Long-term Debt (224)	F-9	-	-	-
Total Long-Term Debt		-	-	-
CURRENT & ACCRUED LIABILITIES				
Notes Payable (231)	F-10	-	-	-
Accounts Payable (232)		558,748	255,003	(303,745)
Notes Payable to Associated Companies (233)	F-10	(496,467)	237,096	733,562.53
Accounts Payable to Associated Companies (234)	F-10	-	-	-
Customer Deposits (235)		14,989	14,989	(0.10)
Taxes Accrued (236)	F-10	(1,508)	(1,469)	39.05
Interest Accrued (237)	F-11	-	-	-
Other Current and Accrued Liabilities (238)		-	4,281	4,280.73
Total Current & Accrued Liabilities		75,762	509,899	434,136.85
DEFERRED CREDITS				
Unamortized Premium on Debt (251)	F-8	-	-	-
Customer Advances for Construction (252)		-	-	-
Other Deferred Credits (253)		-	-	-
Accumulated Deferred Investment Tax Credits (255)	F-11	-	-	-
Total Deferred Credits		-	-	-
OPERATING RESERVES				
Property Insurance Reserve (261)		-	-	-
Injuries & Damages Reserve (262)		-	-	-
Pensions & Benefits Reserve (263)		-	-	-
Miscellaneous Operating Reserves (265)		-	-	-
Total Operating Reserves		-	-	-
CONTRIBUTIONS IN AID OF CONSTRUCTION				
Contributions In Aid of Construction	F-10	-	-	-
ACCUMULATED DEFERRED INCOME TAXES				
Accumulated Deferred Income Taxes-Accelerated Amortization (281)		-	-	-
Accumulated Deferred Income Taxes-Liberalized Depreciation (282)		-	-	-
Accumulated Deferred Income Taxes-Other (283)		-	-	-
Total Accumulated Deferred Income Taxes		-	-	-
TOTAL LIABILITIES AND OTHER CREDITS		2,842,867	3,094,259	251,392

Name of Respondent B&W Pipeline, LLC	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report Mar 31, 2017	Year of Report 2016
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NET UTILITY PLANT

Report utility plant accounts and related accumulated provisions for depreciation and amortization after any allocation of common plant accounts and related provisions for depreciation and amortization.

	Column "B" Amount
Plant Accounts:	
Utility Plant in Service (101)	\$ 3,229,638
Utility Plant Purchased or Sold (102)	\$ -
Utility Plant in Process of Reclassification (103)	\$ -
Utility Plant Leased to Others (104)	\$ -
Property Held for Future Use (105)	\$ -
Construction Work in Progress (107)	\$ -
Utility Plant Acquisition Adjustments (108)	\$ -
Other Utility Plant Adjustments (109)	\$ -
Total Utility Plant	\$ 3,229,638
Accumulated Provision for Depreciation, Depletion, and Amortization of Utility Plant	\$ 682,824
Net Utility Plant	<u>\$ 2,546,814</u>

ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF UTILITY PLANT

	Amount
Balance first of Year	\$ 552,813
Credits During Year:	
Accruals charged depreciation account	\$ 118,613
Accruals charged other accounts (Please Specify)	\$ -
Accruals charged other accounts (Please Specify)	\$ -
Salvage	\$ -
Other Credits -To adjust books	\$ 11,398
Total Credits During Year	\$ 130,011
Debits During Year:	
Book Cost of Plant Retired	\$ -
Cost of Removal	\$ -
Other Debits (Asset Retirement Obligation-Accretion Expense)	\$ -
Other Debits (Please Specify)	\$ -
Other Debits (Please Specify)	\$ -
Total Debits During Year	\$ -
Balance End of Year	<u>\$ 682,824</u>

NET NONUTILITY PROPERTY (Accounts 121 and 122)

Report separately each item of property with a book cost of \$5,000 or more included in Account 121. Other items may be grouped by classes of property.

Description	Balance First of Year	Additions During Year	Deductions During Year	Balance end of Year
Item 1	-	-	-	N/A
Item 2	-	-	-	\$ -
Item 3	-	-	-	\$ -
Item 4	-	-	-	\$ -
Item 5	-	-	-	\$ -
Item 6	-	-	-	\$ -
Item 7	-	-	-	\$ -
Total Nonutility Property (121)	-	-	-	\$ -
Less Accum. Depr. and Amort. (122)	-	-	-	\$ -
Net Nonutility Plant	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Name of Respondent B&W Pipeline, LLC	This Report is: (1) X An Original (2) A Resubmission	Date of Report Mar 31, 2017	Year of Report 2016
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OTHER INVESTMENTS AND SPECIAL FUNDS

Report all investments carried in Account 124, Other Investments, and Account 125, Special Funds. Show totals by accounts.

Report all investments carried in account 124, Other Investments, and account 128, Special Fund, when held by		Col. "C"
Description of Security or Special Fund	Face or Par Value	Book Cost End of Year
N/A		
Total		\$ -

NOTES AND ACCOUNTS RECEIVABLE

Report notes and accounts receivable included in Accounts 141, 142, 143, 145, and 146.

Account	Col. "C" Amount
Notes Receivable (141)	\$ -
Customer Accounts Receivable - Utility (142)	\$ 164,570
Customer Accounts Receivable - Merchandise & Jobbing (142)	\$ -
Other Accounts Receivable (143)	\$ -
Notes Receivable from Associated Companies (145)	\$ -
Accounts Receivable from Associated Companies (146)	\$ 146,006
Total	\$ 310,576

ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS (Account 144)

	Amount
Balance First of Year	\$ -
Additions:	
Provision for Uncollectibles During Year	\$ -
Collection of Utility Accounts Previously Written Off	\$ -
Collection of Other Accounts Previously Written Off	\$ -
Total Additions	\$ -
Deductions:	
Utility Accounts Written Off During Year	\$ -
Other Accounts Written Off During Year	\$ -
Total Deductions	\$ -
Balance End of Year	\$ -

Name of Respondent B&W Pipeline, LLC	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) Mar 31, 2017	Year of Report 2016
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MATERIALS AND SUPPLIES (Account 150)		Column "A" Balance End of Year
Fuel		N/A
Gas Plant Materials & Operating Supplies	\$	-
Merchandise	\$	-
Other Materials & Supplies	\$	-
Total Materials and Supplies	\$	-

PREPAYMENTS (Account 166)		Balance End of Year
Prepaid Insurance	\$	-
Prepaid Rents	\$	-
Other Prepayments (Please Specify)	\$	-
Other Prepayments (Please Specify)	\$	-
Other Prepayments (Please Specify)	\$	-
Total Prepayments	\$	-

UNAMORTIZED DEBT DISCOUNT AND EXPENSE AND PREMIUM OF DEBT		
Report net discount and expense or premium separately for each security issue.		
Debt Issue to Which Related	Column "B" Amount written off during year	Column "C" Balance End of Year
Unamortized Debt Discount and Expense (181):		
Issue #1	N/A	N/A
Issue #2	\$ -	\$ -
Issue #3	\$ -	\$ -
Issue #4	\$ -	\$ -
Issue #5	\$ -	\$ -
Total Unamortized Debt Discount and Expense	\$ -	\$ -
Unamortized Premium on Debt (251):		
Issue #1	N/A	N/A
Issue #2	\$ -	\$ -
Issue #3	\$ -	\$ -
Issue #4	\$ -	\$ -
Issue #5	\$ -	\$ -
Total Unamortized Premium on Debt	\$ -	\$ -

MISCELLANEOUS DEFERRED DEBITS		Balance End of Year
Extraordinary Property Losses (182)	\$	-
Other Deferred Debits (183)	\$	235,540
Other (Please Specify)	\$	-
Other (Please Specify)	\$	-
Total Miscellaneous Deferred Debits	\$	235,540

Name of Respondent B&W Pipeline, LLC	This Report is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) Mar 31, 2017	Year of Report 2016
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NOTES AND ACCOUNTS PAYABLE (Accounts 231, 233, and 234)				
Description	Date of Issue	Interest Rate	Amount	
			Column "D"	
Notes Payable (Account 231):			N/A	
Issue #1			\$ -	
Issue #2			\$ -	
Issue #3			\$ -	
Issue #4			\$ -	
Issue #5			\$ -	
Total Notes Payable			\$ -	
Notes Payable to Associated Companies (233):				
21231 - FWM			\$ 11,400	
21233 - Rugby, LLC			\$ 83,421	
21234 - Enrema, LLC			\$ 140,474	
21235 - Chattanooga, LLC			\$ 1,200	
21235 - Tom			\$ 600	
Total Notes Payable to Associated Companies			\$ 237,096	
Accounts Payable to Associated Companies (234):				
Accounts Payable			\$ -	
Meter Deposits			\$ -	
Payable #3			\$ -	
Payable #4			\$ -	
Payable #5			\$ -	
Total Accounts Payable to Associated Companies			\$ -	
TAXES ACCRUED (Account 236)				
	Balance First of Year	Accruals	Payments	Balance End of Year
Tennessee Franchise Tax	\$ (2,814)	\$ (1,531)	\$ (2,814)	\$ (1,531)
Tennessee Excise Tax	\$ -	\$ -	\$ -	\$ -
Tennessee Ad Valorem Tax	\$ -	\$ -	\$ -	\$ -
Tennessee Gross Receipts Tax	\$ -	\$ -	\$ -	\$ -
Tennessee Sales & Use Tax	\$ 1,305	\$ 62	\$ 1,305	\$ 62
Social Security Tax	\$ -	\$ -	\$ -	\$ -
Federal Income Tax	\$ -	\$ -	\$ -	\$ -
Tennessee Income Tax	\$ -	\$ -	\$ -	\$ -
Tennessee Severance Tax	\$ -	\$ -	\$ -	\$ -
Other (Please Specify)	\$ -	\$ -	\$ -	\$ -
Total	\$ (1,509)	\$ (1,469)	\$ (1,509)	\$ (1,469)
CONTRIBUTIONS IN AID OF CONSTRUCTION (Account 271)				
Description	Column "B" Amount			
Balance First of Year	N/A			
Add Credits During Year	\$ -			
Deduct Charges During Year	\$ -			
Balance End of Year	\$ -			
Provide Details of any Credits to Contributions in Aid of Construction in the space below.				

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INTEREST ACCRUED (Account 237)	Col. "B"	Col. "C"	Col. "D"	Col. "E"
Description of Obligation	Balance First of Year	Interest Accrued	Interest Paid	Balance End of Year
N/A	\$ -	\$ -	\$ -	\$ -
Obligation #2	\$ -	\$ -	\$ -	\$ -
Obligation #3	\$ -	\$ -	\$ -	\$ -
Obligation #4	\$ -	\$ -	\$ -	\$ -
Obligation #5	\$ -	\$ -	\$ -	\$ -
Obligation #6	\$ -	\$ -	\$ -	\$ -
Obligation #7	\$ -	\$ -	\$ -	\$ -
Obligation #8	\$ -	\$ -	\$ -	\$ -
Obligation #9	\$ -	\$ -	\$ -	\$ -
Obligation #10	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -

INCOME FROM MERCHANDISING, JOBBING AND CONTRACT WORK (Accounts 415-416)	
Particulars	Amount
Gross Sales	N/A
Less Deductions:	
Discounts and Allowances	\$ -
Merchandise Returns	\$ -
Other (Please Specify)	\$ -
Other (Please Specify)	\$ -
Total Deductions	\$ -
Net Sales	\$ -
Cost of Merchandise Sold	\$ -
Gross Profit from Sales	\$ -
Less Expenses (List by Major Classes)	
Expense #1	\$ -
Expense #2	\$ -
Expense #3	\$ -
Expense #4	\$ -
Expense #5	\$ -
Total Expenses	\$ -
Net Income (Loss) Before Taxes	\$ -

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)				
Description	Balance Beg of Year	Charges During Year	Credits During Year	Balance End of Year
Utility	\$ -	\$ -	\$ -	N/A
Non Utility	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -

Name of Respondent B&W Pipeline, LLC	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) Mar 31, 2017	Year of Report 2016
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OTHER INCOME

Report revenues and expenses relating to accounts 413, 414, 417, 418, 419, 421, & 422 before taxes.

Description of Income or Expense	Revenues	Expenses	Net Income
Income from Utility Plant Leased to Others (413)	\$ -	\$ -	\$ -
Gains (Losses) from Disposition of Utility Property (414)	\$ -	\$ -	\$ -
Income from Nonutility Operations (417)	\$ -	\$ -	\$ -
Nonoperating Rental Income (418)	\$ -	\$ -	\$ -
Interest and Dividend Income (419)	\$ -	\$ -	\$ -
Miscellaneous Nonoperating Income (421)	\$ -	\$ -	\$ -
Gains (Losses) from Disposition of Property (422)	\$ -	\$ -	\$ -
Total Other Income	\$ -	\$ -	\$ -

MISCELLANEOUS INCOME DEDUCTIONS

Report items included in accounts 425 and 426 and totals for each account.

Description of Item	Amount
Miscellaneous Amortization (425):	
Amortization of Utility Plant Acquisition Adjustments	N/A
Amortization of Unauthorized Extraordinary Property Losses	\$ -
Amortization of Capital Stock Discount or Expenses	\$ -
Other (Please Specify)	\$ -
Other (Please Specify)	\$ -
Total Miscellaneous Amortization	\$ -
Miscellaneous Income Deductions (426):	
Charitable, Social, and Community Welfare Donations	N/A
Utility Beneficiary Life Insurance Premiums on Employees (Net)	\$ -
Regulation Penalties and Fines	\$ -
Lobbying Expenses	\$ -
Write-offs and Write-down's of investments in securities	\$ -
Loss on sale of Investments	\$ -
Loss on reacquisition, resale or retirement of utility's debt securities	\$ -
Preliminary Survey & Investigation expenses relating to abandoned projects	\$ -
Other (Please Specify)	\$ -
Other (Please Specify)	\$ -
Total Miscellaneous Income Deductions	\$ -

SALARIES AND WAGES

Report total compensation paid each employee earning over \$30,000 annually either directly or indirectly through allocations to the utility.

Name	Title	Total Wages	Locally Allocated Wages
N/A		\$ -	\$ -
		\$ -	\$ -
		\$ -	\$ -
		\$ -	\$ -
		\$ -	\$ -
		\$ -	\$ -
		\$ -	\$ -
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		\$ -	\$ -
		\$ -	\$ -
		\$ -	\$ -
		\$ -	\$ -
Total		\$ -	\$ -

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GAS OPERATING REVENUES AND EXPENSES	Column "B" MCF Sold	Column "C" Average No. of Customers	Column "D" Revenues
OPERATING REVENUES - SALES OF GAS			
Residential Sales (480)	-	-	-
Commercial Sales (481.1)	-	-	-
Industrial Sales (481.2)	-	-	-
Sales for Resale (483)	29,332	-	194,995
Interdepartmental Sales (484)	-	-	49,526
Total Sales of Gas	29,332	-	244,522
OTHER GAS REVENUES			
Forfeited Discounts (487)			\$ -
Miscellaneous Service Revenues (488)			\$ -
Revenues from Transportation of Gas of Others (489)			\$ -
Rent from Gas Property (493)			\$ -
Interdepartmental Rents (494)			\$ -
Other Gas Revenues (490, 491, 492, 495)			\$ -
Total Other Operating Revenues			\$ -
Total Operating Revenues			\$ 244,522
OPERATING EXPENSES			
Total Operation and Maintenance Expenses			\$ 200,837
Depreciation Expenses (403)			\$ 118,613
Amortization of Limited-term Utility Plant (404)			\$ 49,079
Amortization of Other Utility Plant (405)			\$ -
Amortization of Utility Plant Acquisition Adjustment (406)			\$ -
Amortization of Property Losses (407.1)			\$ -
Taxes Other Than Income (408.1)			\$ 40,011
Income Taxes (409.1)			\$ -
Provision for Deferred Income Taxes, Utility Operating Income (410.1)			\$ -
Income Taxes Deferred in Prior Years - Credit, Utility Operating Income (411.1)			\$ -
Investment Tax Credits, Deferred to Future Periods (412.1)			\$ -
Investment Tax Credits, Restored to Operating Income (412.2)			\$ -
Total Operating Expenses			\$ 408,540
Operating Income			\$ (164,019)
COMMUNITIES SERVED			
Cities, Towns & Villages		Customers End of Year	
Navitas Utility Corporation		1	
Rugby, LLC		1	
Location #3		-	
Location #4		-	
Location #5		-	
Location #6		-	
Location #7		-	
Location #8		-	
Location #9		-	
Location #10		-	
Total Customers		2	

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OPERATION AND MAINTENANCE EXPENSES			
		Amount	
MANUFACTURED GAS PRODUCTION			
Operation Supervision and Labor (700)		\$ -	
Fuel (701)		\$ -	
Raw Materials (702)		\$ -	
Operation Supplies and Expenses (703)		\$ -	
Residuals Produced - Credit (704)		\$ -	
Rents (705)		\$ -	
Maintenance of Production Plant (706)		\$ -	
Total Manufactured Gas Production		\$ -	
NATURAL GAS PRODUCTION GATHERING			
Operation Supervision and Labor (710)		\$ -	
Compressor Station Fuel and Power (711)		\$ -	
Extracted Products Supplies and Expenses (712)		\$ -	
Other Supplies and Expenses (713)		\$ -	
Gas Well Royalties (714)		\$ -	
Rents (715)		\$ -	
Maintenance of Gas Wells (716)		\$ -	
Maintenance of Field Lines (717)		\$ -	
Maintenance of Products Extraction Plant (718)		\$ -	
Maintenance of Other Plant (719)		\$ -	
Total Natural Gas Production Gathering		\$ -	
EXPLORATION AND DEVELOPMENT			
Delay Rentals (720)		\$ -	
Nonproductive Well Drilling (721)		\$ -	
Abandoned Leases (722)		\$ -	
Other Exploration (723)		\$ -	
Total Exploration and Development		\$ -	
OTHER SUPPLY EXPENSES			
Natural Gas Purchases (730)		\$ -	
Purchased Gas Expenses (732)		\$ -	
Gas Used in Utility Operations - Credit (735)		\$ -	
Other Gas Supply Expenses (736)		\$ -	
Total Other Supply Expenses		\$ -	
STORAGE EXPENSES			
Operation Supervision and Labor (740)		\$ -	
Gas Losses (741)		\$ -	
Operation Supplies and Expenses (742)		\$ -	
Storage Well Royalties (743)		\$ -	
Rents (744)		\$ -	
Maintenance of Reservoirs and Wells (745)		\$ -	
Maintenance of Other Underground Storage Plant (746)		\$ -	
Maintenance of Local Storage Plant (747)		\$ -	
Total Storage Expenses		\$ -	
TRANSMISSION EXPENSES			
Operation Supervision and Labor (750)		\$ -	
Compressor Station Fuel and Power (751)		\$ 4,708.70	
Operation Supplies and Expenses (752)		\$ 4,633.66	
Transmission and Compression of Gas by Others (753)		\$ -	
Rents (754)		\$ 67.76	
Maintenance of Mains (755)		\$ 21,465.28	
Maintenance of Compressor Station Equipment (756)		\$ -	
Maintenance of Other Plant (757)		\$ -	
Total Transmission Expenses		\$ 30,875.40	
Total operational expenses this page		\$ 30,875.40	

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OPERATION AND MAINTENANCE EXPENSES (Continued)			
		Amount	
DISTRIBUTION EXPENSES			
Operation Supervision & Labor (760)		\$ -	
Mains and Service Labor (761)		\$ -	
Mains and Services Supplies and Expenses (762)		\$ -	
Meter and House Regulator Expenses (763)		\$ -	
Customer Installations Expenses (764)		\$ -	
Miscellaneous Distribution Expenses (765)		\$ -	
Rents (766)		\$ -	
Maintenance of Lines (767)		\$ -	
Maintenance of Meters and House Regulators (768)		\$ -	
Maintenance of Other Plant (769)		\$ -	
Total Distribution Expenses		<u>\$ -</u>	
CUSTOMER ACCOUNTS EXPENSES			
Meter Reading Labor (901)		\$ -	
Accounting and Collecting Labor (902)		\$ -	
Supplies and Expenses (903)		\$ -	
Uncollectible Accounts (904)		\$ -	
Total Customer Accounts Expenses		<u>\$ -</u>	
CUSTOMER SERVICE EXPENSES			
Customer Service and Information Expenses (907)		\$ -	
Total Customer Service Expenses		<u>\$ -</u>	
SALES EXPENSES			
Sales Expenses (910)		\$ -	
Total Sales Expenses		<u>\$ -</u>	
ADMINISTRATIVE AND GENERAL EXPENSES			
Administrative and General Salaries (920)		\$ 136,500	
Office Supplies and Other Expenses (921)		\$ -	
Administrative Expenses Transferred - Credit (922)		\$ -	
Outside Services Employed (923)		\$ 12,796	
Property Insurance (924)		\$ 1,000	
Injuries and Damages (925)		\$ -	
Employee Pensions and Benefits (926)		\$ -	
Franchise Requirements (927)		\$ -	
Regulatory Commission Expenses (928)		\$ -	
Duplicate Charges - Credit (929)		\$ -	
Miscellaneous General Expenses (930)		\$ 19,666	
Rents (931)		\$ -	
Transportation Expenses (933)		\$ -	
Maintenance of General Plant (935)		\$ -	
Total Administrative and General Expenses		<u>\$ 169,962</u>	
Total from Schedule "G-2"		\$ 30,875	
Total Operation and Maintenance Expenses		<u>\$ 200,837</u>	

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GAS UTILITY PLANT IN SERVICE (Account 101)

Include in column (e) entries reclassifying property from one account to another. Corrections for entries of the immediately preceding year should be recorded in col. (C) or col. (D) accordingly, as they are corrections of additions or retirements.

Account (A)	Balance First of Year (B)	Additions During Year (C)	Retirements During Year (D)	Adjustments Increase or (Decrease) (E)	Balance End of Year (F)
INTANGIBLE PLANT					
Organization (301)	\$ -	\$ -	\$ -	\$ -	\$ -
Franchises and Consents (302)	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous Intangible Plant (303)	\$ 235,687	\$ (147,237)	\$ -	\$ -	\$ 88,450
Total Intangible Plant	\$ 235,687	\$ (147,237)	\$ -	\$ -	\$ 88,450
MANUFACTURED GAS PRODUCTION PLANT					
Land and Land Rights (304)	\$ -	\$ -	\$ -	\$ -	\$ -
Structures and Improvements (305)	\$ -	\$ -	\$ -	\$ -	\$ -
Boiler plant equipment (306)	\$ -	\$ -	\$ -	\$ -	\$ -
Other plant equipment (307)	\$ -	\$ -	\$ -	\$ -	\$ -
Coke ovens (308)	\$ -	\$ -	\$ -	\$ -	\$ -
Producer gas equipment (309)	\$ -	\$ -	\$ -	\$ -	\$ -
Water gas generating equipment (310)	\$ -	\$ -	\$ -	\$ -	\$ -
Liquefied Petroleum Gas Equipment (311)	\$ -	\$ -	\$ -	\$ -	\$ -
Oil gas generating equipment (312)	\$ -	\$ -	\$ -	\$ -	\$ -
Generating equipment & other processes (313)	\$ -	\$ -	\$ -	\$ -	\$ -
Coal, coke & ash handling equipment (314)	\$ -	\$ -	\$ -	\$ -	\$ -
Catalytic cracking equipment (315)	\$ -	\$ -	\$ -	\$ -	\$ -
Other reforming equipment (316)	\$ -	\$ -	\$ -	\$ -	\$ -
Purification equipment (317)	\$ -	\$ -	\$ -	\$ -	\$ -
Residual refining equipment (318)	\$ -	\$ -	\$ -	\$ -	\$ -
Gas mixing equipment (319)	\$ -	\$ -	\$ -	\$ -	\$ -
Other equipment (320)	\$ -	\$ -	\$ -	\$ -	\$ -
Total Manufactured Gas Production Plant	\$ -	\$ -	\$ -	\$ -	\$ -
NATURAL GAS PRODUCTION PLANT					
Producing lands (325.1)	\$ -	\$ -	\$ -	\$ -	\$ -
Producing leaseholds (325.2)	\$ -	\$ -	\$ -	\$ -	\$ -
Gas rights (325.3)	\$ -	\$ -	\$ -	\$ -	\$ -
Rights of way (325.4)	\$ -	\$ -	\$ -	\$ -	\$ -
Other land and land rights (325.5)	\$ -	\$ -	\$ -	\$ -	\$ -
Gas well structures (326)	\$ -	\$ -	\$ -	\$ -	\$ -
Field compressor station structures (327)	\$ -	\$ -	\$ -	\$ -	\$ -
Field measuring & regulating station structures (328)	\$ -	\$ -	\$ -	\$ -	\$ -
Other Structures (329)	\$ -	\$ -	\$ -	\$ -	\$ -
Producing gas wells - Well construction (330)	\$ -	\$ -	\$ -	\$ -	\$ -
Producing gas wells - Well equipment (331)	\$ -	\$ -	\$ -	\$ -	\$ -
Field lines (332)	\$ -	\$ -	\$ -	\$ -	\$ -
Field compressor station equipment (333)	\$ -	\$ -	\$ -	\$ -	\$ -
Field measuring & regulating station equipment (334)	\$ -	\$ -	\$ -	\$ -	\$ -
Drilling & cleaning equipment (335)	\$ -	\$ -	\$ -	\$ -	\$ -
Purification equipment (336)	\$ -	\$ -	\$ -	\$ -	\$ -
Other Equipment (337)	\$ -	\$ -	\$ -	\$ -	\$ -
Unsuccessful exploration & development costs (338)	\$ -	\$ -	\$ -	\$ -	\$ -
Land and land rights (340)	\$ -	\$ -	\$ -	\$ -	\$ -
Structures & Improvements (341)	\$ -	\$ -	\$ -	\$ -	\$ -
Extraction & refining equipment (342)	\$ -	\$ -	\$ -	\$ -	\$ -
Pipe lines (343)	\$ -	\$ -	\$ -	\$ -	\$ -
Extracted Products Storage Equipment (344)	\$ -	\$ -	\$ -	\$ -	\$ -
Compressor equipment (345)	\$ -	\$ -	\$ -	\$ -	\$ -
Gas measuring & regulating equipment (346)	\$ -	\$ -	\$ -	\$ -	\$ -
Other equipment (347)	\$ -	\$ -	\$ -	\$ -	\$ -
Total Natural Gas Production Plant	\$ -	\$ -	\$ -	\$ -	\$ -
Total Production Plant	\$ 235,687	\$ (147,237)	\$ -	\$ -	\$ 88,450

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GAS UTILITY PLANT IN SERVICE (Account 101) (Continued)

Include in column (e) entries reclassifying property from one account to another. Corrections for entries of the immediately preceding year should be recorded in col. (C) or col. (D) accordingly, as they are corrections of additions or retirements.

Account (a)	Balance First of Year (b)	Additions During Year (c)	Retirements During Year (d)	Adjustments (Decrease) (e)	End of Year (f)
STORAGE PLANT					
Land and Land Rights (350)	\$ -	\$ -	\$ -	\$ -	\$ -
Structures & Improvements (351)	\$ -	\$ -	\$ -	\$ -	\$ -
Wells, Storage, Reservoirs & Nonrecoverables (352)	\$ -	\$ -	\$ -	\$ -	\$ -
Lines (353)	\$ -	\$ -	\$ -	\$ -	\$ -
Compressor Station Equipment (354)	\$ -	\$ -	\$ -	\$ -	\$ -
Measuring & Regulating Equipment (355)	\$ -	\$ -	\$ -	\$ -	\$ -
Purification Equipment (356)	\$ -	\$ -	\$ -	\$ -	\$ -
Other Equipment (357)	\$ -	\$ -	\$ -	\$ -	\$ -
Land and Land Rights (360)	\$ -	\$ -	\$ -	\$ -	\$ -
Structures and Improvements (361)	\$ -	\$ -	\$ -	\$ -	\$ -
Gas Holders (362)	\$ -	\$ -	\$ -	\$ -	\$ -
Other Equipment (363)	\$ -	\$ -	\$ -	\$ -	\$ -
Total Storage Plant	\$ -	\$ -	\$ -	\$ -	\$ -
TRANSMISSION PLANT					
Land and Land Rights (365.1)	\$ 20,100	\$ -	\$ -	\$ -	\$ 20,100
Rights-of-Way (365.2)	\$ -	\$ -	\$ -	\$ -	\$ -
Structures and Improvements (366)	\$ -	\$ -	\$ -	\$ -	\$ -
Mains (367)	\$ 3,120,313	\$ -	\$ -	\$ -	\$ 3,120,313
Compressor Station Equipment (368)	\$ -	\$ -	\$ -	\$ -	\$ -
Measuring and Reg. Station Equipment (369)	\$ 775	\$ -	\$ -	\$ -	\$ 775
Communication Equipment (370)	\$ -	\$ -	\$ -	\$ -	\$ -
Other Equipment (371)	\$ -	\$ -	\$ -	\$ -	\$ -
Total Transmission Plant	\$ 3,141,188	\$ -	\$ -	\$ -	\$ 3,141,188
DISTRIBUTION PLANT					
Land and Land Rights (374)	\$ -	\$ -	\$ -	\$ -	\$ -
Structures and Improvements (375)	\$ -	\$ -	\$ -	\$ -	\$ -
Mains (376)	\$ -	\$ -	\$ -	\$ -	\$ -
Compressor Station Equipment (377)	\$ -	\$ -	\$ -	\$ -	\$ -
Meas. and Reg. Sta. Equip.-General (378)	\$ -	\$ -	\$ -	\$ -	\$ -
Meas. and Reg. Sta. Equip.-City Gate (379)	\$ -	\$ -	\$ -	\$ -	\$ -
Services (380)	\$ -	\$ -	\$ -	\$ -	\$ -
Meters (381)	\$ -	\$ -	\$ -	\$ -	\$ -
Meter Installations (382)	\$ -	\$ -	\$ -	\$ -	\$ -
House Regulators (383)	\$ -	\$ -	\$ -	\$ -	\$ -
Industrial Meas. and Reg. Sta. Equip. (385)	\$ -	\$ -	\$ -	\$ -	\$ -
Other Prop. on Customers' Premises (386)	\$ -	\$ -	\$ -	\$ -	\$ -
Other Equipment (387)	\$ -	\$ -	\$ -	\$ -	\$ -
Total Distribution Plant	\$ -	\$ -	\$ -	\$ -	\$ -
GENERAL PLANT					
Land and Land Rights (389)	\$ -	\$ -	\$ -	\$ -	\$ -
Structures and Improvements (390)	\$ -	\$ -	\$ -	\$ -	\$ -
Office Furniture and Equipment (391)	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation Equipment (392)	\$ -	\$ -	\$ -	\$ -	\$ -
Stores Equipment (393)	\$ -	\$ -	\$ -	\$ -	\$ -
Tools, Shop and Garage Equipment (394)	\$ -	\$ -	\$ -	\$ -	\$ -
Laboratory Equipment (395)	\$ -	\$ -	\$ -	\$ -	\$ -
Power Operated Equipment (396)	\$ -	\$ -	\$ -	\$ -	\$ -
Communication equipment (397)	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous Equipment (398)	\$ -	\$ -	\$ -	\$ -	\$ -
Other Tangible Property (399)	\$ -	\$ -	\$ -	\$ -	\$ -
Total General Plant	\$ -	\$ -	\$ -	\$ -	\$ -
Total from Schedule "G-4"	\$ 235,687	\$ (147,237)	\$ -	\$ -	\$ 88,450
Total Gas Utility Plant	\$ 3,376,875	\$ (147,237)	\$ -	\$ -	\$ 3,229,638

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REVENUES FROM SALES OF GAS						
Report separately data requested for each rate schedule, classified between space heating and non-space heating customers and show totals for each revenue account, 480-484 included. Report average number of customers on basis of number of meters. Where meters are added for billing purposes, count one customer for each group of meters so added. Compute averages on basis of 12 figures at the end of each month. For industrial interruptible sales, report data by priority of interruption if not provided by separate rate schedules.						
Rate Schedule (a)	Tennessee			Out-of-State		
	Revenues (b)	MCF (c)	Customers (d)	Revenues (e)	MCF (f)	Customers (g)
Residential	\$ -	-	-	\$ -	-	-
Commercial-Firm	\$ -	-	-	\$ -	-	-
Commercial-Interruptible	\$ -	-	-	\$ -	-	-
Commercial-Transportation-Firm	\$ -	-	-	\$ -	-	-
Commercial-Transportation-Interruptible	\$ -	-	-	\$ -	-	-
Commercial-Total	\$ -	-	-	\$ -	-	-
Industrial-Firm	\$ -	-	-	\$ -	-	-
Industrial-Interruptible	\$ -	-	-	\$ -	-	-
Industrial-Transportation-Firm	\$ -	-	-	\$ -	-	-
Industrial-Transportation-Interruptible	\$ -	-	-	\$ -	-	-
Industrial-Total	\$ -	-	-	\$ -	-	-
Other-Firm	\$ -	-	-	-	-	-
Other-Interruptible	\$ -	-	-	-	-	-
Other-Transportation-Firm	\$ -	-	-	-	-	-
Other-Transportation-Interruptible	\$ 244,522	29,332	2	-	-	-
Other-Total	\$ 244,522	29,332	2	\$ -	-	-
Total Firm Sales	\$ -	-	-	\$ -	-	-
Total Interruptible Sales	\$ -	-	-	\$ -	-	-
Total Firm Transportation	\$ -	-	-	\$ -	-	-
Total Interruptible Transportation	\$ 244,522	29,332	2	\$ -	-	-
Total Throughput	\$ 244,522	29,332	2	\$ -	-	-
Please describe any unusual or special contract sales below.						

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Name of Respondent B&W Pipeline, LLC	This Report is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) Mar 31, 2017	Year of Report 2016	G-7
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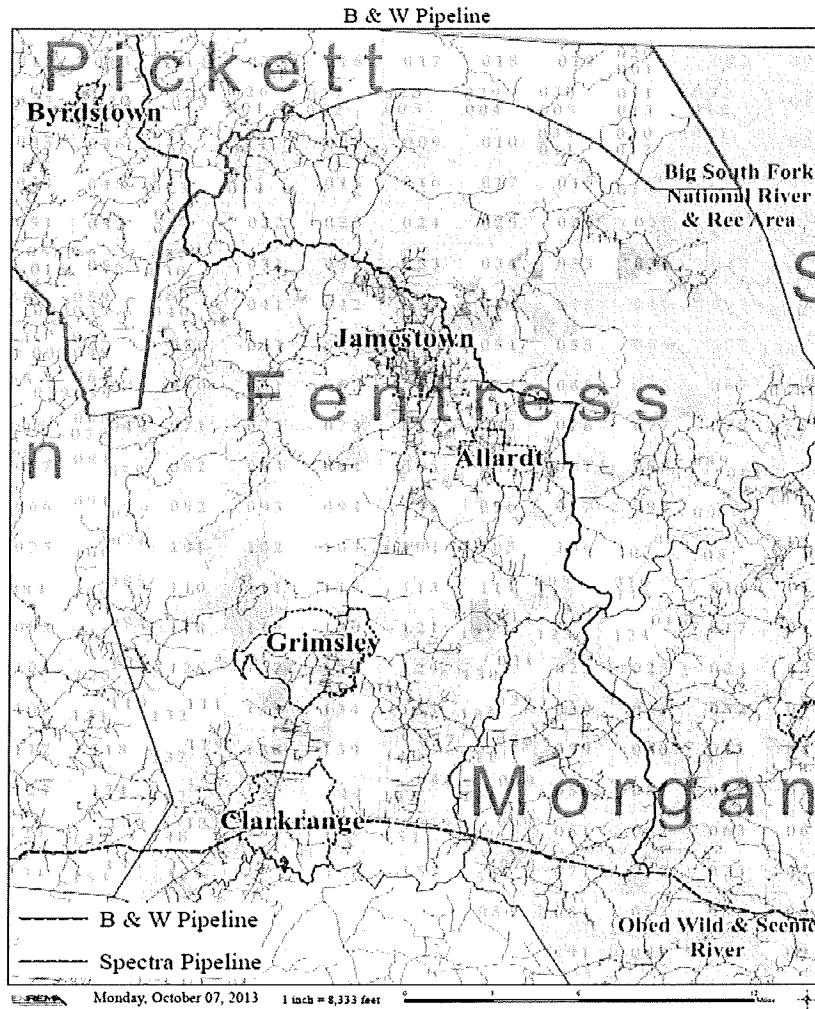
SUMMARY OF GAS ACCOUNT			
Under the word "System", use MCF or DKT to report quantities of gas.			
		Total MCF	
Gas Produced (Gross):			
Liquefied Petroleum Gas			
Other Gas (Specify kind):			
Other Gas (Specify kind):			
Other Gas (Specify kind):			
Other Gas (Specify kind):			
Total Gas Produced		<u>0</u>	
Gas Withdrawn from Storage			
Gas Transported		29,332	
Gas Purchased (Specify kind):			
Gas Purchased (Specify kind):			
Less: Gas Delivered to Storage			
Net Gas Purchased		<u>29,332</u>	
Total Gas Delivered to Mains		<u>29,332</u>	
Gas Sold (Including Interdepartmental Sales)			
Gas Used by Utility:			
Production			
Transmission			
Other			
Total Gas Used by Utility		<u>0</u>	
Total Gas Sold and Used		<u>0</u>	
SYSTEM LOAD STATISTICS			
		Total MCF	
Maximum Send-Out in Any One Day		426	
Date of Such Maximum		12/20/16	
Maximum Daily Capacity:			
Total Manufactured-Gas Production Capacity			
Liquefied Natural Gas Storage Capacity			
Maximum Daily Purchase Capacity		<u>1,500</u>	
Total Maximum Daily Capacity		<u>1,500</u>	
Monthly Send-Out:			
January		2,132	
February		1,850	
March		2,001	
April		2,890	
May		3,301	
June		1,845	
July		1,923	
August		1,090	
September		2,244	
October		2,240	
November		2,249	
December		<u>5,567</u>	
Total Send-Out		<u>29,332</u>	

Name of Respondent B&W Pipeline, LLC	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) Mar 31, 2017	Year of Report 2016
GAS MAINS CLASSIFIED BY TYPES AND SIZES			
Classification	No. of Feet Beg. of Year	No. of Feet End of Year	
Cast Iron:			
Please Specify Size In Inches			
Please Specify Size In Inches			
Please Specify Size In Inches			
Please Specify Size In Inches			
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Please Specify Size In Inches			
Please Specify Size In Inches			
Total Cast Iron	-	-	
Steel or Wrought Iron:			
6 Inch Steel		79,200	
6 Inch Steel		40,128	
8 Inch Steel		11,088	
Please Specify Size In Inches			
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Please Specify Size In Inches			
Please Specify Size In Inches			
Total Steel or Wrought Iron	-	130,416	
Plastic:			
6 Inch Medium Density Polyethylene		21,120	
6 Inch High Density Polyethylene		10,250	
6 Inch High Density Polyethylene	-	72,336	
8 Inch High Density Polyethylene		20,064	
Please Specify Size In Inches			
Please Specify Size In Inches			
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Please Specify Size In Inches			
Please Specify Size In Inches			
Please Specify Size In Inches			
Please Specify Size In Inches			
Please Specify Size In Inches			
Total Plastic	-	123,770	
Grand Total	-	254,186	

Name of Respondent B&W Pipeline, LLC	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) Mar 31, 2017	Year of Report 2016
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SYSTEM MAP

Attach to this sheet a map or maps of the territory served, showing location and company designation of points of purchase, production plants, large compressor stations and transmission lines. Show also the names of larger communities served and the boundaries of the utility's operating divisions.



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Name of Respondent B&W Pipeline, LLC	This Report is: (1) <u>X</u> An Original (2) <u> </u> A Resubmission	Date of Report (Mo, Da, Yr) Mar 31, 2017	Year of Report 2016	SU-1
SUPPLEMENTAL FINANCIAL DATA TO THE ANNUAL REPORT				1
Rate Base				2
Additions:				3
Plant In Service	\$	3,229,638		4
Construction Work in Progress	\$	-		5
Property Held For Future Use	\$	-		6
Materials & Supplies	\$	-		7
Working Capital Allowance	\$	-		8
Other Additions (Please Specify)	\$	-		9
Other Additions (Please Specify)	\$	-		10
Total Additions to Rate Base	\$	3,229,638		11
Deductions:				12
Accumulated Depreciation	\$	682,824		13
Accumulated Deferred Income Taxes	\$	-		14
Pre 1971 Unamortized Investment Tax Credit	\$	-		15
Customer Deposits	\$	-		16
Contributions in Aid of Construction	\$	-		17
Other Deductions (Please Specify)	\$	-		18
Other Deductions (Please Specify)	\$	-		19
Total Deductions to Rate Base	\$	682,824		20
Rate Base	\$	2,546,814		21
Adjusted Net Operating Income				22
Operating Revenues:				23
Residential	\$	-		24
Commercial	\$	-		25
Industrial	\$	-		26
Public Authorities	\$	-		27
Multiple Family	\$	-		28
Fire Protection	\$	-		29
All Other	\$	244,522		30
Total Operating Revenues	\$	244,522		31
Operating Expenses:				32
Operation	\$	200,837		33
Depreciation	\$	118,613		34
Amortization	\$	-		35
Taxes Other Than Income Taxes	\$	40,011		36
Income Taxes	\$	-		37
Total Operating Expense	\$	359,461		38
Net Operating Income	\$	(114,940)		39
Adjustment to NOI (Please Specify)	\$	-		40
Adjustment to NOI (Please Specify)	\$	-		41
Adjusted Net Operating Income	\$	(114,940)		42
Rate of Return (Line 25 / Line 49)		-4.51%		43

All amounts should be calculated in a manner consistent with the last Rate Order issued by the Commission for

A narrative explanation is presented below describing how the transportation contract between Gasco and Highland Rim was assigned to, respectively, Navitas and B&W Pipeline, LLC. See also TRA Docket 11-00121, response to Staff Discovery filed September 8, 2011. Please see Attachment CAPD1-6 for copies of all relevant documents that are described in the narrative.

On June 11, 2010, Titan Energy Group sold to Highland Rim Energy the B&W pipeline system. This was done in connection with the bankruptcy of Gasco Distribution Systems, the parent company of Titan Energy. Since Titan Energy itself was not in bankruptcy, the sale did not have to be approved by the bankruptcy court.

As a condition of the sale, Titan and Gasco entered into a transportation agreement for the transportation of gas through the B&W pipeline (owned by Titan) to the gas distribution systems owned by Gasco. That contract was then assigned by Titan to Highland Rim Energy as part of the sale of the B&W pipeline from Titan to Highland Rim.

On September 2, 2010, Highland Rim Energy assigned to B&W Pipeline, LLC, a wholly-owned subsidiary of FIR Energy, all of its rights under the purchase agreement with Titan. In other words, B&W Pipeline, LLC became the owner of both the pipeline system and the transportation contract with Gasco.

As the CAPD is aware (Docket No. 10-00220), Gasco Distribution Systems declared bankruptcy and sold its gas distribution systems to Navitas Assets, LLC. Navitas Assets then assigned its rights to Navitas TN NG, LLC, which is now the TRA-certified owner and operator of those gas distribution systems, including the transportation contract between Gasco and B&W Pipeline, LLC. (See the letter to the TRA dated September 8, 2011 in Docket 11-00121.)

B&W Pipeline was formed on July 26, 2011 as an L.L.C. whose sole member was FIR Energy, LLC. FIR itself is also an LLC whose members were MI Energy LLC and Highland Rim Partners LLC. Initially, FIR had two managers, one appointed by MI Energy and the other appointed by Highland Rim. Today, Highland Rim is no longer involved in the management of FIR, which is now run exclusively by MI Energy.

MI Energy, LLC which now owns and controls FIR, is itself owned and controlled by two investor groups, one called MCNG Partners, LLC (which is a family-owned entity in the United States) and ID Energy, LLC (also a family-owned entity based in the United States). To date FIR Energy, using funds invested by MI Energy, has invested \$5.7 million in B&W Pipeline, LLC. FIR Energy has also invested, using funds supplied by MI Energy, \$16.6 million in the larger gas and oil development in Tennessee.

Agreement

This Agreement ("Agreement") is entered into on this 4th day of February, 2011 by and among FIR Energy, LLC, a Delaware limited liability company ("FIR"), FWM Energy, LLC, a Delaware limited liability company ("FWM"), B&W Pipeline, LLC, a Delaware limited liability company ("B&W"), Rugby Energy, LLC ("Rugby"), a Delaware limited liability company, MI Energy, LLC, a Delaware limited liability company ("MI"), Highland Rim Energy, LLC ("HRE"), Highland Rim Partners, L.P., a limited partnership ("HRP"), HRP GP, LLC, a limited liability company, as general partner of HRP ("GP"), Carlos A. Fonts ("Fonts Jr."), and Carlos E. Fonts ("Fonts Sr.").

WHEREAS, MI and HRP are the members of FIR, FIR is the sole member of B&W and Rugby, and FIR is the controlling member of FWM;

WHEREAS, FIR, MI and GP entered into an Amended and Restated Operating Agreement dated April 20, 2010 ("FIR Operating Agreement"), the Memorandum of Mutual Understanding dated August 25, 2010, ("MOU") and approved the Operating Manual ("Manual"; the Manual, MOU and Operating Agreement may be collectively referred to herein as the "FIR Governing Documents"), FWM, FIR, as a member and manager of FWM, and HRP entered into a Operating Agreement dated March 26, 2010 ("FWM Operating Agreement"), FIR as the sole member of B&W and FIR as manager of B&W entered into an Operating Agreement dated July 26, 2010 ("B&W Operating Agreement"), and the Operating Agreement between FWM and HRE dated March 26, 2010 ("Management Agreement"; and the Management Agreement along with the FIR Governing Documents, FWM Operating Agreement, and the B&W Operating Agreement may be referred to herein as the "Operating Agreements");

WHEREAS, immediately prior to the date hereof, and subject to the applicable Operating Agreements, Carlos Sr. and Carlos Jr. are currently listed as the managers of FIR, FIR is the manager of FWM and B&W, and no one has been appointed as manager of Rugby;

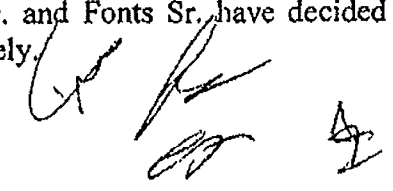
WHEREAS, the parties want to make certain changes to the Operating Agreements as provided below; and

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned parties agree as follows:

1. Incorporation. The recitals set forth above are true and correct and incorporated herein by reference.

2. FIR.

a. The parties believe it is in the best interests of FIR and its affiliates to create a streamline, clear and centralized organizational structure taking into account the duties and experience of various individuals. As a result, Fonts Jr. and Fonts Sr. have decided by signing below to resign as managers of FIR effective immediately.



b. FIR shall have two managers, one appointed by MI (the "MI Manager") and one appointed by HRP (the "HRP Manager"). MI shall have the sole and exclusive right (i) to appoint, remove (with or without cause), and replace the MI Manager at any time and (ii) to fill any vacancy in the MI Manager position created by the death, resignation or removal of such MI Manager at any time. HRP shall have the sole and exclusive right (x) to appoint, remove (with or without cause), and replace the HRP Manager at any time and (y) to fill any vacancy in the HRP Manager position created by the death, resignation or removal of such HRP Manager at any time

c. MI hereby appoints Andres Isaias as the MI Manager, effective immediately and HRP hereby appoints Fonts Sr. as the HRP Manager, effective immediately. The MI Manager may take any action permitted under the FIR Operating Agreement and this Agreement without the approval of the HRP Manager. The HRP Manager, however, cannot take any action on behalf of FIR unless approved in writing or email by the MI Manager. If the HRP Manager wants to take an action which the MI Manager does not approve and thus there is a deadlock, then either manager may at any time submit the deadlocked matter to MI. MI shall resolve the deadlock by notifying the managers of its decision (i.e. supporting the position of the MI Manager or the HRP Manager) and such decision shall be final and binding on both managers and FIR. Except as otherwise provided in this Agreement, the managers of FIR shall have the same authority and powers as indicated in the FIR Operating Agreement; it being understood that any deadlock among the managers as provided above shall be resolved by MI. If the HRP Manager takes any action in violation of this Agreement, the HRP Manager shall be deemed removed effective immediately and HRP shall immediately lose its right to appoint a new HRP Manager. Additionally, MI shall at such time have the sole and exclusive authority to appoint both managers rather than just one manager.

d. The current members of FIR shall retain their respective member voting rights as provided in the FIR Operating Agreement except MI shall resolve any deadlock among the managers.

e. The managers of FIR on behalf of FIR shall have the authority to appoint, remove, replace and add any manager of FWM, B&W, Rugby and any other entity in which FIR has a controlling ownership and voting interest.

f. The MOU and the Manual as it applies to HRE, HRP, and/or GP is hereby terminated effective immediately; it being understood that such termination shall not be considered a release of HRE, HRP and/or GP prior actions or inactions under the MOU and Manual.


g. The FIR Operating Agreement is hereby be deemed to be amended as provided in this Agreement; it being understood if there is a conflict between a provision in this Agreement and any provision in the FIR Operating Agreement (including, without limitation section 6.2 of the FIR Operating Agreement), this Agreement shall govern.

3. FWM.

a. FIR resigns as manager of FWM effective immediately.

b. HRE and FWM hereby terminate the Management Agreement effective immediately and acknowledge FWM owes no monies to HRE. HRE hereby releases FWM and its members and managers.

c. FIR as the voting member of FWM hereby appoints Marcelo Recchia to serve as the sole manager of FWM with the same powers and limitations of managers as indicated in the FWM Operating Agreement. FIR, as the sole member of FWM, may at any time remove and replace any manager and/or may add one or more managers to FWM.

 d. FWM hereby agrees to hire Fonts Jr. as an independent contractor of FWM for monthly compensation of \$14,290. FWM may terminate this contract for any reason with 60 days advance notice. Fonts Jr. will take direction from the manager of FWM and will not take any action for or on behalf of FWM unless specifically authorized in writing.

e. The FWM Operating Agreement is hereby deemed to be amended as provided in this Agreement; it being understood if there is a conflict between a provision in this Agreement and any provision in the FWM Operating Agreement (including, without limitation section 6.2 of the FWM Operating Agreement), this Agreement shall govern.

4. B&W. FIR as the voting member of B&W hereby appoints Marcelo Recchia to serve as the sole manager of B&W with the same powers and limitations of managers as indicated in the B&W Operating Agreement. FIR, as the sole member of B&W, may at any time remove and replace any manager and/or may add one or more managers to B&W. B&W hereby agrees to hire Steve Longley as an independent contractor of B&W for monthly compensation of \$12,559. B&W may terminate this contract for any reason with 30 days advance notice. Steve Longley will take direction from the manager of B&W and will not take any action for or on behalf of B&W unless specifically authorized in writing.

5. Rugby. FIR hereby appoints Marcelo Recchia to serve as the sole manager of Rugby effective immediately. FIR may remove and replace the manager for any reason or no reason at any time.

6. Representations and Warranties. Each party to this agreement which is an entity, whether a limited liability company, limited partnership or otherwise ("Entity Party"), hereby represents and warrants to each of the other parties hereto the following: all appropriate members, managers and others of such Entity Party has approved the terms of this Agreement and all documents referred to herein and authorized the those individuals signing below for the applicable Entity Party to sign this Agreement.

7. Continuing Cooperation and Future Assurances. HRE, Fonts Jr., Fonts Sr., and GP shall: (a) within 3 business days deliver to Marcelo Recchia (for the benefit of FIR, FWM, and B&W, as applicable) all files, books, financial records, computer data containing any information regarding the entities described herein, financial data, permits, contact information, surveys, deeds, plans, warranties, manuals, electronic manuals, and any and all other documents and information pertaining to or relating to FIR, FWM and B&W; and (b) cooperate with FIR,

FWM and B&W, as applicable, in the future with any questions, issues, concerns or other matters that may arise with respect to such entities and their respective businesses. Fonts Jr. and Fonts Sr. hereby resign from all manager, officer and director positions at FIR, FWM, and B&W. Fonts Jr. and Fonts Sr. will not take any actions on behalf of or for FWM, FIR nor BW.

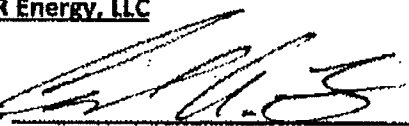
8. Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart shall for all purposes be deemed to be an original. Any signature delivered via electronic mail or facsimile shall be deemed an original.

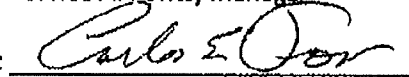
9. Disputes. The parties agree in the event of any dispute that jurisdiction and venue shall lie in the courts of Miami-Dade County and Florida law shall govern regardless of its conflict of law provisions.

10. COUNSEL. This Agreement was prepared by WNF Law, PL on behalf of FIR and not any other party to this Agreement. In the event any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by all parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement. Each of the undersigned acknowledges that they have been advised to seek the advice of independent counsel prior to signing this Agreement and during negotiations.

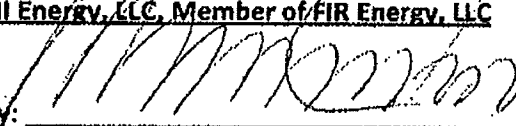
This Agreement is entered into effective February __, 2011.

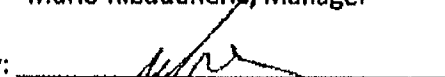
FIR Energy, LLC

By: 
Carlos A. Fonts, Manager

By: 
Carlos E. Fonts, Manager

MI Energy, LLC, Member of FIR Energy, LLC

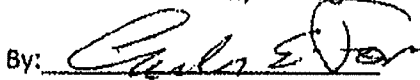
By: 
Mario Ribadeneria, Manager

By: 
Andres A. Isaias, Manager

FWM Energy, LLC

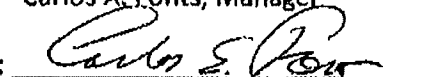
By: FIR Energy, LLC, Manager

By: 
Carlos A. Fonts, Manager

By: 
Carlos E. Fonts, Manager

HRP GP, LLC


By: 
Carlos A. Fonts, Manager

By: 
Carlos E. Fonts, Manager



B&W Pipeline, LLC

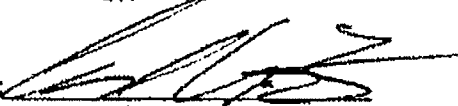
By: FIR Energy, LLC, Manager

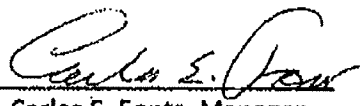
By: 
Carlos A. Fonts, Manager

By: 
Carlos E. Fonts, Manager

Rugby Energy, LLC

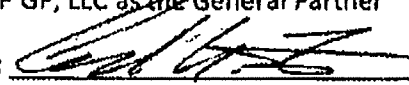
By: FIR Energy, LLC, Sole Member

By: 
Carlos A. Fonts, Manager

By: 
Carlos E. Fonts, Manager

Highland Rim Partners, L.P.

By: HRP GP, LLC as the General Partner

By: 
Carlos A. Fonts, Manager of GP

By: 
Carlos E. Fonts, Manager of GP


~~Carlos A. Fonts, Individually~~


~~Carlos E. Fonts, Individually~~

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is dated as of this 11th day of June, 2010, by and between THE TITAN ENERGY GROUP, INC., an Ohio corporation (hereinafter sometimes referred to as "Seller"), and HIGHLAND RIM ENERGY, LLC, a Texas limited liability company (hereinafter sometimes referred to as "Purchaser").

Background Information

Whereas, Seller is the owner of a certain natural gas pipeline and the pipeline easements, pipeline leases, pipeline licenses, and pipeline rights of way on which said pipeline is located (the "Rights of Way"), oil and gas leases, wells, and fee simple parcels of land located in Fentress, Morgan, and Pickett Counties, Tennessee, as more particularly identified and described on the schedules attached to this Agreement, referred to herein as the Acquired Assets; and

Whereas, Seller desires to sell and transfer to Purchaser, and Purchaser desires to purchase from Seller, on the terms and subject to the conditions set forth in this Agreement, the Acquired Assets; and

Whereas, Seller is a wholly owned subsidiary of Gasco Distribution Systems, Inc., an Ohio corporation (sometimes hereinafter referred to as "Gasco"); and

Whereas, on June 1, 2009 Gasco filed a voluntary petition for reorganization under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Ohio, Eastern Division (the "Bankruptcy Court"), Case No. 09-056171; and

Whereas, on the terms and subject to the conditions set forth in this Agreement, and pursuant to that certain Letter of Intent dated April 19, 2010 entered into by Purchaser, Seller, and Gasco, Purchaser desires to purchase from Seller, and Seller desires to sell to Purchaser, the Acquired Assets. Since the Letter of Intent was executed, the parties have determined that, since Seller is not itself in a bankruptcy proceeding, it is not required that the sale of Titan's assets be approved by the Bankruptcy Court, nor shall it be required that the sale be subject to higher and better bids. Incident to this Agreement, however, Gasco and Titan will be entering into a certain gas transportation agreement for the transportation of gas through Seller's B & W Pipeline (part of the Acquired Assets) to the Albany, Byrdstown and Fentress utilities owned by Gasco. This gas transportation agreement will then be assigned by Seller to Purchaser as an

Assumed Contract (defined herein) as a condition of closing. The parties understand that Gasco will be filing a motion for the Bankruptcy Court to authorize Gasco to enter into the gas transportation agreement with Seller, pursuant to applicable sections of the Bankruptcy Code.

Now, therefore, in consideration of the foregoing and the respective representations, warranties, covenants, and undertakings herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser hereby agree as follows:

ARTICLE I DEFINITIONS AND TERMS

Section 1.1 Definitions. The following terms, as used in this Agreement, shall have the meanings set forth in this Section:

"Acquired Assets" has the meaning set forth in Section 2.1.

"Agreement" means this Asset Purchase Agreement and all Exhibits and Schedules hereto.

"Applicable Law" means, with respect to any Person, any current federal, state or local statute, law, common law, ordinance, rule, administrative interpretation, regulation, order, writ, injunction, directive, judgment, decree or other requirement of any Governmental Authority applicable to such Person, or any of its respective properties, assets or business.

"Assumed Contracts" has the meaning set forth in Section 2.1 (h).

"Assumed Liabilities" has the meaning set forth in Section 2.2.

"Books and Records" has the meaning set forth in Section 5.15.

"Closing" has the meaning set forth in Section 4.1.

"Closing Date" has the meaning set forth in Section 4.1.

"Confidential Information" has the meaning set forth in Section 7.6 a.

"Contracts" means any and all agreements, contracts, contractual rights, leases of personal and real property, rights of way, sales, supply and purchase orders, and all other agreements, whether written or oral associated with or related to the Pipeline or the other Acquired Assets, including without limitation the Rights of Way.

"Disclosure Schedule" has the meaning set forth in Article V.

"Deposit" has the meaning set forth in Section 3.2 a.

"Employee" means any employee or former employee of Seller.

"Environmental Claim" shall mean any claim, action, cause of action, investigation, or notice (written or oral) by any third person or entity alleging potential liability (including, without limitation, potential liability for investigatory costs, cleanup costs, corrective action, attorneys fees, governmental response costs, costs of closure of any waste treatment, storage, or disposal facility, natural resources damages, property damages, personal injuries, or penalties) which arises out of, is based upon, or results from (i) the presence or Release of any Hazardous Substance, at, in, or on the Acquired Assets, or (ii) the transport or disposal from the Acquired Assets of any Hazardous Substance, or (iii) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law.

"Environmental Laws" means all federal, state or local statutes, laws, common law, interstate compact, ordinance, rule, administrative interpretation, regulation, agency, guidance, order, unit, injunction, directive, judgment, judicial or administrative decree, decision, ruling, permit or other requirement of any Governmental Authority relating to the protection of human health, safety or the environment, including, but not limited to ambient air, surface water, ground water, wetlands, endangered species habitat, land surface, or subsurface strata, and further including, without limitation, laws and regulations relating to Releases or threatened Releases and the remediation of Hazardous Substances, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transportation, management, or handling of Hazardous Substances, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C §§9601 et seq. Sometimes referred to as CERCLA; the Federal Water Pollution Control Act, 33 U.S.C. §§1251 et seq.; the Clean Air Act, 42 U.S.C §§7401 et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. §§6901 et seq.; the Safe Drinking Water Act, 42 U.S.C. §§300(f) et seq.; the Toxic Substances Control Act, 15 U.S.C. §§2601 et seq.; the Emergency Planning and Community Right-to-Know Act of 1986; 42 U.S.C. §§110001 et seq.; the Occupational Safety and Health Act of 1970, 29 U.S.C. §§651 et seq.; and analogous state laws.

"Escrow Agreement" has the meaning set forth in Section 3.2 a.

"Exhibit" means any exhibit or appendix attached to and incorporated in this Agreement.

"Governmental Authority" means any foreign, domestic, federal, state or local governmental authority, quasi-governmental authority, instrumentality,

court, government or self regulatory organization, tribunal or organization or any regulatory, administrative or other agency, or any political or other subdivision, department, or branch of any of the foregoing.

"Hazardous Substance" means any chemical substance (other than common cleaning products, business office supplies or paint supplies): (a) the presence of which requires investigation or remediation under any Environmental Law; or (b) that is defined as a "hazardous waste," "hazardous substance," "hazardous material," "solid waste," "extremely hazardous substance," "pollutant," "air pollutant," "toxic substance," or similarly designated substance under any Environmental Law; or (c) that contains gasoline, diesel fuel or other petroleum hydrocarbons, polychlorinated biphenyls (PCBs), infectious waste, radioactive material, lead or asbestos.

"Indemnitee" has the meaning set forth in Section 10.3 a.

"Indemnitor" has the meaning set forth in Section 10.3 a.

"Intellectual Property" means any and all (a) trademarks, service marks, trade names, trade dress, domain names, logos, and domestic and foreign registrations and applications for registration thereof, common law rights therein, associated goodwill, and all reissues, renewals and extension thereof; (b) works in which copyright may be claimed, whether or not domestic or foreign registrations or applications for registration thereof have been made; (c) inventions, including without limitation, all domestic and foreign patents, patent applications, inventors' certificates, reissues, reexaminations, continuations, continuations-in-part, other applications or patents claiming priority thereto, and related technical documents and information; (d) trade secrets; and (e) intellectual property rights substantially similar to any of the foregoing; in each case that are used in connection with or are otherwise necessary or desirable for the ownership and operation of the Pipeline or other Acquired Assets.

"Licenses" means the municipal, state and federal licenses, franchises, authorizations, orders, approvals, registrations, qualifications, permits and certificates which relate to or are necessary to operate the Pipeline or other Acquired Assets in accordance with Applicable Law.

"Lien" means with respect to any asset, any mortgage, pledge, hypothecation, title defect, assignment for security purposes, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever.

"Litigation Conditions" has the meaning set forth in Section 10.3 a.

"Losses" shall mean any and all actual losses, liabilities, judgments,

assessments, damages, penalties (including, without limitation, governmental penalties), obligations, awards, fines, deficiencies, interest, claims (including third party claims), costs and expenses whatsoever (including, without limitation, reasonable attorneys', consultants' and other professional fees and disbursements).

"Material Adverse Effect" means any event, change, condition, circumstance or breach of this Agreement that, individually or in the aggregate, results in, or would reasonably be expected to result in, a material adverse effect on, or a material adverse change in, the Pipeline or the other Acquired Assets.

"Organizational Documents" means (i) for any corporation, the certificate or articles of incorporation, the bylaws, any certificate of designation or instrument relating to the rights of preferred shareholders of such corporation, and any shareholder rights agreement, (ii) for any general or limited partnership, any partnership certificate and the partnership agreement and (iii) for any limited liability company, any articles of organization and the operating agreement.

"Permitted Liens" means (i) Liens securing Assumed Liabilities, (ii) Liens with respect to the Acquired Assets relating to (A) minor encumbrances or imperfections of title, if any, none of which materially detracts from the value or materially impairs the use of the Acquired Assets subject thereto, or materially impairs the ownership or operation of the Pipeline, or the other Acquired Assets, and (B) zoning laws, easements, licenses and other restrictions that do not materially impair the use of the Acquired Assets subject thereto and (iii) the Liens designated as Permitted Liens on Schedule 5.9.

"Person" means an individual, corporation, limited liability company, partnership, association, trust, estate or other entity or organization including a Governmental Authority.

"Pipeline" means the B & W Pipeline system located in Morgan, Fentress, and Pickett Counties, Tennessee, being an intrastate pipeline consisting of four inch (4"), six inch (6"), and eight inch (8") diameter pipe which originates at the East Tennessee Gas Meter Station No. 3 approximately 1,500 feet south of Tennessee State Highway 62 located at Deer Lodge in Morgan County, Tennessee; beginning as a four inch (4") diameter steel line and running thence in a Northerly direction a distance of approximately 1,600 feet to a GASCO/Titan compressor station on the North side of Tennessee State Route 62; thence becoming a six inch (6") diameter plastic line and running in a Northwesterly direction a distance of approximately 3,000 feet to a point where the line becomes an eight inch (8") diameter steel line and runs in a Northerly direction a distance of approximately ten (10) miles to a point where it becomes an eight inch (8") diameter plastic line and continues running in a northerly direction a distance of approximately four (4) miles to a point in the Baseline Road in Fentress County, Tennessee; thence becoming a six inch (6") diameter plastic

line and continuing to run in a Northwest direction a distance of approximately thirty-two (32) miles to a point where the pipeline intersects the Albany LDC system at a double regulator set on lands owned, now or formerly, by J. E. Mullins et ux. in Pickett County, Tennessee (being its point of termination), and being a total distance of approximately forty-seven and one-half (47.5) miles, or 250,800 feet, situated upon the Rights of Way and being more particularly identified on the plats attached as Schedule 2.1 a hereto, together with all of Seller's piping, valves, taps and side valves, regulators, meters, compressors, station piping and other equipment and fixtures used for the transportation of natural gas through such pipeline.

"Purchase Price" has the meaning set forth in Section 3.1.

"Purchaser" has the meaning set forth in the introductory paragraph of this Agreement.

"Required Consents" means any approval, consent, exemption, authorization, or other action by, or notice to, or registration, declaration, or filing with, any Person which is necessary or required in connection with the execution, delivery or performance by Seller of this Agreement or the consummation of the transactions contemplated hereby and which is listed on Schedule 5.4.

"Requirements of Law" means, as to any Person, the Organizational Documents of such Person, and any Applicable Law.

"Release" means spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, discarding, burying, abandoning, migration, or disposing into the environment.

"Rights of Way" has the meaning set forth in the Recitals.

"Schedule" has the meaning set forth in Article V.

"Seller" has the meaning set forth in the introductory paragraph of this Agreement.

"Taxes" means all Federal, state, local and foreign taxes, and other assessments of a similar nature (whether imposed directly or through withholding), including any interest, additions to tax, or penalties applicable thereto.

"Tax Returns" means all Federal, state, local and foreign tax returns, declarations, statements, reports, schedules, forms and information returns and any amendments thereto relating to Taxes.

"Transaction Documents" (individually, a "Transaction Document") means

this Agreement and all other documents delivered by Seller and Purchaser in order to effect the transactions contemplated by this Agreement.

"Transportation Agreement" shall mean that agreement to be entered into as between Gasco and Seller prior to the Closing providing for the terms and conditions of the transportation of gas through the B & W Pipeline to Gasco's utilities known as the Albany, Byrdstown and Fentress Utilities. The Transportation Agreement shall be an Assumed Contract.

ARTICLE II PURCHASE AND SALE OF THE ASSETS

Section 2.1 Transfer of Acquired Assets. At the Closing, and upon the terms and conditions herein set forth, Seller shall sell, assign, transfer, and convey to Purchaser, and Purchaser shall acquire from Seller, all of Seller's right, title, and interest in, to, and under the Acquired Assets. The term "Acquired Assets" shall mean any and all right, title and interest of Seller in and to all those assets, properties and rights, of any kind or character, tangible, intangible, known or unknown, choate or inchoate, accrued, absolute, contingent or otherwise which comprise, are used in, associated with, material to, located at or necessary or desirable for the ownership or operation of, the Pipeline and the other Acquired Assets including, without limitation:

a. the B & W Pipeline System, and all appurtenances, fixtures, personal property, and equipment related thereto, including pipe, valves, taps and side valves, regulations, meters, compressors, station piping, launchers and receivers, communication equipment, cathodic protection equipment, and other equipment used for the transportation of natural gas through such pipeline, as depicted on the plat(s) attached hereto as Schedule 2.1 a;

b. all of the pipeline easements, permits, licenses, authorizations, and pipeline leases (the "Rights of Way") related to the B & W Pipeline System, including, but not limited to, those listed on Schedule 2.1 b attached hereto;

c. fee simple title to the real property owned by Seller and listed on Schedule 2.1 c attached hereto (the "Real Property"), together with any improvements owned by Seller erected thereon;

d. all oil and gas leases, and the leasehold estates created thereby, overriding royalty interests, and carried interests covering lands located in Fentress, Morgan, and Pickett Counties, Tennessee that are associated with the B & W Pipeline System, including, but not limited to, those oil and gas leases and the leasehold estates created thereby listed on Schedule 2.1 d attached hereto (collectively, the "Oil and Gas Leases");

e. all producing, non-producing, shut-in, and abandoned oil and gas wells located on the Oil and Gas Leases or lands pooled or unitized therewith, including the wells listed on Schedule 2.1 e (collectively, the "Wells"), and all well equipment, Christmas trees, casing, tanks, tubing, motors, gathering lines, personal property, equipment, fixtures, and improvements located on and appurtenant to the Oil and Gas Leases or elsewhere insofar as they are used or obtained in connection with the operation of the Oil and Gas Leases or relate to the production, treatment, sale, or disposal of hydrocarbons produced from the Oil and Gas Leases or attributable thereto;

f. all roadway easements, other easements, and rights of way (except pipeline easements) listed on Schedule 2.1 f used or held for use in connection with the ownership or operation of the Pipeline, Rights of Way, Real Property, Oil and Gas Leases, and Wells (the "Other Easements"); and

g. all personal property and all equipment not listed on Schedule 2.1 a (including, without limitation, pipeline maintenance equipment), vehicles, furniture, fixtures, spare parts, other tangible property comprising or used in connection with the Acquired Assets, including, without limitation, the equipment listed on Schedule 2.1 g (collectively, the "Equipment");

h. all Contracts relating to or affecting any period following the Closing Date and which are listed on Schedule 2.1 h (collectively, the "Assumed Contracts");

i. all certificates, books, property, engineering and other records, geological, geophysical, and seismic records, data, and information, title records (including title opinions, abstracts of title, and title curative documents), oil and gas lease files, land files, well files, contracts, land surveys, maps, plats, ledgers, correspondence, sales, marketing and promotional literature and reports, manuals, files, technical data and information, records and data (including customer and supplier lists, bid records and credit histories and legal records), digital or computer software programs, computer printouts, manuals, specifications, design and test procedures, and all written, photographic or printed materials or similar documents, pipeline and production records, electric logs, core data, pressure data, decline curve and graphical production curve data and all related matters; copies of all business records, and all other agreements and records, and all copies of the foregoing, relating to the Pipeline and the other Acquired Assets;

j. all causes of action, judgments, rights or damages in past, present or future breach or infringement of rights under any of the items set forth in subparagraphs (a) through (i) above, claims and indemnity or other rights, including rights under guarantees, representations and express or implied warranties of third parties, except to the extent the foregoing pertain to any obligation or liability of Seller that is not an Assumed Liability.

Section 2.2 Assumption of Liabilities. On the Closing Date, as further consideration for the purchase and sale of the Acquired Assets, and subject to the terms and conditions contained herein, Purchaser shall, from and after the Closing Date, assume, perform and otherwise pay, satisfy and discharge, and hold Seller harmless from those certain obligations and liabilities of Seller relating to the Acquired Assets that are listed on Schedule 2.2 attached hereto (the "Assumed Liabilities"). In no event shall Purchaser otherwise assume, become responsible, or have any liability for any liabilities or obligations of Seller that are not listed on Schedule 2.2.

ARTICLE III PURCHASE PRICE

Section 3.1 Purchase Price. The total purchase price for the Acquired Assets shall be Two Million Six Hundred Fifty Thousand Dollars (\$2,650,000), subject to any applicable adjustments as hereinafter provided.

Section 3.2 Payment of Purchase Price.

a. Deposit. Upon execution of this Agreement, Purchaser shall deposit into an escrow account with an escrow agent pursuant to an escrow agreement (the "Escrow Agreement") to be entered into by Seller, Purchaser, and the escrow agent, the sum of Eighty Thousand Dollars (\$80,000) (the "Deposit"). In the event the Closing occurs, the Deposit shall be paid over to Seller by the escrow agent and credited against the Purchase Price payable at Closing. Such Deposit shall be fully refundable to Purchaser in the event Seller does not consummate the sale of the Acquired Assets for any reason not the fault of Purchaser. In the event Purchaser withdraws from the proposed sale of the Acquired Assets, half (Forty Thousand Dollars, \$40,000) of the Deposit shall be refunded to Purchaser and the other half shall be paid to Seller.

b. Balance of Purchase Price. In the event the Closing occurs, Purchaser shall tender to Seller the balance of the Purchase Price.

Section 3.3 Adjustments to Purchase Price. The Purchase Price shall be adjusted as follows and the resulting amount shall be referred to herein as the "Adjusted Purchase Price":

a. Upward Adjustments. The Purchase Price shall be increased by any amount agreed upon by Seller and Purchaser.

b. Downward Adjustments. The Purchase Price shall be decreased by an amount equal to the sum of the following amounts:

(i) The amount of all proceeds received by Seller attributable to the Acquired Assets for periods of time after the Effective Time (excluding, however, proceeds from all production prior to the Effective Time, which proceeds shall be for the account of Seller);

(ii) An amount equal to all ad valorem, severance, and similar taxes and assessments based upon or measured by the ownership of the Acquired Assets that are unpaid as of the Closing Date and attributable to periods of time prior to the Effective Time, which amount shall be computed upon such taxes and assessments for the preceding calendar year;

(iii) An amount agreed to by Seller and Purchaser pertaining to a material title defect which is not cured by Seller and not waived by Purchaser.

(iv) Any other amount agreed upon by Seller and Purchaser.

ARTICLE IV CLOSING

Section 4.1 Closing. The sale, transfer, conveyance, assignment, and delivery by Seller of the Acquired Assets to Purchaser and assumption by Purchaser of the Assumed Liabilities (the "Closing"), shall take place at the offices of _____ at _____ at 10:00 a.m. eastern prevailing time on the day that is the first business day occurring (i) fourteen (14) days after the expiration of the ninety (90) day due diligence period set forth in that certain Letter of Intent to Purchase dated April 19, 2010 between the Parties or (ii) fourteen (14) days after an appropriate order entered by the Bankruptcy Court authorizing Gasco to enter into the Transportation Agreement with Seller, whichever is later, or on such other date or at such other place and time as may be agreed to by the Parties (the "Closing Date"). The purchase and sale of the Acquired Assets shall be effective for all purposes as of the time on the Closing Date that all closing transactions have been completed (the "Effective Time").

Section 4.2 Seller's Deliveries. At the Closing, Seller shall deliver to Purchaser the following documents (all in form and substance reasonably satisfactory to Purchaser):

a. Such deeds, bills of sale, and other assignment and assumption documents as may be necessary or desirable to transfer all of Seller's right, title and interest in and to the Acquired Assets and Assumed Liabilities to Purchaser, each of which shall be executed (and, if necessary, acknowledged) by Seller;

b. The certificates, consents and other documents required to be obtained or delivered pursuant to Section 5.4 hereof;

c. All books, records, maps, engineering reports, files, contracts of Seller relating to the Acquired Assets and the Assumed Liabilities, and all information and material referred to in Section 2.1h and i;

d. Resolutions of the board of Directors of Seller, Gasco, and of Gasco's shareholders authorizing the execution and delivery of this Agreement by Seller and the performance of its obligations hereunder, certified by the secretary of Seller, and Gasco, as appropriate;

e. An affidavit that Seller is not a non-resident "alien", "foreign corporation", "foreign partnership", "foreign trust" or "foreign estate" within the meaning of Internal Revenue Code and Regulations thereunder; and

f. Such other documents, certificates, agreements and other writings as may be reasonably necessary or desirable to effectuate the transactions contemplated by this Agreement.

Section 4.3 Possession of Acquired Assets. At the Closing, Seller shall deliver to Purchaser possession of the Acquired Assets.

Section 4.4 Purchaser's Deliveries. At the Closing, Purchaser shall deliver, or cause to be delivered, to Seller (all in form and substance reasonably satisfactory to Seller):

a. The Purchase Price in accordance with in accordance with Article III;

b. Such assumption agreements and such other agreements as may be necessary or desirable for the assumption of the Assumed Liabilities by Purchaser executed (and, if necessary, acknowledged) by Purchaser;

c. The certificates, consents and other documents required to be obtained or delivered pursuant to by Section 5.4 hereof;

d. A Closing Statement showing the Purchase Price and all charges or credits to Purchaser or Seller provided herein;

e. Resolutions of the directors or members, or, as the case may be, the General Manager of Purchaser, authorizing the execution and delivery of this Agreement and the performance of its obligations hereunder, certified by the secretary or General Manager of Purchaser; and

f. Such other documents, certificates, agreements and other

writings as may be reasonably necessary or desirable to effectuate the transactions contemplated by this Agreement.

Section 4.5 Reasonable Steps. Prior to the Closing Date, Seller shall take such reasonable steps as may be necessary or appropriate so that on the Closing Date, Purchaser shall be placed in actual possession and control of all of the Acquired Assets.

ARTICLE V REPRESENTATIONS AND WARRANTIES OF SELLER

As an inducement to Purchaser to enter into this Agreement, Seller represents and warrants to Purchaser, except as set forth in the disclosure schedule delivered by Seller to Purchaser in connection with the execution of this Agreement (the "Disclosure Schedule"), as follows (references in this Agreement to any "Schedule" are to the various schedules contained in the Disclosure Schedule):

Section 5.1 Entity Organization and Standing. Seller is a corporation duly organized, validly existing, and in good standing under the laws of the State of Ohio, and is duly authorized to conduct business and is not currently in good standing under the laws of the State of Tennessee, but will become in good standing as of the closing (with proceeds from the Purchase Price payable pursuant to Article 3.). Seller has all requisite power and authority to own, lease, and use its properties, including all the Acquired Assets, and to conduct its business as now being conducted.

Section 5.2 Authorization and Validity. Subject to any Consents set forth on Schedule 5.4, Seller has all requisite corporate power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the performance by Seller of its obligations hereunder have been duly authorized by all necessary corporate action on the part of Seller, and no other proceedings or action on the part of Seller is necessary to authorize such execution, delivery, and performance. This Agreement has been duly executed by Seller and constitutes or will constitute its valid and binding obligation, enforceable against it in accordance with the terms herein, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws relating to or affecting creditor's rights generally, or general principles of equity.

Section 5.3 No Conflict or Violation. Seller has the full right, power and authority to execute, deliver and perform its obligations under this Agreement and all other Transaction Documents and to consummate the transactions contemplated hereby and thereby. Except for the consents set forth on Schedule 5.4, the execution, delivery and performance by Seller of this Agreement and all

other Transaction Documents and the consummation by Seller of the transactions contemplated hereby and thereby will not:

- a. conflict with or violate any of the Organizational Documents of Seller;
- b. result in any breach or violation of, or constitute a default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of, or require the consent of any party to, any contract of Seller;
- c. result in the creation of any Lien on any of the Acquired Assets; or
- d. conflict with or violate any Applicable Law, regulation, rule or other legal requirement of any Government or any order, judgment, or decree of any court or Government applicable to Seller.

Section 5.4 Required Consents. Schedule 5.4 sets forth a complete and accurate list of all consents, approvals, and preferential rights required to be obtained for the conveyance, assignment, and transfer of the Acquired Assets to Purchaser. Except as set forth on Schedule 5.4, no approval, consent, certificate, exemption, authorization, or other action by, or notice to, or registration, declaration or filing with any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, Seller of this Agreement or any other Transaction Document.

Section 5.5 Compliance with Law. Except as would not reasonably be expected to result in a material liability of carrying on the business of operating and maintaining the Acquired Assets after the Closing or materially impair the operation of the Acquired Assets after the Closing, (a) Seller is in compliance in all material respects with all laws, (b) Seller has not received written notice of, nor to Seller's knowledge has Seller been under investigation for, any material violation of any law, including Seller's obligations to provide accurate information to state agencies and regulatory bodies, and (c) Seller is not in material default with respect to any order, judgment, or decree of any court or government, applicable to the Acquired Assets or operating and maintaining same.

Section 5.6 Litigation. As of the date of this Agreement and except as otherwise set forth on Schedule 5.6, there are no claims, suits, or proceedings pending or, to the knowledge of Seller, threatened, at law, in equity, in arbitration, or before any Governmental Authority, against or related to Seller, the Pipeline or the other Acquired Assets or relating to the transactions contemplated by this Agreement or any action taken or to be taken in connection herewith, and there are no unsatisfied or outstanding judgments, orders, decrees or stipulations

affecting the Pipeline or any of the other Acquired Assets. Seller is not a party to or bound by any order, judgment, injunction, decree, or settlement agreement under which it may have continuing obligations as of the date hereof and, which may restrict or affect Purchaser's ownership or operation of the Pipeline or the other Acquired Assets.

Section 5.7 Brokers. Seller has not incurred any liability for any finders' or brokerage fees or commissions in connection with this Agreement.

Section 5.8 Taxes.

a. Seller has (i) duly and timely filed (or there has been filed on its behalf) with the appropriate Governmental Authorities all Tax Returns, or extensions of the time to file such Tax Returns, required to be filed by it, and all such Tax Returns are true and correct in all material respects, and (ii) timely paid (or there has been paid on its behalf at Closing) all Taxes due or claimed to be due from it by any Governmental Authority other than such Taxes as are being contested in good faith by appropriate proceedings.

b. No audit is pending or to Seller's knowledge threatened with respect to any Taxes due from Seller and no deficiency or adjustment for any Taxes has been threatened, proposed, asserted or assessed against Seller.

Section 5.9 Title and Adequacy of Acquired Assets. To the best of Seller's knowledge and belief, and with certain exceptions that may be discovered upon the review of the various documents of title relating to easements, Rights of Way and leases, Seller owns good, marketable and indefeasible title to, or a valid and enforceable leasehold interest in, all of the Acquired Assets, including valid, recorded Rights of Ways covering the entire pipeline length, free and clear of all Liens and future payments, other than Permitted Liens. Schedule 5.9 attached hereto contains a complete and accurate list of all Permitted Liens. In no event shall Purchaser assume, become responsible for, or have any liability for any liens that are not listed on Schedule 5.9. The Acquired Assets constitute all of the assets which are necessary for the ownership and operation of the Pipeline in a commercially reasonable manner. All of the Acquired Assets are adequate for the purposes for which they are used, are adequate in all respects for the operation of the Pipeline, and have been repaired or maintained regularly and are in good working order.

Section 5.10 Seller's Encumbrances. Schedule 5.10 hereto sets forth a correct and complete list, prepared and certified by an officer of Seller having knowledge of same, of all indebtedness, borrowings, loan agreements, promissory notes, pledges, deeds of trust, mortgages, guaranties, and similar liabilities (direct and indirect) that are secured by or constitute an encumbrance on the Acquired Assets or are obligations of Seller as of the date of this Agreement ("Seller's Encumbrances"). All Seller's Encumbrances shall be

satisfied as of the Closing Date, with satisfactory evidence thereof provided at Closing, and any and all releases necessary to evidence such satisfaction shall be promptly obtained and recorded.

Section 5.11 Contracts. Set forth on Schedule 5.11 hereto is a complete and current list as of the date hereof of all contracts, agreements, undertakings, (whether written or oral), and instruments that are not described in any other schedule to this Agreement that constitute a part of the Acquired Assets or by which the Acquired Assets are bound or subject. Seller has delivered to Purchaser true and complete copies of each of the Contracts listed on Schedule 5.11. Except as may be disclosed on Schedule 5.11 hereto, (i) each of the Contracts listed on Schedule 5.11 is valid and enforceable in accordance with its terms, except to the extent that enforcement may be limited by bankruptcy, insolvency, moratorium or other similar laws presently or hereinafter in effect relating to or affecting the enforcement of creditors rights generally and by general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law); (ii) neither Seller nor, to Seller's knowledge, any other party thereto, is in default in the performance, observance or fulfillment of any material obligation, covenant or condition contained therein, and no event has occurred that with or without the giving of notice or lapse of time, or both, would constitute a default thereunder; and (iii) as of the date hereof no advance payments have been received by Seller by or on behalf of any party to any of the Contracts listed on Schedule 5.11 for services to be rendered or products to be delivered to such party after the Closing Date.

Section 5.12 Licenses. Seller has all Licenses (including without limitation those required under any Environmental Law) necessary to own and operate the Pipeline and the other Acquired Assets, and Seller is in compliance in all material respects with the terms and conditions of the Licenses. Schedule 5.12 hereto sets forth a correct and complete list of all Licenses held by Seller, each one of which is in full force and effect. To Seller's knowledge, no suspension or cancellation of any of the Licenses held by Seller is threatened and no cause exists for such suspension or cancellation. Any Licenses that cannot be transferred to Purchaser are identified on Schedule 5.12 hereto.

Section 5.13 Real Property, Rights of Way, Oil and Gas Leases, Wells, Etc.

a. **Owned Real Property.** Except as may be set forth on Schedule 2.1 c, Seller has good and marketable title to all real property owned in fee simple and listed on Schedule 2.1 c attached hereto free and clear of all encumbrances.

b. **Pipeline.** The Pipeline has been maintained in good maintenance and repair, and is in good working order as of the date of this Agreement, in a manner consistent with good and efficient operating principles.

There are no outstanding citations or notices of violation relating to the Pipeline from the Gas Pipeline Safety Division of the Tennessee Regulatory Authority or any other governmental regulatory agency. The Pipeline is free and clear of all encumbrances and Seller has good and marketable title thereto, subject to the representations contained in Section 5.9. Seller has not granted, and there is no outstanding, any option, right, agreement or other obligation pursuant to which any Person has or could claim a right to acquire in any way all or any part of, or any interest in, the Pipeline.

c. Rights of Way. Schedule 2.1 b sets forth a complete list of all pipeline easements, permits, licenses, and pipeline leases covering the entire length of the Pipeline. Subject to the representations contained in Section 5.9, such Rights of Way are in full force and effect and valid as to all of their terms, together cover the entire Pipeline length, and are free and clear of all Liens. Seller is not aware that it is in default under any Right of Way, however, such default if any, may be determined in due diligence based upon whether any required payments have been made. Seller has such access to such Rights of Way as is necessary and convenient for the ownership and operation of the Pipeline and every portion thereof. Subject to the representations contained in Section 5.9, Seller has good and marketable title to such Rights of Way, which are freely assignable.

d. Oil and Gas Leases. Schedule 2.1 d sets forth a complete list of all oil and gas leases owned by Seller associated with the B & W Pipeline System. Except as indicated on Schedule 2.1 d, and subject to the representations set forth in Paragraph 5.9, the Oil and Gas Leases are in full force and effect, are valid and subsisting, and cover the entire estates they purport to cover. Unless otherwise indicated on Schedule 2.1 d, all production royalties, shut-in royalties, rentals, and other payments due under the Leases have been properly and timely paid and all conditions necessary to keep the Oil and Gas Leases in force have been fully performed. As to the Oil and Gas Leases, there are no obligations to engage in continuous development operations in order to maintain any such Lease in force and effect. Seller is not in default under any such Oil and Gas Lease, except as indicated on Schedule 2.1 d. Except as set forth on said schedule, Seller has not been advised, directly or indirectly, by any lessor under any of the Oil and Gas Leases or by any other party of a default under an Oil and Gas Lease, which claim or default has not been resolved. Except as set forth on said schedule, Seller has good and marketable title to the Oil and Gas Leases, which are freely assignable.

e. Wells and Well Status. Schedule 2.1 e sets forth a complete list of all Wells owned by Seller associated with the B & W Pipeline System. Except as indicated on Schedule 2.1 e, and subject to the representations in Section 5.9, Seller has good and marketable title to the Wells, except as follows: Seller has an outstanding obligation to the Oil & Gas Board, State of Tennessee ("Board") to provide a schedule to plug any non-producing wells. As part of its

due diligence, Purchaser will become familiar with any such requirements and may contact the Board, at its discretion, to determine if the Board will agree to a schedule to be proposed by Purchaser post-Closing.. Schedule 2.1 e sets forth the net revenue interest and working interest Seller has in each well, as well as any overriding royalty interests or other burdens to which any of such Wells may be subject. Schedule 2.1 e identifies those Wells which (i) Seller is currently obligated by law or contract to plug and abandon, (ii) which are not currently obligated by law or contract to be plugged and abandoned but which may be candidates for plugging and abandonment because such Wells are not currently capable of producing oil or gas in commercial quantities, and (iii) to the best of Seller's knowledge have been plugged and abandoned but were not plugged in accordance with applicable regulations of the Tennessee Oil and Gas Board.

f. Personal Property. All personal property, fixtures, and equipment constituting a part of the Acquired Assets have been maintained in all material respects in a state of repair so as to be adequate for normal operations and are in all material respects in good working order.

Section 5.14 Condemnation. To Seller's knowledge, there are no pending or threatened (i) condemnation proceedings or eminent domain proceedings against the Acquired Assets, or (ii) Governmental Authority assessments or impositions which could affect any part of the Acquired Assets, subject to the representations in Section 5.14(b). Seller shall notify Purchaser immediately upon learning that any Governmental Authority assessment, imposition, or any condemnation, eminent domain, or similar proceeding has been commenced or is threatened, which could affect any part of the Acquired Assets.

Section 5.15 Books and Records. All material of account and other financial records of Seller relating to the Pipeline, the other Acquired Assets and the Assumed Liabilities are true, complete and correct in all material respects and have been made available to Purchaser. All of the Books and Records have been prepared and maintained in accordance with good business practices.

Section 5.16 Intellectual Property.

a. Schedule 5.16 a(i) hereto sets forth, as of the date hereof, a correct and complete list of all Intellectual Property (other than unregistered copyrightable works and other than shrink-wrap) owned by Seller and used in connection with or otherwise material to the ownership and operation of the Pipeline as of the date hereof. Schedule 5.16 a(ii) hereto sets forth, as of the date hereof, a correct and complete list of all Intellectual Property (other than shrink-wrap) owned by Persons other than Seller and used in connection with the ownership and operation of the Pipeline, the owner of such Intellectual Property, and the applicable license granting rights thereto to Seller. Except where expressly indicated in Schedule 5.16 a(ii), all licenses identified in Schedule 5.16 a(ii) are transferable to Purchaser without any additional payment obligations on Purchaser. Except as disclosed in Schedule 5.16 a(ii): (i) Seller owns or

possesses adequate licenses or other valid rights to use (without the making of any payment to others or the obligation to grant rights to others in exchange) all the Intellectual Property, free and clear of all Liens other than Permitted Liens; (ii) the Intellectual Property included in the Acquired Assets constitute all such rights necessary to ownership and operation of the Pipeline and are being conveyed to Purchaser together with the other Acquired Assets; (iii) the validity of the Intellectual Property and the rights therein of Seller have not been questioned in any administrative proceeding or in any litigation to which either Seller or any licensee of Seller is a party, nor, to Seller's knowledge, is any such administrative proceeding or litigation threatened against Seller or any other Person; and (iv) to Seller's knowledge, the conduct of the ownership and operation of the Pipeline does not conflict with patent rights, licenses, trademark rights, trade name rights, copyrights or other intellectual property rights of others.

b. Schedule 5.16 b hereto sets forth, as of the date hereof, a true and complete list of all contracts pursuant to which Seller has granted any Person rights to use Intellectual Property. Except as disclosed in Schedule 5.16 b hereto, to Seller's knowledge, no use of any Intellectual Property owned by Seller has heretofore been, or is now being, made by any Person other than Seller. To Seller's knowledge, there is no infringement of any Intellectual Property owned or licensed by Seller. No present or former member, manager, officer, employee or consultant of Seller has any interest in any of the Intellectual Property.

c. Seller has paid all maintenance fees, taxes, annuities and other payments due to, and has filed all documents and other items required with, any applicable Governmental Authority required to maintain the Intellectual Property listed in Schedule 5.16 a(i).

Section 5.17 Environmental Matters.

a. Seller has not received, and Seller has no knowledge of any other Person having received, any Environmental Claim relating to its business, the Pipeline, or the other Acquired Assets alleging any violation of any Environmental Law or any written request for information from any Governmental Authority or other Person pursuant to any Environmental Law. Seller is, and always has been with respect to its business, the Pipeline, and the other Acquired Assets, in compliance in all material respects with all applicable Environmental Laws. Seller has obtained all material permits, licenses, certificates and other authorizations which are required with respect to its operation under any Environmental Law and all such permits, licenses, certificates and other authorizations are set forth on Schedule 5.17 a hereto.

b. To the best of Seller's knowledge and belief based upon a due inquiry made by Seller's executive officers, there is no condition and there are no Hazardous Substances on or beneath the Pipeline or any of the other

Acquired Assets, and there has been no Release, or treatment of Hazardous Materials on or beneath the Pipeline or other Acquired Assets, in quantities or concentrations that could give rise to any material obligations, responsibilities, liabilities or debts of Seller or Purchaser under any Environmental Law.

c. Seller has not received and Seller has no knowledge of any pending or threatened Environmental Claim or order from any Governmental Authority or private or public entity in connection with the Pipeline or other Acquired Assets advising it that either Seller or any owner or operator of the Pipeline or other Acquired Assets is responsible for or potentially responsible for remediation or paying for the cost of investigation or remediation of any Hazardous Substance, and Seller has not entered into any agreements pertaining thereto.

d. To Seller's knowledge, the Pipeline and the other Acquired Assets do not now, and did not in the past, contain any: (i) underground storage tanks, (ii) underground injection wells; (iii) septic tanks in which process wastewater or any Hazardous Substances have been disposed; (iv) asbestos; (v) equipment using PCBs; or (vi) drums buried in the ground.

e. Schedule 5.17 e hereto identifies, as of the date hereof, all environmental studies in the possession of Seller or its parent or affiliates relating to the Acquired Assets, and true and complete copies of such studies have been delivered to Purchaser.

Section 5.18 Insurance. Schedule 5.18 sets forth, as of the date hereof, a complete list of all insurance policies maintained by Seller covering the Acquired Assets.

Section 5.19 Accuracy of Representations and Warranties. No representation or warranty by Seller in this Agreement or any agreement or document delivered by Seller pursuant to this Agreement contains an untrue statement or a material fact or omits to state a material fact necessary to make the statements contained in any representation or warranty, in light of the circumstances under which it was made, not misleading. There is no fact known to Seller that materially and adversely affects (or may materially and adversely affect) the operation, prospects, or condition of any portion of the Acquired Assets that has not been set forth in this Agreement.

ARTICLE VI REPRESENTATIONS AND WARRANTIES OF PURCHASER

As an inducement to Seller to enter into this Agreement, Purchaser represents and warrants to Seller as follows:

Section 6.1 Organization. Purchaser is a limited liability company duly

organized, validly existing, and in good standing under the laws of the State of Texas, and is duly authorized to conduct business and is in good standing under the laws of the State of Tennessee. Purchaser has all requisite power and authority to own, lease, and use the Acquired Assets and to conduct the business related thereto as now being conducted Seller.

Section 6.2 Power and Authorization. Purchaser has all requisite legal and limited liability company power and authority to enter into this Agreement and the other Transaction Documents to which it is a party and to carry out and perform its obligations under the terms hereof and thereof. The execution, delivery and performance of this Agreement and all other Transaction Documents by Purchaser and the consummation by it of the transactions contemplated hereby and thereby have been duly authorized by all necessary limited liability company action on the part of Purchaser and no other action on the part of Purchaser is necessary to authorize this Agreement, the other Transaction Documents or the consummation of the transactions contemplated hereby and thereby.

Section 6.3 Binding Effect. This Agreement has been duly authorized, executed and delivered by Purchaser. This Agreement constitutes, and each other Transaction Document when executed and delivered by Purchaser in accordance with the terms hereof, will, assuming the due authorization, execution and delivery by Seller, constitute the valid and binding obligation of Purchaser enforceable against Purchaser in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws relating to or affecting creditor's rights generally or general principles of equity.

Section 6.4 No Conflict. Purchaser has the full right, power and authority to execute, deliver and perform its obligations under this Agreement and all other Transaction Documents, and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by Purchaser of this Agreement and all other Transaction Documents and the consummation of the transactions contemplated hereby and thereby will not:

- a. conflict with or violate any of the Organizational Documents of Purchaser;
- b. result in any breach or violation of, or constitute a default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any agreement of Purchaser; or
- c. conflict with or violate any Applicable Law.

Section 6.5 Brokers. Purchaser has not incurred any liability for any finders' or brokerage fees or commissions in connection with this Agreement.

Section 6.6 Litigation. As of the date of this Agreement, there are no claims, suits, or proceedings pending or, to the knowledge of Purchaser, threatened, at law, in equity, in arbitration, or before any Governmental Authority, against or related to Purchaser, or that in any manner challenges or seeks to prevent, enjoin, alter or materially delay the transactions contemplated by this Agreement or any other Transaction Document.

Section 6.7 Consents. No consent, approval, order or authorization of, or registration, declaration or filing with, any Governmental Authority or other Person is required to be made or obtained by Purchaser in connection with Purchaser's execution, delivery and performance of this Agreement or the other Transaction Documents or Purchaser's consummation of the transactions contemplated hereby and thereby.

ARTICLE VII COVENANTS

Section 7.1 Examinations and Investigations.

a. At all times prior to the Closing Date, subject to the confidentiality provisions set forth in Section 7.6 hereof, Seller shall reasonably cooperate with Purchaser and with its counsel, management, employees, accountants, lenders and other representatives in the conduct of their due diligence investigation of the Pipeline and the other Acquired Assets and, in connection with such due diligence investigation, shall grant to Purchaser and such representatives reasonable access, during normal business hours and upon reasonable prior notice, to its Books and Records and to the Pipeline and the other Acquired Assets; provided, however, that at no time shall Purchaser or any such representative interfere with the normal business operations of Seller. Such due diligence investigations may include site visits, physical, environmental, and structural inspections and testing of portions of the Pipeline and any Rights of Way, Oil and Gas Lease, or Wells. The inspections may include a review of the operating records of portions of the Pipeline and other Acquired Assets relating to environmental compliance and building construction, operation and maintenance, interviews with appropriate personnel and on-site visual inspections, review of legal, contractual, financial, and operational data, including real and personal property records, maps, plats, asset lists, gas purchase contracts, gas sales contracts, gathering contracts, condensate and other commercial contracts, general ledger review, volumetric (by receipt and delivery point) review, liability associated with abandoned oil and gas wells, and information regarding any current or threatened lawsuits, claims, or liabilities related to the Acquired Assets. Purchaser may make copies of such information as it deems necessary, but shall bear the copying expense thereof.

b. On or before Closing, Purchaser shall deliver to Seller, if it

so elects, internal or third party due diligence reports (the "Due Diligence Reports"). Purchaser shall be solely responsible for the cost of obtaining the Due Diligence Reports. Purchaser shall, at the same time, give written notice to Seller identifying each objection, other than Permitted Liens, which Purchaser may have concerning the Acquired Assets including, without limitation, any items revealed in any Due Diligence Reports or otherwise. In the event Purchaser chooses to terminate this Agreement within ninety (90) days of the execution by Seller of that certain April 19, 2010 Letter of Intent entered into by the parties, at Seller's request Purchaser agrees to share the results of its due diligence investigation with Seller.

c. If Seller receives from Purchaser a written notice of Purchaser's objections to any matter concerning the Acquired Assets, as provided in the preceding subsection, Seller shall have seven (7) business days following Seller's receipt of Purchaser's notice to give written notice to Purchaser (i) that Seller shall take all necessary action at Seller's expense to cure Purchaser's objections as set forth in said written notice of Purchaser; or (ii) that Seller is unwilling or unable to cure the matters giving rise to Purchaser's objections, in which event Purchaser shall have three (3) business days after receipt of Seller's notice to terminate this Agreement by notice in writing to Seller. If no election to terminate is made in writing by Purchaser within such five (3) business day period, Purchaser shall be deemed to have irrevocably waived all objections to such matters and shall take title to the Acquired Assets subject thereto.

d. From and after receipt of the Deposit, Seller's parent, Gasco shall use reasonable best efforts to obtain entry by the Bankruptcy Court of an order approving Gasco entering into the Transportation Agreement. Gasco shall file all pleadings with the Bankruptcy Court as are necessary or appropriate to secure such order. Provided, however, that Seller shall first obtain the comment and approval of Purchaser prior to entering into the Transportation Agreement. Purchaser shall cooperate with Seller and Gasco in connection with the furnishing of any information or documents as may be necessary to satisfy the requirements of obtaining the order.

Section 7.2 Compliance with Contracts and Applicable Law. From the date hereof through the Closing Date, Seller shall in all material respects comply with (i) all terms, conditions and requirements set forth in all Contracts, (ii) all Requirements of Law, and (iii) all Licenses.

Section 7.3 Preservation of Business and Assets.

a. From the date hereof through the earlier of the Closing Date or the date upon which this Agreement is terminated, except as contemplated by this Agreement or with the prior written consent of Purchaser, Seller shall conduct its businesses in all material respects in the ordinary course and

consistent with past practice or use its reasonable commercial efforts to maintain, in the exercise of its reasonable business judgment, the Pipeline and all other Acquired Assets in good working condition, ordinary wear and tear excepted. Seller shall also maintain insurance now in force with respect to the Acquired Assets and pay or cause to be paid all costs and expenses incurred in connection therewith.

b. In addition, from the date hereof through the earlier of the Closing Date or the date upon which this Agreement is terminated, except as contemplated by this Agreement or with the prior written consent of Purchaser, Seller shall not:

(i) enter into any Contract relating to the Pipeline or the other Acquired Assets except those made in the ordinary course of business, the terms of which are consistent with past practice and reasonable in light of current conditions;

(ii) terminate, cause the termination of, amend, renew or extend any Contract other than in the ordinary course of business;

(iii) waive or release any of its material rights with respect to the Pipeline or any of the other Acquired Assets or permit any of such rights to lapse;

(iv) sell, transfer, lease, license or otherwise dispose of any of the Acquired Assets or any interest therein or agree to do any of the foregoing;

(v) incur, make, assume or suffer to exist any Lien, tenancy or other matter affecting title to any of the Acquired Assets other than Permitted Liens;

(vi) authorize or commit to do or agree to take, whether in writing or otherwise, any of the foregoing actions; or

(vii) take any other action, or fail to take any other action, which action or failure (A) would constitute or reasonably be expected to result in a Material Adverse Effect, or (B) would result in a material breach of the representations, warranties or covenants of Seller contained herein, or any of the Schedules or Exhibits to this Agreement.

c. Prior to the Closing Date, Seller shall deliver to Purchaser a list and copies of all Contracts entered into between the date hereof and the Closing Date.

Section 7.4 Notice to Purchaser. Seller shall provide Purchaser with notice within two (2) business days of the occurrence of a Material Adverse Effect.

Section 7.5 Consents and Approvals. Seller and Purchaser shall use their respective reasonable commercial efforts to obtain all Required Consents. With respect to all Required Consents, each party shall bear its own costs and expenses. Purchaser and Seller shall each fully cooperate with the other in all reasonable respects in seeking such Required Consents.

Section 7.6 Confidentiality.

a. Each party to this Agreement shall keep confidential, and shall cause its counsel, accountants, financial advisors and lenders to keep confidential, all information concerning or related to the business, operations, financial condition, trade secrets and other proprietary information of the other party hereto (collectively, the "Confidential Information"), in each case learned as a consequence of the transactions contemplated hereby. Each party hereto shall not disclose or reveal any Confidential Information to any Person other than its officers, Affiliates, employees, attorneys, accountants, other agents and representatives, including engineers, financial advisors, current and prospective investors, lenders and employees who otherwise need to know the Confidential Information for the purpose of evaluating the Pipeline, the other Acquired Assets and/or the transactions contemplated hereby. Seller shall not authorize Gasco or any related entity to disclose any Confidential Information in circumstances where direct disclosure of such Confidential Information by Seller would violate this Section 7.6.

b. The confidentiality provisions of Section 7.6 a shall become inoperative as to any Confidential Information that (i) is or becomes generally available to the public other than as a result of a disclosure by the party or such party's representative in violation of Section 7.6 a; or (ii) becomes available on a nonconfidential basis from a source other than the party furnishing the Confidential Information or any of its representatives, which source has believably represented that it is entitled to disclose such information.

Section 7.7 Certain Employee Matters. Purchaser has not agreed to, and nothing in this Agreement requires Purchaser to, hire, or to offer to hire, any employees of Seller. Purchaser does not and shall not assume or be responsible for any obligations or liabilities arising out of any employment relationship between Seller and any employee of Seller.

Section 7.8 Further Assurances. Subject to the terms and conditions of this Agreement, Seller and Purchaser will use its reasonable best efforts to take, or cause to be taken, all actions, to do, or cause to be done, all things necessary or desirable under this Agreement or Applicable Law and subject to the

satisfaction of the conditions contained in this Agreement, to execute and deliver such other documents, certificates, agreements and other writings as may be reasonably necessary or desirable in order to consummate or implement expeditiously the transactions contemplated by this Agreement.

Section 7.9 Publicity. Except as required by Applicable Law, the parties shall consult with each other in advance and agree upon the form, content, timing and manner of distribution of (i) any public announcement, press release or other public disclosure regarding this Agreement or the transactions referred to herein or (ii) any discussions with any customers, suppliers, vendors, or other third parties who are engaged in business with Seller regarding this Agreement or the transactions referred to herein made by any party hereto or any of their respective Affiliates, officers, employees, representatives or agents.

Section 7.10 Exclusivity. From and after the date hereof until the termination of this Agreement, neither Seller, nor any of such Seller's officers, members, managers, or Gasco, will conduct negotiations or enter into any agreement with any third party for, or engage in any discussions with a third party involving a sale of Seller or a controlling equity interest in Seller or the Pipeline or any of the Acquired Assets, in whole or in part, and neither Seller, nor any of its officers, managers, or Gasco, will solicit, initiate or encourage offers in respect thereof.

Section 7.11 Advisory Fees. Each party shall be solely responsible for any investment banker, broker, finder or other intermediary or advisory fees it incurs in connection with the transactions contemplated hereby and shall indemnify, defend and hold harmless the other party for all such costs.

Section 7.12 Validity of Representations. Each party shall cause all the representations and warranties it makes in this Agreement to be true and correct on and as of the Closing Date and all such representations and warranties shall be deemed remade at Closing. To the extent the conditions precedent to the obligations of Purchaser are within the control of Seller, Seller shall cause such conditions to be satisfied on or prior to the Closing Date and, to the extent the conditions precedent to the obligations of Purchaser are not within the control of Seller, Seller shall use its reasonable best efforts to cause such conditions to be satisfied on or prior to the Closing Date. To the extent the conditions precedent to the obligations of Seller are within the control of Purchaser, Purchaser shall cause such conditions to be satisfied on or prior to the Closing Date and, to the extent the conditions precedent to the obligations of Seller are not within the control of Purchaser, Purchaser shall use its reasonable best efforts to cause such conditions to be satisfied on or prior to the Closing Date.

Section 7.13 Release of Encumbrances. At the Closing, Seller shall cause Seller's Encumbrances to be satisfied so that the Acquired Assets may be transferred to Purchaser free and clear of any encumbrance or burden created

thereby, and any and all releases necessary to evidence such satisfaction shall be promptly obtained and recorded.

ARTICLE VIII CONDITIONS TO THE OBLIGATION OF PURCHASER

The obligation of Purchaser to proceed with the Closing under this Agreement is subject to the satisfaction, on or prior to the Closing Date, of each of the following conditions, each of which may be waived by Purchaser:

Section 8.1 Accuracy of Representation and Warranties. The representations and warranties of Seller contained in this Agreement shall be true and correct in all material respects as of the date when made and shall be deemed to have been made again at and as of the Closing Date and shall at and as of such time of Closing be true and accurate in all respects except as to changes consented to by Purchaser; and Seller shall have performed and complied in all material respects with all covenants, agreements, and conditions required to be performed and satisfied by it at or prior to the Closing.

Section 8.2 Changes. Since the date of this Agreement, there shall have been no material adverse changes in the condition of any of the Acquired Assets, except normal production, depreciation of equipment through ordinary wear and tear, and other transactions approved in writing by Purchaser on Closing Date.

Section 8.3 Performance of Obligations. Seller shall have performed and complied in all material respects with all of the terms, covenants and conditions of this Agreement to be performed and complied with by Seller prior to or at Closing.

Section 8.4 Required Consents. All Required Consents shall have been obtained without the imposition of any material conditions unacceptable to Purchaser in its reasonable discretion, and shall be in full force and effect as of the Closing Date.

Section 8.5 No Litigation. There shall be no suits, actions, or other proceedings pending or threatened to enjoin or challenge the consummation of the transactions contemplated by this Agreement or seeking damages or other relief in connection therewith.

Section 8.6 Material Adverse Effect. No Material Adverse Effect shall have occurred and be continuing.

Section 8.7 Closing Certificate. Seller shall have delivered to Purchaser a certificate signed by an authorized officer of Seller stating that, as of the Closing Date, the conditions set forth in this Article have been satisfied.

Section 8.8 Assignment Documents. Seller shall have delivered, or caused to be delivered, to Purchaser, the documents required by Section 4.2 in a form reasonably acceptable to Purchaser, assigning to Purchaser of all of Seller's right, title and, interest in and to all Acquired Assets.

Section 8.9 Licenses. Seller shall have delivered, or caused to be delivered, to Purchaser all documentation necessary or appropriate to convey all rights under all permits and Licenses issued to Seller by a Governmental Authority including, without limitation, Licenses under Environmental Laws.

ARTICLE IX CONDITIONS TO THE OBLIGATION OF SELLER

The obligation of Seller to proceed with the Closing under this Agreement is subject to the satisfaction, on or prior to the Closing Date, of each of the following conditions, each of which may be waived by Seller:

Section 9.1 Accuracy of Representations and Warranties. The representations and warranties of Purchaser contained in this Agreement shall be true and correct in all material respects as of the date when made and shall be deemed to have been made again at and as of the Closing Date and shall at and as of such time of Closing be true and accurate in all respects except as to changes consented to by Purchaser; and Purchaser shall have performed and complied in all material respects with all covenants, agreements, and conditions required to be performed and satisfied by it at or prior to the Closing.

Section 9.2 Performance of Obligations. Purchaser shall have performed and complied in all material respects with all of the terms, covenants and conditions of this Agreement to be performed and complied with by Purchaser prior to or at Closing.

Section 9.3 No Court Order. No temporary restraining order, preliminary or permanent injunction, stay, cease and desist order or other order issued by any court of competent jurisdiction or any competent Governmental Authority prohibiting the consummation of the transactions contemplated by this Agreement shall be in effect.

Section 9.4 Assumption Documents. Purchaser shall have delivered, or caused to be delivered, assumption documents in a form reasonably acceptable to Seller, whereby Purchaser assumes the Assumed Liabilities.

Section 9.5 Closing Certificate. Purchaser shall have delivered to Seller a certificate signed by an authorized officer of Purchaser stating that, as of the Closing Date, the conditions set forth in this Article have been satisfied.

ARTICLE X

SURVIVAL AND INDEMNIFICATION

Section 10.1 Survival of Representations, Warranties, and Covenants.
Should Closing occur as contemplated herein, all representations, warranties, covenants, agreements, and indemnities of or by the parties under this Agreement shall be continuing and shall be true and correct on and as of the date of Closing with the same force and effect as if made at the time (and shall inure to the benefit of Seller and Purchaser and their assigns), and all such representations, warranties, covenants, agreements, and indemnities shall survive the Closing and shall not be deemed to have merged into the assignment, bill of sale, and conveyance. Provided, nevertheless, that such representations, warranties, covenants, agreements, and indemnities shall terminate and expire at midnight, eastern prevailing time, on the date which is eighteen (18) months after the Closing Date (the "Expiration Date"), except that such time limitation shall not apply to:

- a. claims for fraud or willful breach of a representation, warranty, or covenant, which claims may be asserted without limitation; and
- b. any claims which have been asserted on or prior to the Expiration Date.

Section 10.2 Indemnification.

a. Following the Closing, Seller shall indemnify and defend Purchaser and hold Purchaser harmless from and against all Losses that are incurred or suffered by Purchaser in connection with or resulting from:

(i) any breach of any representation or warranty made by Seller in this Agreement or in any Transaction Document furnished or to be furnished to Purchaser;

(ii) any breach of any covenant made by Seller in this Agreement or any Transaction Document furnished or to be furnished to Purchaser, whether such covenant requires performance prior to or after the Closing;

(iii) any liabilities of Seller of any nature whatsoever (other than Assumed Liabilities), whenever arising;

(iv) any violation of any Applicable Laws governing bulk sales, which is occasioned by the consummation of any of the transactions contemplated hereby; and

(v) any action, suit, proceeding, investigation, assessment or judgment incident to any of the foregoing.

b. Following the Closing, Purchaser shall indemnify and defend Seller and shall hold Seller harmless from and against all Losses that are incurred or suffered by Seller in connection with or resulting from:

(i) any breach of any representation or warranty made by Purchaser in this Agreement or in any Transaction Document furnished or to be furnished to Seller;

(ii) any breach of any covenant made by Purchaser in this Agreement or in any Transaction Document furnished or to be furnished to Seller, whether such covenant requires performance prior to or after the Closing;

(iii) any Assumed Liabilities; and

(iv) any action, suit, proceeding, investigation, assessment or judgment incident to any of the foregoing.

Section 10.3 Third Party Claims.

a. A party entitled to indemnification hereunder shall herein be referred to as an "Indemnitee." A party obligated to indemnify an Indemnitee hereunder shall herein be referred to as an "Indemnitor." As soon as is reasonably practicable, but in no event more than 30 days after an Indemnitee either (i) receives notice of any claim or the commencement of any action by any third party which such Indemnitee reasonably believes may give rise to a claim for indemnification from an Indemnitor hereunder or (ii) sustains any Loss not involving a third-party claim or action which such Indemnitee reasonably believes may give rise to a claim for indemnification from an Indemnitor hereunder, such Indemnitee shall notify such Indemnitor in writing of such claim, action or Loss, as the case may be. Any such notification must be in writing, must state in reasonable detail the nature and basis of the claim, action or Loss and a reference to this Agreement and Section. Such notice must be accompanied by all available information and documentation supporting and verifying the actual or anticipated claim, action or Loss that may be subject to indemnification hereunder. In the event that any Indemnitee fails to provide the notice contemplated by this Section 10.3 to an Indemnitor in a timely fashion or fails to include all available information and documentation with such notice, the Indemnitor shall be relieved of its obligation to indemnify the Indemnitee to the extent, but only to the extent, that the Indemnitor has been actually prejudiced by the Indemnitee's failure to provide notice in the manner contemplated by this Section 10.3. Except as provided in this Section 10.3, Indemnitor shall have the right, using counsel reasonably acceptable to the Indemnitee, to contest, defend, litigate or settle any such third-party claim which involves (and continues to

involve) solely monetary damages; provided that the Indemnitor shall have notified the Indemnitee in writing of its intention to do so within thirty (30) days of the Indemnitee having given notice of the third-party claim to the Indemnitor and; provided, further, that (1) the third-party claim does not, in the reasonable judgment of the Indemnitee, involve any actual or potential criminal proceeding, action, indictment, allegation or investigation of any officer or employee of the Indemnitee, and (2) the Indemnitor shall diligently contest the third-party claim (the conditions set forth in clauses (1) and (2) being collectively referred to as the "Litigation Conditions"). The Indemnitee shall have the right to participate in, and to be represented by counsel (at its own cost and expense) in any such contest, defense, litigation or settlement conducted by the Indemnitor; provided, that the Indemnitee shall be entitled to treat as Losses the cost and expenses therefor if (x) the Indemnitor shall lose its right to contest, defend, litigate and settle the third-party claim or (y) the Indemnitee shall be advised in writing by reputable legal counsel that it may have defenses available to it which are inconsistent with or contrary to the defenses available to the Indemnitor in connection with the third party claim which advice is not unreasonably objected to by the Indemnitor. The Indemnitor shall not be entitled, or shall lose its right, to contest, defend, litigate and settle the third-party claim if the Indemnitee shall, in the exercise of reasonable judgment and in good faith, give written notice to the Indemnitor of any objection thereto based upon the Litigation Conditions which is not disputed by the Indemnitor.

b. The Indemnitor, if it shall have assumed the defense of any third-party claim as provided in this Agreement, shall not consent to a settlement of, or the entry of any judgment arising from, any such third-party claim that provides for injunctive or other nonmonetary relief affecting the Indemnitee or that does include as an unconditional term thereof the giving by each claimant or plaintiff to the Indemnitee of a general release from any and all liability with respect to such claim or litigation without the prior written consent of the Indemnitee (which consent shall not be unreasonably withheld or delayed). The Indemnitor shall not, without the prior written consent of the Indemnitee, enter into any compromise or settlement which commits the Indemnitee to take, or to forbear to take, any action or which does not provide for a complete release by such third party of the Indemnitee. The Indemnitee shall have the sole and exclusive right to settle any third-party claim, on such terms and conditions as are reasonably appropriate, to the extent such third-party claim involves equitable or other non-monetary relief. All costs and expenses (including without limitation attorneys' fees) incurred by the Indemnitor in connection with the foregoing shall be paid by the Indemnitor.

c. If an Indemnitee is entitled to indemnification against a third-party claim, and the Indemnitor fails to accept a tender of, or assume the defense of, a third-party claim pursuant to this Section 10.3, the Indemnitor shall not be entitled, or shall lose its right, to contest, defend, litigate and settle such a third-party claim, and the Indemnitee shall have the right, without prejudice to its right

of indemnification hereunder, in its discretion exercised in good faith, to contest, defend and litigate such third-party claim, and may settle such third-party claim either before or after the initiation of litigation, at such time and upon such terms as the Indemnitee deems fair and reasonable, provided that at least thirty (30) days prior to any such settlement, written notice of its intention to settle is given to the Indemnitor. If, pursuant to this Section 10.3, the Indemnitee so contests, defends, litigates or settles a third-party claim for which it is entitled to indemnification hereunder, the Indemnitee shall be entitled to treat as Losses the cost for the reasonable attorneys' fees and other expenses of contesting, defending, litigating and/or settling the third-party claim which are incurred from time to time.

d. If the Indemnitor shall not, within 30 days after its receipt of the notice required by this Section 10.3, advise the Indemnitee that the Indemnitor denies the right of the Indemnitee to indemnity in respect of the claim, then the amount of such claim shall be deemed to be finally determined between the Parties hereto. If the Indemnitor shall notify the Indemnitee that it disputes any claim made by the Indemnitee, then the Parties hereto shall endeavor to settle and compromise such claim, and if unable to agree on any settlement or compromise, such claim for indemnification shall be settled by appropriate litigation and any liability established by reason of such settlement, compromise or litigation shall be deemed to be finally determined. Any claim that is finally determined in the manner set forth above shall be paid promptly by the Indemnitor in cash.

Section 10.4 Payment of Indemnification Obligations. An Indemnitor shall pay, within thirty (30) days after the final resolution of any indemnification claim, to any Indemnitee the amount of all damages, losses, deficiencies, liabilities, costs, expenses, claims and other obligations to which the foregoing indemnity relates.

Section 10.5 Interest on Unpaid Obligations. If all or part of any indemnification obligation under this Agreement is not paid when due, the Indemnitor shall pay the Indemnitee interest on the unpaid amount of such obligation for each day from the date the amount became due until it is paid in full, payable on demand, at the rate equal to two percent (2%) per annum plus the "Prime Rate" as published from time to time in The Wall Street Journal.

Section 10.6 Insurance. The amount due as indemnification with respect to any claim under this Article X shall take into account and shall be reduced by the amount of any insurance proceeds actually received by the Indemnitee under insurance policies maintained by Seller or by Purchaser or indemnification proceeds actually paid by any third party in respect of the subject matter of such claim (after deducting all attorneys' fees, expenses and other costs of recovery).

Section 10.7 Tax Treatment. All parties hereto shall treat any payment under this Article X as an adjustment to the Purchase Price for Tax purposes, unless a final determination with respect to Purchaser or Seller, as appropriate, causes any such payment not to be treated as an adjustment to the Purchase Price for federal income tax purposes.

ARTICLE XI MISCELLANEOUS

Section 11.1 Notices. Any notice or other communications to Seller or Purchaser hereunder shall be deemed given upon receipt if delivered personally, sent by facsimile transmission (provided written receipt of which is confirmed), by certified mail, return receipt requested, or by an nationally recognized overnight courier to the parties hereto at the following addresses or at such other address as may be specified by like notice by any of the parties hereto:

Seller:

The Titan Energy Group, Inc.
4445 East Pike
Zanesville, OH 43701
Attention: Fred A. Steele, President
Phone: (740) 454-8871, ext. 116
Fax: (740) 454-7780
Email: fsteele@gascodistribution.com

with a required copy (which shall not constitute notice) to:

Daniel J. Hunter, Esq.
Allen Kuehnle Stovall & Neuman
17 South High Street, Suite 1220
Columbus, OH 43215
Phone: (614) 221-8500
Fax: (614) 221-5988
Email: hunter@aksnlaw.com

and

James Frank Wilson
Wilson & Brooks, P.C.
P.O. 160
203 N. Maiden Lane

Wartburg, TN 37887
Phone: 423-346-6403
Fax: 423-346-3585
jfwilson@wilsonandbrooks.com

Purchaser:

Highland Rim Energy, LLC
5950 Berkshire Lane, Suite 260
Dallas, Texas 75225
Attention: Carlos A. Fonts, Chief Operating Officer
Telephone: (214)360-4584
Telefacsimile: (214)360-4581
E-mail: cafonts@highlandrimenergy.com

with a required copy (which shall not constitute notice) to:

John D. McKinnis
McKinnis & Scott
Attorneys at Law
135 West Main Street, Suite 200
Kingsport, Tennessee 37660
Telephone: (423)247-9376
Telefacsimile: (423)247-9207
E-mail: jmckinnis@mckinnisscott.com

Section 11.2 Amendment; Waiver. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by Purchaser and Seller or in the case of a waiver, by the party against whom the waiver is to be effective. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 11.3 Successors; Assignment. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. No party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other party hereto.

Section 11.4 Entire Agreement: Except as otherwise provided herein, this Agreement (including all Schedules and Exhibits referred to herein, which are

hereby incorporated by reference) constitute the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings and negotiations, oral or written between parties, with respect to the subject matter of this Agreement.

Section 11.5 Governing Law. This Agreement shall be governed by the laws of the State of Tennessee, its rules of conflict of laws notwithstanding.

Section 11.6 Counterparts. This Agreement may be executed in any number of counterparts and via facsimile, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same agreement.

Section 11.7 Headings. The heading references herein and in the table of contents hereto are for convenience purposes only, do not constitute a part of this Agreement, and shall not be deemed to limit or affect any of the provisions hereof.

Section 11.8 Severability. This Agreement shall be deemed severable, and the invalidity or unenforceability of any term or provision hereof shall not affect the validity or enforceability of this Agreement or of any other term or provision hereof.

Section 11.9 No Third Party Beneficiaries. No person other than Purchaser or Seller shall have any rights, benefit or obligation under this Agreement as a third party beneficiary or otherwise.

Section 11.10 Specific Performance. The parties hereto agree that irreparable damage would occur in the event that any party breaches or fails to consummate the transactions contemplated by this Agreement in accordance with the terms of this Agreement and that the parties shall be entitled to specific performance in such event, in addition to any other remedy at law or in equity.

Section 11.11 Termination.

a. *Mutual Agreement*. This Agreement may be terminated at any time prior to the Closing by the mutual written agreement of Purchaser and Seller.

b. *Default by Seller*. This Agreement may be terminated by Purchaser prior to the Closing at any time following the expiration of 30 days from the date that Purchaser has given written notice to Seller that any material representation or warranty of Seller in this Agreement (including the Disclosure Schedules hereto), is not true and correct in all material respects or that there is a breach by Seller with respect to any material covenant or obligation of Seller in this Agreement, and such breach is not cured by the earlier of 30 days after the

above-referenced breach or the Closing Date.

c. *Default by Purchaser.* Subject to the provisions of Section 11.11 e, this Agreement may be terminated by Seller prior to the Closing at any time following the expiration of 30 days from the date that Seller has given written notice to Purchaser that any material representation or warranty of Purchaser in this Agreement is not true and correct in all material respects or that there is a breach by Purchaser with respect to any material covenant or obligation of Purchaser in this Agreement and such breach is not cured by the earlier of 30 days after the above-referenced breach or the Closing Date.

d. *Failure to Close.* This Agreement may be terminated by either Purchaser or Seller if the Closing shall not have been consummated by the first business day occurring fourteen (14) days after the Closing Date set forward in Section 4.1; provided, however, that neither Seller nor Purchaser may terminate this Agreement pursuant to this Section 11.11 d if the Closing shall not have been consummated within such time period by reason of the failure of such party to perform in all material respects any of its respective covenants or agreements contained in this Agreement.

e. *Due Diligence or Other Objections.* This Agreement may be terminated by Purchaser: (i) within ninety (90) days after April 21, 2010, the date of execution by Seller of that certain Letter of Intent dated April 19, 2010, (ii) in accordance with the provisions of Section 7.1 c, and (iii) as otherwise provided herein.

f. *Effect of Termination.* In the event of termination of this Agreement pursuant to this Section 11.11, written notice shall be given by the terminating party to the other party and this Agreement forthwith shall become void and of no further force or effect, and no party hereto shall have any liability or obligation hereunder, except that any such termination shall not affect (i) the provisions of Section 7.6 (Confidentiality) and Section 7.9 (Publicity) which shall survive any such termination, and (ii) the rights and remedies available to a party as a result of any willful breach of any provisions of this Agreement. In addition to the foregoing, if this Agreement is terminated by Purchaser pursuant to Section 11.11 b, Seller shall be liable to Purchaser for all costs and expenses incurred by Purchaser in connection with this Agreement and the transactions contemplated hereby and, subject to the provisions of Section 11.11 e, if this Agreement is terminated by Seller pursuant to Section 11.11 c, Purchaser shall be liable to Seller for all costs and expenses incurred by Seller in connection with this Agreement and the transactions contemplated hereby.

IN WITNESS WHEREOF, Seller and Purchaser have executed this Agreement as of the date first above written.

SELLER:

The Titan Energy Group, Inc.

By: Fred A. Steele

Its: President 6-11-10

PURCHASER:


Highland Rim Energy, LLC

By: [Signature]

Its: Manager

Schedule 2.1 a

Attached hereto is a map, sheets 1 through 27 of which depict the B & W Pipeline System. This information may be updated, through closing, as either party obtains additional due diligence or other information.

 FAS
6-11-10

ASSIGNMENT
of
ASSET PURCHASE AGREEMENT

THIS ASSIGNMENT OF ASSET PURCHASE AGREEMENT is dated as of this 2nd day of September, 2010, by and between HIGHLAND RIM ENERGY, LLC, a Texas limited liability company (hereinafter referred to as "Highland Rim"), party of the first part, and B&W PIPELINE, LLC, a Delaware limited liability company authorized to transact business in the State of Tennessee (hereinafter referred to as "B&W Pipeline"), party of the second part, and THE TITAN ENERGY GROUP, INC., an Ohio corporation (hereinafter referred to as "Titan"), party of the third part.

Whereas, Titan and Highland Rim entered into an Asset Purchase Agreement dated June 11, 2010, providing for the sale by Titan and the purchase by Highland Rim of that certain pipeline referred to as the B & W Pipeline system, as well as easements, oil and gas leases, wells, and other assets related thereto (hereinafter referred to as the "Agreement"); and

Whereas, the Agreement was amended in certain particulars by an Amendment to Asset Purchase Agreement dated July 6, 2010 between Titan and Highland Rim; and

Whereas, Highland Rim is desirous of assigning its rights and obligations under the Agreement to B&W Pipeline and B&W Pipeline is desirous of acquiring such rights and assuming such obligations; and

Whereas, Section 11.3 of the Agreement provides that "No party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other party hereto"; and

Whereas, Titan is willing to grant its consent to the assignment of Highland Rim's rights and obligations to B&W Pipeline.

NOW, THEREFORE, for and in consideration of the sum of Ten and No/100 (\$10.00) and other valuable consideration paid by B&W Pipeline to Highland Rim, the receipt and sufficiency of which is hereby acknowledged, Highland Rim does hereby assign, transfer, and convey to B&W Pipeline all of Highland Rim's rights and obligations under the Agreement, as amended, and B&W Pipeline does hereby accept such rights and assume such obligations. Notwithstanding anything contained herein to the contrary, this Assignment shall not relieve Highland Rim of its obligations under the Agreement until the consummation of the Closing provided for in such Agreement.

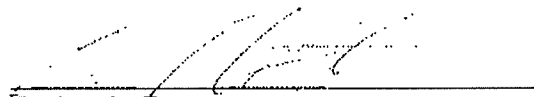
TO HAVE AND TO HOLD said rights and obligations unto B&W Pipeline, its successors and assigns.

Titan joins in this Assignment to express its consent thereto, and Titan does hereby consent to the assignment of the Agreement by Highland Rim to B&W Pipeline, and shall henceforth look upon and recognize B&W Pipeline as the Purchaser under the Agreement in the place and stead of Highland Rim.

IN WITNESS WHEREOF, the parties have caused this Assignment to be executed as of the date first hereinabove written.

ASSIGNOR:

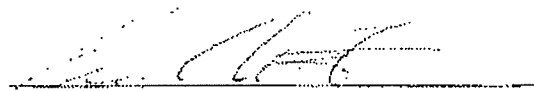
HIGHLAND RIM ENERGY, LLC



Carlos A. Fonts
Manager

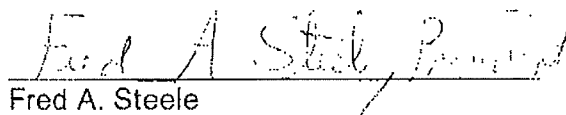
ASSIGNEE:

B&W PIPELINE, LLC



Carlos A. Fonts
Manager

THE TITAN ENERGY GROUP, INC.



Fred A. Steele
President

**OPERATING AGREEMENT
OF
ENREMA, LLC**

This Operating Agreement (the "Agreement") is entered into effective as of the 14th day of January, 2011, by and between FIR Energy, LLC ("Member") and ENREMA, LLC a Delaware limited liability company (the "Company"). The Company was formally known as Shale Gas Management, LLC but changed its name to ENREMA, LLC.

WITNESSETH:

WHEREAS, the Certificate of Formation of the Company (the "Certificate") legally creating the Company was filed with the Secretary of State of the State of Delaware on February 4, 2011;

WHEREAS, the Member and the Company desire to express in writing their mutual understandings and agreements with respect to the formation and operation of the Company; and

WHEREAS, the Company and the Member believe that the best means to accomplish the foregoing is to supersede any prior agreements or understandings among them by setting forth in this Agreement all the terms, provisions, conditions and covenants by which the Company will be governed.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and conditions contained herein, the parties hereby agree as follows:

**SECTION 1
DEFINED TERMS**

The following capitalized terms shall have the meanings specified in this Section 1. Other terms are defined in the text of this Agreement; and, throughout this Agreement, those terms shall have the meanings respectively ascribed to them.

"*Act*" means the Delaware Limited Liability Company Act, as amended from time to time.

"*Agreement*" means this Agreement, as amended from time to time.

"*Code*" means the Internal Revenue Code of 1986, as amended, or any corresponding provision of any succeeding law.

"*Company*" means the limited liability company organized in accordance with this Agreement.

"*Interest*" means a Person's share of the Profits and Losses of, and the right to receive distributions from, the Company.

"*Interest Holder*" means any Person who holds an Interest, whether as a Member or as an un-admitted assignee of a Member.

"*Involuntary Withdrawal*" means, the occurrence of any of the following events:



- (i) The Member makes an assignment for the benefit of creditors;
- (ii) The Member files a voluntary petition of bankruptcy; or
- (iii) The Member is adjudged bankrupt or insolvent or there is entered against the Member an order for relief in any bankruptcy or insolvency proceeding;

“*Manager*” means the Person appointed by the Member to manage the Company. The initial manager is Daniel Mac-Crohon.

“*Member*” means the Person signing this Agreement and any Person who subsequently is admitted as a member of the Company.

“*Membership Rights*” means all of the rights of a Member in the Company, including a Member’s: (i) Interest; (ii) right to inspect the Company’s books and records; and (iii) right to participate in the management of and vote on matters coming before the Company.

“*Person*” means and includes an individual, corporation, partnership, association, limited liability company, trust, estate, or other entity.

“*Positive Capital Account*” means a capital account with a balance greater than zero.

“*Profit*” and “*Loss*” means, for each taxable year of the Company (or other period for which Profit or Loss must be computed) the Company’s taxable income or loss determined in accordance with the Code.

“*Successor*” means all Persons to whom all or any part of an Interest is transferred either because of (i) the sale or gift by Member of all or any part of his Interest, (ii) an assignment of the Member’s Interest due to Member’s Involuntary Withdrawal, or (iii) because the Member dies and the Persons are Member’s personal representatives, heirs, or legatees.

“*Transfer*” means, when used as a noun, any voluntary sale, hypothecation, pledge, assignment, attachment, or other transfer, and, when used as a verb, means voluntarily to sell, hypothecate, pledge, assign, or otherwise transfer.

“*Treasury Regulations*” means the income tax regulations, including any temporary regulations, from time to time promulgated under the Code.

“*Withdrawal*” means a Member’s dissociation from the Company by any means.

SECTION 2

FORMATION AND NAME; OFFICE; PURPOSE; TERM

2.1. *Organization.* The Member hereby organizes a limited liability company pursuant to the Act and the provisions of this Agreement and, for that purpose, have caused the Articles of Organization to be prepared, executed and filed with the Department of State. The Company is a manager managed limited liability company.

2.2. *Name of the Company.* The name of the Company shall be “Enrema Energy, LLC.” The Company may do business under that name and under any other name or names upon which the Member may, in his sole discretion, determine. If the Company does business under a name other than that set forth in its Articles of Organization, then the Company shall file a fictitious name registration as required by law.

2.3. *Purpose.* Company is organized to conduct any and all acts or business permitted by law.

2.4. *Term.* The term of the Company shall be perpetual, unless its existence is sooner terminated pursuant to this Agreement.

2.5. *Principal Office.* The initial principal place of business and principal office of the Company shall be at such location as may be determined by the Member, in its sole discretion. The Manager shall have the power, on behalf of the Company, to designate, where required, a registered agent (or other agent for receipt of service of process) in each state or other jurisdiction in which the Company transacts business and to designate, to the extent required, an office, place of business, or mailing address within or without that state of other jurisdiction.

2.7. *Member.* The name, present mailing address, initial capital contribution and percentage interest of the sole Member is as follows:

<u>Name and Address</u>	<u>Percentage Interest</u>	<u>Initial Capital Contribution</u>
FIR Energy, LLC.	100%	\$100.00
Total	100 %	\$100.00

2.8. *Disregarded Entity.* This entity shall be treated for U.S. federal income tax purposes as a disregarded entity, so long as it has only one member.

SECTION 3 CAPITAL; CAPITAL ACCOUNTS

3.1. *Initial Capital Contributions.* Upon the execution of this Agreement, Member shall contribute to the Company the cash and property set forth in Section 2.7.

3.2. *No Other Capital Contributions Required.* Member shall not be required to contribute any additional capital to the Company, and specifically except as set forth in the Act, no Member shall have any personal liability for any obligations of the Company.

3.3. *Loans.* Any Member may, at any time, make or cause a loan to be made to the Company in any amount and on those terms upon which the Company and the Member agree.

3.4. *Capital Accounts.* A capital account shall be maintained by the Company for the Member.

SECTION 4 PROFIT, LOSS, AND DISTRIBUTIONS

4.1. *Distributions of Cash Flow.* Cash Flow for each taxable year of the Company shall be distributed to Member as determined by the Manager.

4.2. *Allocation of Profit or Loss.* All Profit or Loss shall be allocated to the Member.

4.3. *Liquidation and Dissolution.* If the Company is liquidated, the assets of the

Company shall be distributed to Member or to a Successor or Successors.

SECTION 5 MANAGEMENT: RIGHTS, POWERS, AND DUTIES

5.1. *Management.* The Company shall be managed solely by the Manager. The Manager may be removed at any time by the Member for any or no reason. The Member will replace any vacancy to the Manager position. The initial manager shall be Daniel Mac-Croft who shall serve until his earlier resignation, death or removal.

ky 5.2. *Personal Services.* Member shall not be required to perform services for the Company solely by virtue of being a Member.

5.3. *Liability and Indemnification.*

5.3.1. The Member and the Manager shall not be liable, responsible, or accountable, in damages or otherwise, to the Company for any act performed by him with respect to Company matters, except for fraud.

5.3.2. The Company shall indemnify Member and Manager for any act performed by him with respect to Company matters, except for fraud.

SECTION 6 TRANSFER OF INTERESTS AND WITHDRAWALS OF MEMBERS

6.1. *Transfers.*

6.1.1. *Transfers by Member.* Member may Transfer all, or any portion of, its Interest or rights in, its Membership Rights to one or more Successors.

6.1.2. *Transfer to a Successor.* In the event of any Transfer of all or any part of Member's Interest to a Successor, the Successor shall thereupon become a Member and the Company shall be continued.

6.1.3. *Multiple Members.* If an additional person becomes a Member the parties will meet to enter into a mutually acceptable operating agreement.

SECTION 7 DISSOLUTION, LIQUIDATION, AND TERMINATION OF THE COMPANY

7.1. *Events of Dissolution.* The Company shall be dissolved if the Member(s) determines to dissolve.

7.2. *Procedure for Winding Up and Dissolution.* If the Company is dissolved, the affairs of the Company shall be wound up. On winding up of the Company, the assets of the Company shall be distributed, first, to creditors of the Company in satisfaction of the liabilities of the Company, and then to the Person who is the Member of the Company in proportion to its Interests.

7.3. *Filing of Articles of Dissolution.* If the Company is dissolved, Articles of Dissolution shall be promptly filed with the Department of State subject to approval of the Member. If there are no remaining Members, the Articles of Dissolution shall be filed by the last Person to be a Member; if there are no remaining Members, nor a Person who last was a

Member, the Articles shall be filed by the legal or personal representatives of the Person who last was a Member.

SECTION 8 BOOKS, RECORDS, ACCOUNTING, AND TAX ELECTIONS

8.1. *Bank Accounts.* All funds of the Company shall be deposited in a bank account or accounts opened in the Company's name. The Member shall unanimously determine the institution or institutions at which the accounts will be opened and maintained, the types of accounts, and the Persons who will have authority with respect to the accounts and the funds therein.

8.2. *Books and Records.* The Member shall not be required to keep or cause to be kept complete and accurate books and records of the Company nor supporting documentation of the transactions with respect to the conduct of the Company's business. The books and records, if any, shall be maintained by the Company in accordance with sound accounting principles and practices.

8.3. *Annual Accounting Period.* The annual accounting period of the Company shall be its taxable year. The Company's taxable year shall be selected by the Member, subject to the requirements and limitations of the Code.

SECTION 9 GENERAL PROVISIONS

9.1. *Applicable Law.* All questions concerning the construction, validity, and interpretation of this Agreement shall be governed by the internal law, not the law of conflicts, of the State of Delaware.

9.2. *Section Titles.* The headings herein are inserted as a matter of convenience only, and do not define, limit, or describe the scope of this Operating Agreement or the intent of the provisions hereof.

9.3. *Terms.* Common nouns and pronouns shall be deemed to refer to the masculine, feminine, neuter, singular and plural, as the identity of the Person may in the context require.

9.4. *Separability of Provisions.* Each provision of this Agreement shall be considered separable; and if, for any reason, any provision or provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Operating Agreement which are valid.

[Signature Page to Follow]



The Company and the Member have executed this Operating Agreement, as of the date set forth hereinabove.

MEMBER:

FIR Energy, LLC

By: _____

Andres Isaias, Manager

COMPANY:

Enrema Energy, LLC

By: _____

Print Name: ANDRES ISAIAS

Its: MEMBER, FIR ENERGY

**Limited Liability Company Agreement
for B&W Pipeline, LLC**

This Limited Liability Company Agreement ("Agreement") of B&W Pipeline, LLC (the "Company") is made and entered into by the "Manager" and the sole "Member" as of July 26, 2010, all as identified on the signature page below.

Article 1 -- Definitions

In this Agreement:

"Act" means the Delaware limited liability company act.

"Executive Vice President" means the Person serving as an Executive Vice President of the Company, pursuant to this Agreement. There is no initial Executive Vice President.

"Manager" means the Person (or Persons, collectively, if there is more than one), if any, serving as a manager of the Company, pursuant to this Agreement.

"Member" means a holder of an interest in the Company, i.e., the holder of a Unit.

"Officer" means a Person serving as an officer of the Company as provided in Section 6.8.

"Person" means any individual, corporation, partnership, association, trust, institution or other entity or organization.

"President" means the Person serving as a President of the Company, if any, pursuant to this Agreement. There is no initial President.

"Representative" means a director, officer, employee, trustee, or agent.

"Secretary" means the Person serving as a Secretary of the Company, if any, pursuant to this Agreement. The initial Secretary is identified on Exhibit A.

"Transfer" means any sale, assignment, pledge, hypothecation, encumbrance, disposition, transfer (including, without limitation, a transfer by will or intestate distribution), gift or attempt to create or grant a security interest in any Unit or interest therein or portion thereof, whether voluntary or involuntary, by operation of law or otherwise; provided, however, that a "Transfer" shall not include the issuance of, or redemption of, a Unit by the Company.

"Unit" means an ownership interest in the Company.

Article 2 – Organization and Purpose

2.1 **Term.** The Company shall continue in existence until December 31, 2050.

2.2 **Purposes and Powers.** The Company has been formed to manage, maintain, invest and facilitate effective decisions with respect to the assets of the Company. Nonetheless, the Company may carry on any lawful business, purpose or activity, whether or not for profit, unless otherwise restricted by the Act or the laws of any jurisdiction in which the Company may do business. The Company shall possess and may exercise all powers and privileges as are necessary or convenient to the purposes and activities of the Company.

2.3 **Location and Agent.** The address of the Company's principal office and the name of the Company's registered agent and the address of the agent's office is as shown on Exhibit A. The Company may have such other offices, either within or without the United States, as the Member may designate or as the business of the Company may from time to time require. These may be changed in the future by the Member.

2.4 **Taxation.** It is intended that the Company shall have only one Member. For U.S. federal income tax reporting purposes, the Company is intended to qualify for as long as feasible as a non-corporate entity owned by the original single Member, rather than as a partnership, so that no separate U.S. federal income tax reporting by the entity is required.

Article 3 – Units and Members; Certificates

3.1 **Capital Contribution.** The Member has made a contribution to the capital of the Company in the amount and in the form shown on the Company's books, in exchange for one Unit (namely, a 100% ownership interest). Additional capital contributions may be made, and additional Units issued, only if and as agreed upon by the Member.

3.2 **Transfer of Units.** Any Member may Transfer all or any part of its Units, but a Transfer may be made to more than one single successor Member only after the Member has determined, with advice of tax counsel, that the transfer would not cause the Company to be treated as a partnership for U.S. federal income tax purposes by reason of having more than one owner for tax purposes.

3.3 **Attempted Transfer.** Any attempted Transfer that is not made in accordance with this Article 3 shall be null and void so that the Company shall be under no obligation to recognize the Transfer or to recognize multiple transferees as Members.

3.4 **Additional Members.** The Company shall admit a transferee as an additional Member, but only if the transfer is made in compliance with Section 3.2. Additional Members also may be admitted in exchange for a capital contribution, but only after the Member has determined, with advice of tax counsel, that the admission would not cause the Company to be treated as a partnership for U.S. federal income tax purposes by reason of having more than one owner for tax purposes. In the event there is ever more than one Member, the Members holding

a majority of the outstanding Units shall represent the interests of "the Member" whenever a consent, vote, notice, distribution or other matter is referred to under this Agreement with respect to the ownership of the Company, and any distributions shall be made to the Members in proportion to their respective Units.

Article 4 -- Distributions and Redemptions

4.1 Distributions Prior to Liquidation. Distributions prior to liquidation of the Company, if any, may be made only as directed by the Member, with the consent of the Manager.

4.2 Distributions Upon Liquidation. The distribution upon liquidation of the Company shall be made to the Member, after the net amount available for distribution has been determined.

Article 5 -- Dissolution

5.1 Elective Dissolution. The Company shall be dissolved upon the affirmative vote of the Member.

5.2 Winding-Up and Liquidation of the Company. Upon dissolution of the Company, the Manager, as liquidating trustee, shall diligently proceed to wind-up, liquidate, and terminate the Company under this Article. If the Manager is unable to serve as liquidating trustee and no successor or other Manager will then be serving, a liquidating trustee may be appointed by the Member.

5.3 Distribution of Assets Upon Liquidation. Upon liquidation of the Company, the proceeds of the liquidation shall be applied in the following order of priority: (a) first, to the expenses of the liquidation; (b) second, to the liabilities and other debts of the Company, if any, in the order of priority provided by law; (c) third, a reasonable reserve shall be set up to provide for any contingent or unforeseen liabilities or obligations of the Company to third parties (to be held and disbursed, at the discretion of the liquidating trustee or an escrow agent selected by it) and at such time as the liquidating trustee reasonably determines that the reserve is no longer needed, any then remaining reserve shall be distributed as hereinafter provided; and (d) at the expiration of such period as the liquidating trustee reasonably may deem advisable, the balance shall be distributed to the Member pursuant to this Agreement.

5.4 Final Accounting. As soon as reasonably practicable after the commencement of the liquidation, the Member shall be furnished with a statement setting forth the assets and liabilities, if any, of the Company as of the commencement of liquidation. As soon as practical after the final distribution in liquidation, the Member shall be furnished with a final accounting as of the date immediately prior to the final distribution.

5.5 Final Termination. Upon the compliance by the liquidating trustee with the distribution provisions of this Agreement, the Member shall cease to be such, and the liquidating trustee shall execute and cause to be filed on behalf of the Company a certificate of cancellation

and any and all other documents necessary or appropriate with respect to termination and cancellation of the Company.

Article 6 -- Management

6.1 Duties of the Manager. The Manager shall manage the Company and maintain the books and records of the Company, devoting such time, effort and skill as is reasonably required. Nothing in this Agreement shall be construed to prevent the Manager from engaging in other business or investment activities. The Manager may delegate all or part of the Manager's duties and powers, with notice to the Member.

6.2 Powers and Duties of the Manager.

(a) Subject only to the various rights of the Member provided in this Agreement, the management, operation and control of the Company shall be vested in the Manager, if one is then serving, and if serving, the Manager shall have the exclusive power on behalf and in the name of the Company, exercising business judgment, to carry out any and all of the purposes of the Company and to perform all acts as the Manager may deem necessary or advisable or incidental thereto. In the event no Manager is then serving, the Company shall be managed by the Member.

(b) The Manager may sign, on behalf of the Company, deeds, mortgages, bonds, contracts or other instruments which have been appropriately authorized to be executed by the Member, except in cases where the signing or execution of such instruments has been expressly delegated by the Member or this Agreement (or otherwise under applicable law) to an officer or agent of the Company.

(c) The Manager shall keep the Member advised in all matters pertaining to the Company's operations, and, to this end, shall prepare and submit a report to the Member at each regular meeting and at other times as may be directed by the Member.

6.3 Manager Qualifications. A Manager may be, but need not be, a Member of the Company.

6.4 Change of Manager. The following procedures and conditions shall apply to Manager succession:

(a) **Resignation and Removal.** Any Person or Persons serving as the Manager may resign at any time upon 5 days notice to the Member. Upon 5 days advance written notice to the Manager, the Manager may be removed by the Member for any reason or no reason.

(b) **Appointment of Successor.** Whenever there is a vacancy, a Manager may be appointed by the Member.

(c) **Succession.** The Person who resigned or was removed as Manager shall release the Company assets and records to, and otherwise cooperate with, any successor. The successor

shall not be required to review or confirm the accuracy of the accounts of prior Manager(s). A resigned or removed Manager shall duly file with the Member a written statement or statements of accounts and other information for the period since the last regular filing, and unless there is a written objection made to those accounts and information as filed, the Manager shall, to the maximum extent permitted by applicable law, be forever released and discharged from all liability and accountability with respect to the propriety of its acts and transactions shown therein.

6.5 Decision by Managers. If there is more than one Person serving as the Manager, the Manager may act only by the majority consent of such Persons. Any deadlocks shall be resolved by the Member. However, each such Person may delegate to another Manager the Person's authority to participate in the actions of the Manager, and the authority to grant or withhold consent, as to any Company matter, except the exercise of the Manager's authority to consent to distributions under Section 4.1.

6.6 Reliance by Others. Any Person dealing with the Company may rely absolutely on the representation, deed, transfer or other assurance of any party who purports to and reasonably appears to be the Manager, without any duty or right to question whether any prior Manager, any Member, or any other Person must agree to, or has agreed to, the action, or to question whether there is another Person who might have a prior or joint right to serve as Manager, and shall be indemnified and held harmless by the Company for so doing.

6.7 Compensation; Expenses. The Manager shall receive reasonable compensation for services to the Company as a Manager, as agreed by the Member (whose approval shall not be unreasonably withheld). The Company shall pay all expenses relating to the conduct of the Company's business.

6.8 Appointment of Officers. The Company may, as the Member may authorize from time to time, have additional officers including, without limitation, a President, Executive Vice President, and Secretary. The initial Secretary is identified on Exhibit A to this Agreement.

(a) **President.** A President may be, but need not be, a Member of the Company. Unless otherwise specified by the Manager, the President shall be the primary officer responsible for the day-to-day conduct of the business and its commercial, contractual and investment relationships with third parties and with Members, and shall have all other duties and authority customarily associated with such an office for a corporation.

(b) **Executive Vice President.** An Executive Vice President may be, but need not be, a Member of the Company. Unless otherwise specified by the Manager, the Executive Vice President shall have the duties and authority customarily associated with such an office for a corporation.

(c) **Secretary.** A Secretary may be, but need not be, a Member of the Company. Unless otherwise specified by the Manager, the Secretary shall have the duties and authority customarily associated with such an office for a corporation. The Secretary shall attend all

Company meetings and record all proceedings of the meetings. The Secretary shall give, or cause to be given, notice of all such meetings. The Secretary shall keep and account for all books, documents, papers and records of the Company except those for which some other officer or agent has been designated. The Secretary shall, when requested, confirm the identity and signature of the Manager.

(d) **Change of Officers.** The following procedures and conditions shall apply to officer succession:

(i) Resignation and Removal. Any Officer may resign at any time upon 5 days notice to the Manager. Upon 5 days advance written notice to an Officer, the Officer may be removed by the Manager for any reason or no reason.

(ii) Appointment. The Member may appoint a person to serve as an officer at any time.

(iii) Succession. Any Person who resigned or was removed as an officer shall release the Company assets and records to, and otherwise cooperate with, any successor. The successor shall not be required to review or confirm the accuracy of the accounts of prior officer(s).

(e) **Compensation.** Unless waived, a Person (other than the Manager) serving as an officer shall receive reasonable compensation, as determined by the Manager and approved by the Member. The Company shall pay all expenses relating to the conduct of the Company's business.

Article 7 -- Claims and Disputes

7.1 Standard of Care.

(a) Authorized Persons shall be fully protected in relying in good faith on information, opinions, reports, or statements, including financial statements, books of account and other financial data, if prepared or presented by (i) one or more other Authorized Persons, or (ii) legal counsel, public accountants, or other persons who he, she or it reasonably believes have professional or expert competence.

(b) An Authorized Person shall not be liable for damages to the Company or to the Member with respect to claims relating to his, her or its conduct for or on behalf of the Company, except to the extent that there is a final judicial determination based on clear and convincing evidence that (i) his, her or its conduct (A) was not taken in good faith, (B) constitutes willful misconduct, or (C) was grossly negligent or (ii) with respect to any criminal action, proceeding or investigation, he, she or it had no reasonable cause to believe his, her or its conduct was lawful.

(c) "Authorized Person" means the Manager, the Member, and any Representative of the Manager, or the Member, or of the Company, if such Person was acting within the scope of his, her or its duties with respect to the Company.

7.2 Indemnification.

(a) The Company shall indemnify the Manager and the Member and each of the Representatives of either (an "Indemnified Party"), to the fullest extent now or hereafter permitted by law against any cost, expense (including legal or other expenses reasonably incurred in investigation or defense), amount paid in settlement, judgment or liability incurred by or imposed upon an Indemnified Party in connection with any action, suit or proceeding (including civil, criminal, administrative or investigative proceedings) to which such an Indemnified Party may be made a party or otherwise involved or with which an Indemnified Party shall be threatened, arising out of or in connection with an Indemnified Party's activities or involvement with the Company, or with any other enterprise that an Indemnified Party is or was serving as a director, officer, employee or otherwise, at the request of the Company; provided, however, that an Indemnified Party shall not be so indemnified with respect to any matter as to which Indemnified Party shall have failed to meet the standard set forth in Section 7.1.

(b) Any indemnification pursuant to this Section shall not be considered exclusive of any other rights to which those seeking indemnification may be entitled.

(c) The Company may indemnify any other Representative or affiliate of the Company upon such terms and conditions as the Manager considers appropriate and as approved by the Member.

(d) To the extent the indemnification provisions of this Article 7 conflict with the indemnification provisions in the Company's Articles of Organization, the provisions of the Articles of Organization shall control.

7.3 Limits on Indemnification. Any indemnification under this Article shall be provided only out of Company assets, and no Member shall have any personal liability for the indemnification.

7.4 Third Party Claims. Except as provided in this Article, no Person other than the Member and/or Manager shall have any legal or equitable right, remedy or claim under or in respect of this Article and its subject matter.

Article 8 -- Miscellaneous

8.1 Entire Agreement. This Agreement constitutes the entire agreement with respect to the subject matter hereof and supersedes all prior agreements and understandings between the Member and the Manager. There are no representations, agreements, arrangements or understandings that are not fully expressed in this Agreement.

8.2 **Governing Law.** Irrespective of the place of execution or performance, this Agreement, and all matters arising out of or under this Agreement, shall be governed by and construed in accordance with the laws of Delaware applicable to agreements made and to be performed in the Delaware (without giving effect to principles of conflicts of law).

8.3 **Construction.** The headings contained in this Agreement are for reference purposes only and shall not affect the interpretation of this Agreement. All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural and vice versa.

8.4 **Exhibit.** The Exhibit A attached to this Agreement is part of this Agreement just as if written in it.

8.5 **Notice.** Any notice required or permitted under this Agreement may be made by any means of communication.

8.6 **Successors and Assigns.** Except as otherwise specifically herein provided, this Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of the parties hereto.

8.7 **Amendments.** The Member may amend this Agreement from time to time, or repeal this Agreement at any time, without the consent of any other party, but only after providing the Manager with a copy of the proposed amendment.

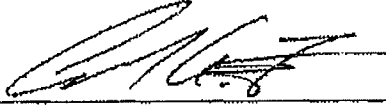
8.8 **Other Activities.** Except for any business venture in Fentress, Morgan and Warren Counties, Tennessee, each Manager, Member and officer (and each such person's representatives and affiliates) may engage or invest in any other business or venture of any nature or description, or possess any interest therein, independently or with others. Except for any business venture in Fentress, Morgan and Warren Counties, Tennessee, no such person, by reason of any such independent activities, shall have any duty to disclose or offer to the Company or a Member any such business or venture or an interest therein nor in any way be subject to any claim by the Company or any person interested in the Company. In Fentress, Morgan and Warren Counties, Tennessee, each Member, Manager and officer (and each such person's representatives and affiliates) shall be obligated to present other investment opportunities to the Company.

8.9 **Counterparts.** This Agreement and amendments to it may be executed in any number of counterparts, each of which shall be considered an original but all of which together shall be considered to constitute a single document. A signature on one counterpart shall be deemed to be a signature on every other counterpart and may be appended to it.

The Member and Managers have duly executed this Agreement as of the date first identified above.

Member and Manager:

FIR Energy, LLC

By: 

Name: Carlos A. Fonts

Its: co-Manager

By: 

Name: Carlos E. Fonts

Its: co-Manager

**LIMITED LIABILITY COMPANY OPERATING AGREEMENT
OF B&W PIPELINE, LLC**

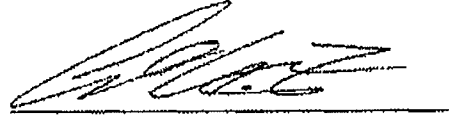
Exhibit A

Name of Company:	B&W Pipeline, LLC
Managers:	FIR Energy, LLC
Initial Secretary:	Carlos A. Fonts
Member:	FIR Energy, LLC
Units Issued:	One (1) Unit
Date of filing of Certificate of Formation:	July 26, 2010
Address of principal office:	5950 Berkshire Lane, Suite 260 Dallas, TX 75225
Name of registered agent:	Corporation Trust Center
Address of registered agent:	The Corporation Trust Company Corporation Trust Center 1209 Orange Street Wilmington, Delaware 19801

Acceptance of Appointment

I, Carlos A. Fonts, accept appointment as Secretary of B&W Pipeline, LLC.

Date: As of July 26, 2010

A handwritten signature in black ink, appearing to read 'Carlos A. Fonts', is written over a horizontal line.

Carlos A. Fonts

**OPERATING AGREEMENT
OF
B&W PIPELINE, LLC
A Delaware Limited Liability Company**

This OPERATING AGREEMENT of B&W Pipeline, LLC (the "Agreement"), is entered into and effective as of July 26, 2010.

**ARTICLE I
DEFINITIONS**

1.1 **Definitions.** As used in this Agreement the following terms have the following meanings:

"Act" means the Delaware Revised Statutes 86.021 to 86.128.

"Adjusted Capital Account Deficit" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant taxable year or other period, after giving effect to the following adjustments:

(a) Credit to such Capital Account any amounts that such Partner is deemed obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g) and 1.704-2(i)(5); and

(b) Debit to such Capital Account the items described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

"Affiliate" means with respect to a specified Person, any Person that directly or indirectly controls, is controlled by, or is under common control with, the specified Person. As used in this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

"Agreement" has the meaning given that term in the introductory paragraph.

"Articles" has the meaning given that term in Section 2.1.

"Bankrupt Member" means (except to the extent a Required Interest consents otherwise) any Member (a) that (i) makes a general assignment for the benefit of creditors; (ii) files a voluntary bankruptcy petition; (iii) becomes the subject of an order for relief or is declared insolvent in any federal or state bankruptcy or insolvency proceedings; (iv) files a petition or answer seeking a reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any law; (v) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Member in a proceeding of the type described in subclauses (i) through (iv) of this clause (a); or (vi) seeks, consents to, or

acquiesces in the appointment of a trustee, receiver, or liquidator of the Member or of all or any substantial part of the Member's properties; or (b) against which, a proceeding seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any law has been commenced and 120 days have expired without dismissal thereof or with respect to which, without the Member's consent or acquiescence, a trustee, receiver, or liquidator of the Member or of all or any substantial part of the Member's properties has been appointed and 90 days have expired without the appointment having been vacated or stayed, or 90 days have expired after the date of expiration of a stay, if the appointment has not previously been vacated.

"Business Day" means any day other than a Saturday, Sunday, or holiday on which national banking associations in the State of Delaware are closed.

"Capital Account" means, with respect to any Member, the account maintained for such Member in accordance with the provisions of Section 4.4 hereof.

"Capital Contribution" means the gross amount of cash or the fair market value of other property contributed to the capital of the Company by a Member with respect to such Member's Membership Interest.

"Capital Item" shall mean the net proceeds of (a) any sale, exchange or other disposition of any or all material parts of the property of the Company; (b) any damage recoveries, insurance payments or condemnation proceeds payable to the Company and not used for the repair or restoration of any properties of the Company; (c) any financing or refinancing of debt of the Company not applied to the reduction of Company liabilities; and (d) any other event in the nature of a capital transaction.

"Change of Control" means with respect to any Member or Manager that is an entity that such Member or Manager has ceased to be controlled, directly or indirectly, by the person or persons who controlled it when it became a Member or Manager.

"Class A Member" means FIR Energy, LLC.

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

"Company" means B&W Pipeline, LLC, a Delaware limited liability company.

"Company Nonrecourse Debt Minimum Gain" has the meaning given such term in Treasury Regulations Section 1.704-2(i)(2).

"Company Nonrecourse Deductions" has the meaning given such term in Treasury Regulations Section 1.704-2(i)(2).

"Default Interest Rate" means a rate per annum equal to the lesser of (a) 18% or (b) the maximum rate permitted by applicable law.

"Distributable Funds" shall mean the excess cash funds of the Company available for distribution to the Members after the establishment of reserves in such amounts and for such liabilities, obligations and contingencies as shall be determined from time to time by the Manager.

"Distribution(s)" shall mean Distributable Funds actually distributed to the Members pursuant to Article V.

"General Interest Rate" means a rate per annum equal to the lesser of (a) a varying rate per annum that is equal to the interest rate publicly quoted by the Wall Street Journal from time to time as representative of the prime commercial interest rate, with adjustments in that varying rate to be made on the same date as any change in that rate, or (b) the maximum rate permitted by applicable law.

"Gross Asset Value" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(a) The initial Gross Asset Value of any asset contributed (or deemed to have been contributed) by a Member to the Company in connection with the execution and delivery of this Agreement and the initial Gross Asset Value of any other asset contributed (or deemed to have been contributed) by a Member to the Company is the gross fair market value of such asset, as reasonably determined by the Managers, on the date of the contribution.

(b) The Gross Asset Values of all Company assets will be adjusted to equal their respective gross fair market values, as reasonably determined by the Managers, as of the following times: (i) the acquisition of an additional Membership Interest by any new or existing Member in exchange for more than a *de minimis* Capital Contribution; (ii) the distribution by the Company of more than a *de minimis* amount of property as consideration for a Membership Interest; (iii) the liquidation of the Company within the meaning of Treasury Regulation Section 1.704-1(b)(2)(ii)(g); or (iv) a grant of a Membership Interest as consideration for the provision of services to or for the benefit of the Company by a new or existing Member; *provided, however*, that the adjustments pursuant to clauses (i), (ii), or (iv) above will only be made if the Managers reasonably determine that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company.

(c) The Gross Asset Value of any Company asset distributed to any Member will be adjusted to equal the gross fair market value of such asset, as reasonably determined by the Managers, on the date of the distribution.

(d) The Gross Asset Values of Company assets will be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 732(d), Code Section 734(b) or Code Section 743(b), but only to the extent that an adjustment pursuant to clause (ii) immediately above is not required in connection with the transaction.

"Interest" or "Interests" refers to a Membership Interest.

"Majority Interest" means, with respect to any matter submitted to a vote of the Members, the vote of Class A Members whose Sharing Ratios exceed one-half of all the Company's Sharing Ratios. Class A Members vote as one class on all matters.

"Managers" means the Person(s) designated in Section 6.2 hereof as managers of the Company within the meaning of the Act and shall include a successor appointed pursuant to the provisions of this Agreement. Manager refers to one individual Person designated in Section 6.3.

"Member" means any Person named as a member of the Company on Exhibit A hereto, and includes any Person admitted as an Additional Member or a Substitute Member pursuant to the provisions of this Agreement. The term "Member" shall not include any member of the Company that has disposed of its Membership Interest. "Members" means two or more members when acting in their capacities as members of the Company.

"Membership Interest" means an interest in the Company which was acquired either directly from the Company, pursuant to this Agreement, or by assignment from a Member of the Company pursuant to this Agreement.

"Minimum Gain" has the meaning given to that term in Treasury Regulation § 1.704-2(d).

"Net Profit" and "Net Loss" means, for each calendar quarter or other period, the Company's taxable income or taxable loss for such period, as determined under Code Section 703(a) and Treasury Regulation Section 1.703-1 (and for this purpose all items of income, gain, loss, or deduction required to be stated separately under Code Section 703(a)(1) will be included in taxable income or taxable loss), but with the following adjustments:

(a) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits and Losses pursuant to this definition of "Net Profit" and "Net Loss" will be added to such taxable income or loss;

(b) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(i) that are not otherwise taken into account in computing Net Profit and Net Loss will be subtracted from such taxable income or loss;

(c) If the Gross Asset Value of any Company asset is adjusted pursuant to clause (b) or (c) of the definition of "Gross Asset Value," the amount of such adjustment will be taken into account as gain or loss from the disposition of such asset for purposes of computing Net Profit and Net Loss;

(d) Gain or loss resulting from any disposition of any Company asset with respect to which gain or loss is recognized for federal income tax purposes will be computed by reference to the Gross Asset Value of the asset disposed of, notwithstanding that the adjusted tax basis of such asset differs from its Gross Asset Value;

(e) The depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss will be taken into account for such period in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(g);

(f) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) is required, pursuant to Regulation Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's Membership Interest, the amount of such adjustment will be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) from the disposition of such asset and will be taken into account for purposes of computing Net Profit and Net Loss; and

(g) Notwithstanding any other provisions of this definition, any items that are specially allocated pursuant to Sections 5.5 – 5.11 shall not be taken into account in computing Net Profit and Net Loss.

"Nonrecourse Deductions" means those deductions of the Company as set forth in Treas. Reg. § 1.704-2(b)(1).

"Partially Adjusted Capital Account" means, with respect to any Member as of the close of business on the last day of any taxable year or other period, the Capital Account of such Member as of the beginning of such period, after giving effect to all contributions and distributions during such period and all special allocations pursuant to Article V with respect to such period, but before giving effect to any allocation of Net Income or Net Loss for such period.

"Person" means an individual, partnership, limited partnership, limited liability company, trust, estate, corporation, custodian, trustee, executor, administrator, nominee, or entity in a representative capacity.

"Proceeding" has the meaning given that term in Section 9.1.

"Property" shall mean all assets and property, including but not limited to personal, real or intangible property, owned by the Company, including but not limited to all oil and gas leases, rights and interests; royalty and production rights; licenses, rights-of-way, easements and equitable servitudes and contract rights and pipeline gathering lines.

"Required Interest" means one or more Class A Members having among them more than 50% of all the Company's Sharing Ratios.

"Sharing Ratio" with respect to any Member, means the percentage adjacent to each Member's name on Exhibit A as amended from time to time.

"Target Capital Account" means, with respect to any Member as of the close of business on the last day of any taxable year or other period, an amount (which may be either a positive or a deficit balance) equal to the amount such Member would receive as a Distribution if all assets of the Company as of such date were sold for cash equal to the Gross Asset Value of such assets, all Company liabilities were satisfied to the extent required by their terms, and the net proceeds were distributed pursuant to the provisions of Section 5.1.

"Transfer" means a sale, assignment, transfer, exchange, mortgage, pledge, grant of a security interest, or other disposition or encumbrance (including, without limitation, by operation of law), or the acts thereof.

"Treasury Regulations" means the Income Tax Regulations, including Temporary Regulations, promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"Unreturned Capital Contributions" shall mean the sum of the Capital Contributions of a Member less the sum of all Distributions received by such Member from the Company.

1.2 **Construction.** Whenever the context requires, the gender of all words used in this Agreement includes the masculine, feminine, and neuter. All references to Articles and Sections refer to articles and sections of this Agreement, and all references to Exhibits are to exhibits attached hereto, each of which is made a part hereof for all purposes.

ARTICLE II ORGANIZATION

2.1 **Formation.** The Company has been organized as a Delaware limited liability company by the filing of Articles of Organization (the "Articles") under and pursuant to the Act and the issuance of a certificate of organization for the Company by the Secretary of State of Delaware.

2.2 **Name.** The name of the Company is B&W Pipeline, LLC, and all Company business must be conducted in that name or such other names that comply with applicable law as the Members may select from time to time.

2.3 **Registered Office; Registered Agent, Principal Office in the United States; Other Offices.** The registered office of the Company required by the Act to be maintained in the State of Delaware shall be the office of the initial registered agent named in the Articles or such other office (which need not be a place of business of the Company) as the Members may designate from time to time in the manner provided by law. The registered agent of the Company in the State of Delaware shall be the initial registered agent named in the Articles or such other Person or Persons as the Members may designate from time to time in the manner provided by law. The principal office of the Company in the United States shall be at such place as the Members may designate from time to time, which need not be in the State of Delaware,

and the Company shall maintain records there as required by the Act and shall keep the street address of such principal office at the registered office of the Company in the State of Delaware. The Company may have such other offices as the Members may designate from time to time.

2.4 Purposes and Business. The purposes and business of the Company shall be:

- (a) to purchase a gas pipeline;
- (b) to pursue various oil and gas related activities; and
- (c) to undertake and carry on all activities necessary or advisable in connection with such activities.

2.5 Foreign Qualification. Prior to the Company's conducting business in any jurisdiction other than Delaware, the Members shall cause the Company to comply, to the extent procedures are available and those matters are reasonably within the control of the Members, with all requirements necessary to qualify the Company as a foreign limited liability company in that jurisdiction. Each Member shall execute, acknowledge, swear to, and deliver all certificates and other instruments conforming with this Agreement that are necessary or appropriate to qualify, continue, and terminate the Company as a foreign limited liability company in all such jurisdictions in which the Company may conduct business.

2.6 Term. The Company commenced on the date the Secretary of State of Delaware issued a certificate of organization for the Company and shall continue in existence until December 31, 2050.

2.7 No State-Law Partnership. The Members intend that the Company not be a partnership (including, without limitation, a limited partnership) or joint venture, and that no Member be a partner or joint venturer of any other Member, for any purposes other than federal and state tax purposes, and this Agreement may not be construed to suggest otherwise.

ARTICLE III MEMBERSHIP

3.1 Members. The Members of the Company are those Persons executing this Agreement as Members, each of which is admitted to the Company as a Member effective contemporaneously with the execution by such Person of this Agreement.

3.2 Representations and Warranties. Each Member hereby represents and warrants to the Company and each other Member that (a) if that Member is a corporation, it is duly organized, validly existing and in good standing under the law of the state of its incorporation and is duly qualified and in good standing as a foreign corporation in the jurisdiction of its principal place of business (if not incorporated therein); (b) if that Member is a limited liability company, it is duly organized, validly existing, and (if applicable) in good standing under the law of the state of its organization and is duly qualified and (if applicable) in good standing as a foreign limited liability company in the jurisdiction of its principal place of business (if not

organized therein); (c) if that Member is a partnership, trust, or other entity, it is duly formed, validly existing, and (if applicable) in good standing under the law of the state of its formation, and if required by law is duly qualified to do business and (if applicable) in good standing in the jurisdiction of its principal place of business (if not formed therein), and the representations and warranties in clause (a), (b) or (c), as applicable, are true and correct with respect to each partner (other than limited partners), trustee, or other member thereof; (d) that Member has full corporate, limited liability company, partnership, trust, or other applicable power and authority to execute and agree to this Agreement and to perform its obligations hereunder and all necessary actions by the board of directors, shareholders, members, managers, partners, trustees, beneficiaries, or other Persons necessary for the due authorization, execution, delivery, and performance of this Agreement by that Member have been duly taken; (e) that Member has duly executed and delivered this Agreement and (f) that Member's authorization, execution, delivery, and performance of this Agreement do not conflict with any other agreement or arrangement to which that Member is a party or by which it is bound.

ARTICLE IV CAPITAL CONTRIBUTIONS

4.1 Contributions. Each of the Members has contributed as such Member's Capital Contribution cash to the capital of the Company in the amount reflected adjacent to its name on Exhibit "A" attached hereto. No Member shall be required to make any Capital Contributions other than its Initial Capital Contribution as noted on Exhibit "A."

4.2 Capital Accounts. A Capital Account shall be established and maintained for each Member. Each Member's Capital Account (a) shall be increased by (i) the amount of money contributed by that Member to the Company, (ii) the fair market value of property contributed by that Member to the Company (net of liabilities secured by the contributed property that the Company is considered to assume or take subject to under § 752 of the Code), and (iii) allocations to that Member of Company income and gain (or items thereof), and (b) shall be decreased by (i) the amount of money distributed to that Member by the Company, (ii) the fair market value of property distributed to that Member by the Company (net of liabilities secured by the distributed property that the Member is considered to assume or take subject to under § 752 of the Code), (iii) allocations to that Member of expenditures of the Company described in § 705(a)(2)(B) of the Code, and (iv) allocations of Company loss and deduction (or items thereof).

The Members' Capital Accounts also shall be maintained and adjusted as permitted by the provisions of Treasury Regulation § 1.704-1(b)(2)(iv)(f) and as required by the other provisions of Treasury Regulation §§ 1.704-1(b)(2)(iv) and 1.704-1(b)(4), including adjustments to reflect the allocations to the Members of depreciation, depletion, amortization, and gain or loss as computed for book purposes rather than the allocation of the corresponding items as computed for tax purposes, as required by Treasury Regulation § 1.704-1(b)(2)(iv)(g).

4.3 Other Matters Relating to Capital Contributions.

(a) Any loans by a Member to the Company shall not be considered as a Capital Contribution to the Company.

(b) Except as otherwise provided in Article V, no Member shall be entitled to withdraw, or to a return of any part of its Initial Capital Contribution or any additional Capital Contributions, if made, or to receive property or assets other than cash in return therefor, and no Member shall be liable to any other Member for a return of its Initial Capital Contributions or other Capital Contributions.

(c) No Member shall be entitled to priority over any other Member, either with respect to a return of its Capital Contributions or to allocations of taxable income, gains, losses or credits, or to Distributions, except as provided in this Agreement.

(d) No interest shall be paid on any Member's Capital Contributions.

ARTICLE V ALLOCATIONS AND DISTRIBUTIONS

5.1 Distributable Funds. Distributable Funds of the Company shall be determined by the Managers and shall be distributed as follows:

(a) First, to the payment of any debts or liabilities of the Company;

(b) Finally, to the Partners in accordance with their respective Sharing Ratios as described on Exhibit A.

5.2 Distribution of Capital Items. Capital Items shall be determined by the Managers and shall be distributed or retained as follows:

(a) First, to the extent currently required under any agreement with any lender or creditor, to the payment of any debts or liabilities of the Company;

(b) Second, to the setting up of any cash reserves which the Managers deem reasonably necessary to provide for any anticipated, accrued, contingent or unforeseen liabilities of the Company; provided, however, that at the expiration of such period of time as the Managers deem advisable, the balance of such reserves shall be distributed in the manner set forth in this Section 5.2.

(c) Third, to the payment of any Member loans, together with all accrued but unpaid interest thereon;

(d) Finally, to the Members in accordance with their respective Sharing Ratios as described on Exhibit A.

5.3 Allocations of Profits and Losses After taking into account the special allocations set forth in Sections 5.5 – 5.11, Net Profit and Net Loss for each calendar year, and items thereof shall be allocated among the Members so as to reduce, proportionately, in the case of Net Profits, the excess of their respective Target Capital Accounts over their respective Partially Adjusted Capital Accounts for such period and, in the case of Net Loss, the excess of their respective Partially Adjusted Capital Accounts over their respective Target Capital Accounts for such period.

5.4 Tax Allocations.

(a) Except as otherwise provided in this Section 5.4, each item of income, gain, loss, deduction, and credit determined for federal income tax purposes shall be allocated among the Members in the same manner as each correlative item of income, gain, loss, deduction, and credit is allocated to the Members for purposes of maintaining their respective Capital Accounts.

(b) Under Code § 704(c) and Treasury Regulation § 1.704-3, income, gain, loss, and deduction with respect to any asset contributed to the capital of the Company shall be allocated among the Members, solely for federal income tax purposes, so as to take into account any variation between the adjusted tax basis of the asset for federal income tax purposes and the initial book value. If the book value of any asset is adjusted under Article V, subsequent allocations of income, gain, loss, and deduction, solely for federal income tax purposes, will be allocated among the Members so as to take into account any variation between the adjusted tax basis of the asset and its book value as adjusted in the manner required under Treasury Regulation § 1.704-3(a)(6). The allocations required by this Section 5.4 shall be made by the Managers using any reasonable method that is permissible under applicable law.

5.5 Stop Loss. Notwithstanding any other provision hereof to the contrary, no loss (or item of loss or deduction) of the Company shall be allocated to a Member if such allocation would result in a deficit balance in such Member's adjusted Capital Account. Such loss (or item of loss or deduction) shall be allocated among the Members whose adjusted Capital Account balances are positive in proportion to such positive balances to the extent necessary to reduce the balances of such other Member's positive adjusted Capital Accounts balances to zero, it being the intention of the Members that no Member's positive adjusted Capital Account balance shall fall below zero while any other Member's positive adjusted Capital Account balance has a positive balance.

5.6 Nonrecourse Deductions. All Nonrecourse Deductions shall be allocated among the Members in their Sharing Ratios.

5.7 Minimum Gain Chargeback. Notwithstanding any other provision hereof to the contrary, if there is a net decrease in Minimum Gain for a taxable year (or if there was a net decrease in Minimum Gain for a prior fiscal year and the Company did not have sufficient amounts of income and gain during prior years to allocate among the Members under this Section 5.7), then items of income and gain shall be allocated to each Member in an amount

equal to such Members' share of the net decrease in such Minimum Gain (as determined pursuant to Treasury Regulation § 1.704-2(g)(2)). It is the intent of the Members that any allocation pursuant to this Section 5.7 shall constitute a "minimum gain chargeback" under Treasury Regulation § 1.704-2(f) and shall be interpreted consistently therewith.

5.8 Member Nonrecourse Deductions. All Member Nonrecourse Deductions attributable to Member nonrecourse debt shall be allocated among the Members bearing the economic risk of loss for such debt as determined under Treasury Regulation § 1.704-2(b)(4); provided, however, that if more than one Member bears the economic risk of loss for such debt, the Member Nonrecourse Deductions attributable to such debt shall be allocated to and among the Members in the same proportion that they bear the economic risk of loss for such debt. This Section 5.8 is intended to comply with the provision of Treasury Regulation § 1.704-2(i) and shall be interpreted consistently therewith.

5.9 Member Nonrecourse Minimum Gain Chargeback. Notwithstanding any other provision hereof to the contrary (except for Section 5.7 regarding Minimum Gain chargeback), if there is a net decrease in Member nonrecourse Minimum Gain for a taxable year (or if there was a net decrease in Member nonrecourse Minimum Gain for a prior fiscal year and the Company did not have sufficient amounts of income and gain during prior years to allocate among the Members under this Section 5.9), then items of income and gain shall be allocated to each Member in an amount equal to such Member's share of the net decrease in such Member's nonrecourse Minimum Gain (as determined pursuant to Treasury Regulation § 1.704-2(i)(4)). It is the intent of the Members that any allocation pursuant to this Section 5.9 shall constitute a "minimum gain chargeback" under Treasury Regulation § 1.704-2(i)(4) and shall be interpreted consistently therewith.

5.10 Qualified Income Offset. A Member who unexpectedly receives any adjustment, allocation, or distribution described in Treasury Regulation § 1.704-1(b)(2)(ii)(d)(4), (5), or (6) will be specially allocated items of income or gain (after the allocations required by Section 5.7 regarding minimum gain chargeback and Section 5.9 regarding minimum gain chargeback for Member nonrecourse debt but before any other allocation required by this Article V) in an amount and in the manner sufficient to eliminate any deficit balance in his adjusted Capital Account as quickly as possible. This Section 5.10 is intended to satisfy the provisions of Treasury Regulation § 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

5.11 Gross Income Allocation. Except as required by Sections 5.6, 5.7, 5.8, 5.9 and 5.10, each Member who has a deficit adjusted Capital Account balance at the end of the taxable year will be specially allocated items of income and gain in the amount of the excess as quickly as possible.

5.12 Code Section 754 Adjustment. To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, to be taken into account in determining Capital Accounts pursuant to Treasury Regulation § 1.704-1(b)(2)(iv)(m), book value of the Company's assets may be adjusted in the discretion of the Managers as set forth in the definition of Gross Asset Value, and any such adjustment in book value shall be treated as gain or loss (as the case may be) in computing profits or losses.

5.13 Curative Allocation. If any items of income and gain (including gross income) or loss and deduction are allocated to a Member pursuant to Sections 5.5 through 5.11, then, prior to any allocation pursuant to Section 5.3 and subject to Sections 5.5 through 5.11, items of income and gain (including gross income) and items of loss and deduction for subsequent periods shall be allocated to the Members in a manner designed to result in each Member's adjusted Capital Account having a balance equal to the balance it would have had if such allocation of income and gain (including gross income) and item of loss and deduction had not occurred pursuant to Sections 5.5 through 5.1. For purposes of applying the foregoing provisions of this Section 5.13: (i) allocations hereunder with respect to allocations under Section 5.3 shall be made only to the extent that the Managers reasonably determine that such allocations are consistent with the economic agreement of the Members; (ii) allocations hereunder with respect to allocations under Section 5.7 shall not be made prior to a year in which there is a net decrease in Minimum Gain and then only to the extent that the Managers reasonably determine that such allocations are necessary to avoid a potential distortion in the economic agreement of the Members and allocations hereunder with respect to allocations under Section 5.6 shall be made only to the extent that the Managers reasonably determine that such allocations are necessary to avoid a potential distortion in the economic agreement of the Members; and (iii) allocations hereunder with respect to allocations under Section 5.9 shall not be made prior to a year in which there is a net decrease in Member Nonrecourse Minimum Gain and then only to the extent that the Managers reasonably determine that such allocations are necessary to avoid a potential distortion in the economic agreement of the Members and allocations hereunder with respect to allocations under Section 5.8 shall be made only to the extent that the Managers reasonably determine that such allocations are necessary to avoid a potential distortion in the economic agreement of the Members.

5.14 Interests in Company. Notwithstanding any other provision of this Agreement, no allocation of profits or losses or item thereof will be made to a Member if the allocation would not have "*economic effect*" under Treasury Regulation § 1.704-1(b)(2)(ii) or otherwise would not be in accordance with the Members' interests in the Company within the meaning of Treasury Regulation § 1.704-1(b)(4) or 1.704-2(b)(1). The Managers will have the authority to reallocate any item in accordance with this Section 5.14; provided, however, that (a) no such change shall have a material adverse effect upon the amount of cash or other property distributable to any Member, (b) each Member shall have 30 days prior notice of such proposed modification and (c) the Company shall have received an opinion of tax counsel to the Company that such modification is necessary to comply with Code Section 704(b).

5.15 Withholding. All amounts required to be withheld pursuant to Code Section 1446 or any other provision of federal, state, or local tax law shall be treated as amounts actually distributed to the affected Members for all purposes under this Agreement.

5.16 Varying Interests. All profit and loss (and any item of income, gain, loss, deduction, or credit specially allocated under this Agreement) shall be allocated, and all distributions shall be made, to the Persons shown on the records of the Company to have been Members as of the last calendar day of the period for which the allocation or distribution is to be made. Notwithstanding the foregoing, if during any taxable year there is a change in any

Member's interest in the Company, the Members agree that their allocable shares of the profits and losses (or items thereof) and their distributions for the taxable year shall be determined on any method determined by the Managers to be permissible by Code Section 706 and the related Treasury Regulations to take account of the Member's varying interest.

ARTICLE VI MANAGEMENT

6.1 Management by Managers.

(a) The powers of the Company shall be exercised by or under the authority of, and the business and affairs of the Company shall be managed under the direction of the Managers, who shall make all decisions and take all actions for the Company. No Member (other than a Manager or an officer acting pursuant to this Article VI) has the right, power, or authority to act for or on behalf of the Company, to do any act that would be binding on the Company, or to incur any expenditures on behalf of the Company.

(b) Decisions or actions taken by the Managers shall be taken by a consent of majority of the Managers. Such decisions or actions taken by the Managers and in accordance with this Agreement shall constitute decisions or actions by the Company and shall be binding on each Manager and Member of the Company.

6.2 Selection of Managers.

(a) The number of Managers of the Company initially shall be two.

(b) The initial Managers of the Company shall be Carlos A. Fonts and Carlos E. Fonts.

(c) Managers need not be Members or residents of the State of Delaware.

6.3 Operating Reserve Account. To the extent funds of the Company are sufficient therefor, the Managers shall maintain an adequate reserve for operating expenses and contingent obligations of the Company, in such amount as deemed necessary by the Managers for the proper conduct of the business of the Company.

6.4 Payment of Costs and Expenses. The Company shall be responsible for paying all costs and expenses, extended and reimbursable or to be extended, associated with or relating to this Agreement, continuing the Company, and exploring for, drilling and producing oil and gas, and conducting the business of the Company, including, without limitation, costs incurred in connection with the construction, operation and maintenance of a natural gas pipeline system and associated gathering facilities, leasing of mineral interests, acquisition of rights-of-ways and easements, testing, drilling and production of oil and gas, maintenance and repair of any Company Property, costs of bonuses, royalties, delay rentals, utilities, insurance premiums, property taxes, administrative costs, Manager overhead costs, employment of landmen, consultants, and other experts, accounting costs, legal expenses and office supplies relating to

the organization or business of the Company. In the event any such costs and expenses are or have been paid by a Manager, or any of their respective Affiliates, on behalf of the Company, whether before or after the date of this Agreement, then the Managers (or their Affiliates) shall be entitled to be reimbursed for such payment so long as such cost or expense was reasonably necessary and is evidenced by written receipts, invoices, or other writing.

6.5 Duties of the Managers. The Managers shall perform, or cause to be performed at the expense of the Partnership, the following services:

- (a) Establish books of account, records and payment procedures.
- (b) Provide bookkeeping and other related services for the Company.
- (c) Disburse the Capital Contributions of the Members for the purposes set forth in this Agreement.
- (d) Exercise their fiduciary duty for the safekeeping and use of all funds and assets of the Company, whether or not in their immediate possession or control, and not employ, or permit another to employ, such funds or assets in any manner except for the exclusive benefit of the Company.
- (e) Provide overall management, financial and business planning services to the Company.
- (f) Disburse all receipts and make all necessary payments and expenditures in accordance with the terms of this Agreement.
- (g) Make all reports to the Members or to appropriate officials or agencies administering federal or state securities laws as required by this Agreement or by law.

6.6 Liability of the Managers. NO MANAGER SHALL BE LIABLE TO THE COMPANY OR TO THE MEMBERS FOR ANY LOSS OR DAMAGE TO THE COMPANY RESULTING FROM THE NEGLIGENCE OF SUCH MANAGER OR ANY PERSON OR ENTITY FOR WHOM SUCH MANAGER MAY BE LIABLE FOR ANY ACT OR OMISSION DONE IN GOOD FAITH TO PROMOTE THE BEST INTERESTS OF THE COMPANY. A MANAGER MAY BE LIABLE, HOWEVER, FOR ITS GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

6.7 Limitations on Liability of Managers. The Company will indemnify the Managers as described in Article IX.

ARTICLE VII MEMBERS

7.1 Powers of Members. The Members shall have the power to exercise any and all rights or powers granted to the Members pursuant to the express terms of this Agreement. The Members shall also have the power to authorize the Managers, by Majority Vote of the

Members, to possess and exercise any right or power not already vested in the Managers pursuant to Section 6.1 or any other provision of this Agreement. The Members shall not have the power to bind the Company

7.2 Partition. Each Member waives, until termination of the Company, any and all rights that it may have to maintain an action for partition of the Company's property.

7.3 Resignation of Members. A Member may not resign from the Company without the written consent of the Managers. If a Member is permitted to resign pursuant to this Section 7.3, and, following its resignation, there are less than two remaining Members, an additional member shall be admitted to the Company upon its execution of an instrument signifying its agreement to be bound by the terms and conditions of this Agreement. Such admission shall be deemed effective immediately prior to the resignation, and, immediately following such admission, the resigning Member shall cease to be a member of the Company. In such event, the Company shall not dissolve if the business of the Company is continued without dissolution in accordance with Section 13.1 hereof.

7.4 Outside Businesses. Except for any business venture in Fentress, Morgan and Warren Counties, Tennessee, any Member, Manager or Affiliate thereof may engage in or possess an interest in other business ventures of any nature or description, independently or with others, similar or dissimilar to the business of the Company, and the Company, the Members and the Managers shall have no rights by virtue of this Agreement in and to such independent ventures or the income or profits derived therefrom, and the pursuit of any such venture, even if competitive with the business of the Company, shall not be deemed wrongful or improper. Except for any business venture in Fentress, Morgan and Warren Counties, Tennessee, no Member, Manager or Affiliate thereof shall be obligated to present any particular investment opportunity to the Company even if such opportunity is of a character that, if presented to the Company, could be taken by the Company, and any Member, Manager or Affiliate thereof shall have the right to take for its own account (individually or as a partner or fiduciary) or to recommend to others any such particular investment opportunity. In Fentress, Morgan and Warren Counties, Tennessee, each Member, Manager and Affiliate will be obligated to present other investment opportunities to the Company.

7.5 General Prohibition on Disposition of an Interest.

(a) No Class A Member shall Transfer its Membership Interest without complying first with the provisions of Section 7.6 below.

(b) The Company and the Managers shall be entitled to treat the record owner (on the books of the Company) of any Membership Interest as the absolute owner thereof in all respects and shall incur no liability for distributions of cash or other property made in good faith to such owner until such time as a written assignment of such Membership Interest has been received and accepted by the Managers and recorded on the books of the Company. In no event shall any Membership Interest, or any portion thereof be sold, transferred and assigned to an incompetent or a minor (unless to a custodian for the benefit of such minor).

(c) Each Member agrees, upon the request of the Managers, to execute such certificates or other documents and perform such acts as the Managers deem appropriate to preserve the limited liability status of the Members after the completion of such Transfer under the laws of the jurisdiction in which the Company is doing business.

(d) Notwithstanding anything herein to the contrary, upon written notice to all other Members, and to the extent allowed by law, any Class A Member may transfer all or any portion of its Membership Interest if (i) the transfer occurs by reason of or incident to the death, dissolution, divorce, liquidation, merger, or termination of the transferor Member, and (ii) the transferee is a Permitted Transferee. "Permitted Transferee" means all of the original Members of such Member's immediate family, or a trust, corporation, limited liability company, or partnership controlled by such Member or members of such Member's immediate family, or another Person controlling, controlled by, or under common control of such Member. The Permitted Transferee will be subject to all provisions of this Agreement.

7.6 Right of First Refusal and Co-Sale Rights. If any Member receives a bona fide offer from any Person to purchase any of such Member's Membership Interest (the "Seller's Interest"), then such Member (the "Selling Member") shall give the other Members (collectively, the "Non-Selling Members") and the Company notice of his intention to sell such Units, describing the Seller's Membership Interest proposed to be Transferred, the identity of the proposed transferee, and the price and terms upon which he proposes to make such transfer (the "Transfer Notice").

(a) **First Offer.** Each Non-Selling Member shall have the right to purchase, at the price and on the terms set forth in the Transfer Notice, such person's pro rata share (based on the Sharing Ratio after Second Payout) owned by such Non-Selling Member within 15 business days of delivery of the Transfer Notice, the purchase price therefore as set forth in the Transfer Notice and complying with the other terms of the offer set forth in the Transfer Notice. Any Seller's Interest not so purchased may then be purchased, within ten days after the Non-Selling Members' right to purchase expires, by the Company. Any Non-Selling Member who exercises any rights under this Section 7.6(a) with respect to a transaction shall be deemed to have declined to exercise his rights under Section 7.6(b) with respect to that transaction.

(b) **Co-Sale.** Within 10 business days after delivery of the Transfer Notice, each Non-Selling Member may elect to sell up to such person's pro rata share of the Seller's Interest to be purchased by the transferee described in the Transfer Notice by giving written notice thereof to the Selling Member. The Selling Member shall thereupon notify the transferee of the co-sale arrangements hereunder, and instruct the transferee to deliver payment for the Membership Interest to be purchased from the Non-Selling Members to the Managers of the Company, who shall transmit such payment to the Non-Selling Members. For the purpose of the co-sale right set forth in this Section 7.6(b), the pro rata share of a

Non-Selling Member shall be determined based on the Sharing Ratio after Second Payout held by such Non-Selling Member exercising the Co-Sale Right pursuant to this Section 7.6(b) plus (ii) the Sharing Ratio after Second Payout held by the Selling Member as of the date of the Transfer Notice. Any Non-Selling Member who exercises any rights under this Section 7.6(b) with respect to a transaction shall be deemed to have declined to exercise his rights under Section 7.6(a) with respect to that transaction.

(c) **Failure to Exercise Right.** If some or all of the Seller's Interest proposed to be Transferred are not purchased by the Non-Selling Members as allowed by Section 7.6(a), and to the extent the Non-Selling Members decline to exercise the co-sale right as allowed by Section 7.6(b), the Selling Member may, within 90 days after the date on which the Non-Selling Members' first offer and co-sale rights lapsed, Transfer some or all of the Seller's Interest that were the subject of the Transfer Notice at a price and on terms as specified in the Transfer Notice. The Seller's Interest Transferred in accordance with the provisions of this Section 7.6 shall continue to be subject to the restrictions on Transfers set forth in this Article VII. After the expiration of said 90 day period, the Selling Member shall not transfer any of its Interest without again offering such Interest to the Non-Selling Members in the manner provided above in Sections 7.6(a) and 7.6(b).

(d) **Representations and Warranties of Non-Selling Members.** No Non-Selling Member exercising its rights under Section 7.6(b) will be required to make any representations and warranties or to provide indemnities in connection with its participation in any sale pursuant hereto other than representations and warranties and indemnities concerning each Non-Selling Member's valid ownership of his Units, free of all liens and encumbrances (other than those arising under applicable securities laws) and such Non-Selling Member's authority, power and right to enter into and consummate such purchase agreement without violating any other agreement.

7.7 Information.

(a) In addition to the other rights specifically set forth in this Agreement, each Member other than a party holding an Economic Interest as described in 7.5 is entitled to all information to which that Member is entitled to have access pursuant to the Act under the circumstances and subject to the conditions therein stated.

(b) The Members acknowledge that, from time to time, they may receive information from or regarding the Company in the nature of trade secrets or that otherwise is confidential, the release of which may be damaging to the Company or Persons with which it does business. Each Member shall hold in strict confidence any information it receives regarding the Company that is identified as being confidential (and if that information is provided in writing, that is so marked) and may not disclose it to any Person other than another Member. The Members acknowledge that breach of the provisions of this Section may cause irreparable injury to the Company for which

monetary damages are inadequate, difficult to compute, or both. Accordingly, the Members agree that the provisions of this Section may be enforced by specific performance as well as any claim for damages. The Members will pay in advance any cost incurred by the Company for copying or reproducing any information.

7.8 Liability to Third Parties. No Member shall be liable for the debts, obligations or liabilities of the Company, including under a judgment decree or order of a court.

7.9 Withdrawal. A Member does not have the right or power to withdraw from the Company as a member.

7.10 Meetings of Members.

(a) An annual meeting of the Members for the transaction of such business in which Members are permitted to vote pursuant to this Agreement as may be properly come before the meeting to be held on such date and at such time as the Managers shall specify in the notice of the meeting, which shall be delivered to each Member at least 20 days prior to such meeting.

(b) Special meetings of the Members may be called by the Managers or by Members with among them at least ten percent of the Sharing Ratios of all Members. Any such meeting shall be held on such date and at such time as the Person calling such meeting shall specify in the notice of the meeting, which shall be delivered to each Member at least ten days prior to such meeting. Only business in which Members are permitted to vote pursuant to this Agreement may be considered for such meeting may be conducted at such meeting.

(c) A Majority Interest (represented either in person or by proxy) shall constitute a quorum for the transaction of business at any meeting of the Members. With respect to any matter, other than a matter for which the affirmative vote of a Majority Interest or other specified portion of the Members is required by this Agreement, an act of a Majority Interest shall be the act of the Members.

7.11 Provisions Applicable to All Meetings. In connection with any meeting of the Managers, Members, or any committee of the Managers, the following provisions shall apply:

(a) **Place of Meeting.** Any such meeting shall be held at the principal place of business of the Company, unless the notice of such meeting (or resolution of the Managers or committee, as applicable) specifies a different place, which need not be in the State of Delaware.

(b) **Waiver of Notice Through Attendance.** Attendance of a Person at such meeting shall constitute a waiver of notice of such meeting, except where such Person attends the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

(c) *Proxies.* A Person may vote at such meeting by a written proxy executed by that Person and delivered to another Member or member of the committee, as applicable. A proxy shall be revocable unless it is stated to be irrevocable.

(d) *Action by Written Consent.* Any action required or permitted to be taken at such a meeting may be taken without a meeting, without prior notice, and without a vote if a consent or consents in writing, setting forth the action so taken, are signed by the Managers, Members, or members of the committee, as applicable, having not fewer than the minimum number of Sharing Ratios or votes that would be necessary to take the action at a meeting at which all Members, Managers, or members of the committee, as applicable, entitled to vote on the action were present and voted.

(e) *Meetings by Telephone.* Managers, Members, or members of the committee, as applicable, may participate in and hold such meeting by means of conference telephone, video conference, or similar communications equipment by means of which all Persons participating in the meeting can hear each other. Participation in such a meeting shall constitute presence in person at such meeting, except where a Person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

7.12 **Conflicts of Interest.** Subject to the other express provisions of this Agreement, each Member, Manager, officer, or Affiliate thereof may engage in and possess interests in other business ventures of any and every type and description, independently or with others, including ones in competition with the Company, with no obligation to offer to the Company or any other Member, Manager, or officer the right to participate therein. The Company may transact business with any Member, Manager, officer, or Affiliate thereof, provided the terms of those transactions are no less favorable than those the Company could obtain from unrelated third parties.

ARTICLE VIII AMENDMENTS; MERGER OR CONSOLIDATION

8.1 **Amendments.** Any amendment to this Agreement shall be adopted and be effective as an amendment hereto only if it receives the approval of the Managers and a Majority Interest vote of the Members.

8.2 **Merger or Consolidation.** The Company may merge with, or consolidate into, one or more other limited liability companies or other business entities only with the approval of the Managers and a Majority Interest vote of the Members.

ARTICLE IX INDEMNIFICATION

9.1 **Right to Indemnification.** Subject to the limitations and conditions as provided in this Article IX, each Person, Manager or any affiliate of a Manager, including but not by way of limitation, Mario Ribadeneria, Roberto Isaias, Carlos A. Fonts and Carlos E. Fonts, who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative, or investigative (hereinafter a "Proceeding"), or any appeal in such a Proceeding or any inquiry or investigation that could lead to such a Proceeding, by reason of the fact that he or she, or a Person of whom he or she is the legal representative, is or was a Member of the Company or while a Member of the Company is or was serving at the request of the Company as a Manager, director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic limited liability company, corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise, or an affiliate of the Manager, shall be indemnified by the Company to the fullest extent permitted by the Act and the Delaware Revised Statutes, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than said law permitted the Company to provide prior to such amendment) against judgments, penalties (including excise and similar taxes and punitive damages), fines, settlements and reasonable expenses (including, without limitation, attorneys' fees) actually incurred by such Person in connection with such Proceeding, and indemnification under this Article IX shall continue as to a Person who has ceased to serve in the capacity which initially entitled such Person to indemnity hereunder. The rights granted pursuant to this Article IX shall be deemed contract rights, and no amendment, modification or repeal of this Article IX shall have the effect of limiting or denying any such rights with respect to actions taken or Proceedings arising prior to any such amendment, modification or repeal. It is expressly acknowledged that the indemnification provided in this Article IX could involve indemnification for negligence or under theories of strict liability.

9.2 **Advance Payment.** The right to indemnification conferred in this Article IX shall include the right to be paid or reimbursed by the Company the reasonable expenses incurred by a Person of the type entitled to be indemnified under Section 9.1 who was, is or is threatened to be made a named defendant or respondent in a Proceeding in advance of the final disposition of the Proceeding and without any determination as to the Person's ultimate entitlement to indemnification; provided, however, that the payment of such expenses incurred by any such Person in advance of the final disposition of a Proceeding, shall be made only upon delivery to the Company of a written affirmation by such Member of his or her good faith belief that he has met the standard of conduct necessary for indemnification under this Article IX and a written undertaking, by or on behalf of such Person, to repay all amounts so advanced if it shall ultimately be determined that such indemnified Person is not entitled to be indemnified under this Article IX or otherwise.

9.3 **Indemnification of Officers, Employees, and Agents.** The Company, by adoption of a resolution of the Members, may indemnify and advance expenses to an officer, employee, or agent of the Company to the same extent and subject to the same conditions under

which it may indemnify and advance expenses to Members under this Article IX; and, the Company may indemnify and advance expenses to Persons who are not or were not Members, officers, employees, or agents of the Company but who are or were serving at the request of the Company as a Manager, director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic limited liability company, corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise against any liability asserted against him and incurred by him in such a capacity or arising out of his status as such a Person to the same extent that it may indemnify and advance expenses to Members under this Article IX.

9.4 Appearance as a Witness. Notwithstanding any other provision of this Article IX, the Company may pay or reimburse expenses incurred by a Member in connection with his appearance as a witness or other participation in a Proceeding at a time when he is not a named defendant or respondent in the Proceeding.

9.5 Nonexclusivity of Rights. The right to indemnification and the advancement and payment of expenses conferred in this Article IX shall not be exclusive of any other right which a Member or other Person indemnified pursuant to Section 9.3 may have or hereafter acquire under any law (common or statutory), provision of the Articles of this Agreement, agreement, vote of Members or disinterested Members or otherwise.

9.6 Insurance. The Company may purchase and maintain insurance, at its expense, to protect itself and any Person who is or was serving as a Member, officer, employee, or agent of the Company or is or was serving at the request of the Company as a Manager, director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic limited liability company, corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise against any expense, liability or loss, whether or not the Company would have the power to indemnify such Person against such expense, liability or loss under this Article IX.

9.7 Member Notification. To the extent required by law, any indemnification of or advance of expenses to a Member in accordance with this Article IX shall be reported in writing to the Members with or before the notice or waiver of notice of the next Members' meeting or with or before the next submission to Members of a consent to action without a meeting and, in any case, within the 12-month period immediately following the date of the indemnification or advance.

9.8 Savings Clause. If this Article IX or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify and hold harmless each Member or any other Person indemnified pursuant to this Article IX as to costs, charges and expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement with respect to any action, suit, or proceeding, whether civil, criminal, administrative, or investigative to the full extent permitted by any applicable portion of this Article IX that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE X BOOKS AND RECORDS

10.1 Books, Records and Financial Statements.

(a) At all times during the continuance of the Company, the Company shall maintain, at its principal place of business, separate books of account for the Company that shall show a true and accurate record of all costs and expenses incurred, all charges made, all credits made and received and all income derived in connection with the operation of the Company's business in accordance with the accounting method selected by the Managers pursuant to Section 10.2, and, to the extent inconsistent therewith, in accordance with this Agreement. Such books of account, together with a copy of this Agreement, shall at all times be maintained at the principal place of business of the Company and shall be open to inspection and examination at reasonable times by each Member and its duly authorized representative for any purpose reasonably related to such Member's interest in the Company.

(b) The Managers shall prepare and maintain, or cause to be prepared and filed, all tax returns due and owing by the Company.

10.2 Accounting Method. For both financial and tax reporting purposes and for purposes of determining profits and losses, the books and records of the Company shall be kept on the method of accounting chosen by the Managers, in a consistent manner, and shall reflect all Company transactions and be appropriate and adequate for the Company's business.

ARTICLE XI TAXES

11.1 Tax Returns. The Members shall cause to be prepared and filed all necessary federal and state income tax returns for the Company, including making the elections described in Section 11.2. Each Member shall furnish to the Company all pertinent information in its possession relating to Company operations that is necessary to enable the Company's income tax returns to be prepared and filed.

11.2 Tax Elections. The Company shall make the following elections on the appropriate tax returns:

- (a) to adopt the calendar year as the Company's fiscal year;
- (b) to adopt such method of accounting and to keep the Company's books and records on such method as determined by the Managers;
- (c) to elect to amortize the organizational expenses of the Company and the startup expenditures of the Company under § 195 of the Code ratably over the period specified by § 709 (b) of the Code;

(d) if a distribution of Company property as described in § 734 of the Code occurs or if a transfer of a Membership Interest as described in § 743 of the Code occurs, on written request of any Member and if approved by the Managers in their absolute discretion, to elect, pursuant to § 754 of the Code, to adjust the basis of Company properties; and

(e) any other election the Managers may deem appropriate and in the best interests of the Company.

Neither the Company nor any Member may make an election for the Company to be excluded from the application of the provisions of subchapter K of chapter 1 of subtitle A of the Code or any similar provisions of applicable state law, and no provision of this Agreement shall be construed to sanction or approve such an election.

11.3 Tax Matters Partner. The Managers shall designate one Member to be the “tax matters partner” of the Company pursuant to § 6231(a)(7) of the Code. Any Member who is designated “tax matters partner” shall take such action as may be necessary to cause each other Member to become a “notice partner” within the meaning of § 6223 of the Code. Any Member who is designated “tax matters partner” shall inform each other Member of all significant matters that may come to its attention in its capacity as “tax matters partner” by giving notice thereof on or before the fifth Business Day after becoming aware thereof and, within that time, shall forward to each other Member copies of all significant written communications it may receive in that capacity. Any Member who is designated “tax matters partner” may not take any action contemplated by §§ 6222 - 6232 of the Code without the consent of the Managers, but this sentence does not authorize such Member (or any other Member) to take any action left to the determination of an individual Member under §§ 6222 - 6232 of the Code.

ARTICLE XII BANKRUPTCY OF A MEMBER

12.1 Bankrupt Members. Subject to Section 13.1(c), if any Member becomes a Bankrupt Member, the Company shall have the option, exercisable by notice from the Company to the Bankrupt Member (or its representative) at any time prior to the 180th day after receipt of notice of the occurrence of the event causing it to become a Bankrupt Member, to buy, and on the exercise of this option the Bankrupt Member or its representative shall sell, its Membership Interest. The purchase price shall be an amount equal to the fair market value thereof determined by agreement by the Bankrupt Member (or its representative) and the Company; however, if those Persons do not agree on the fair market value on or before the 30th day following the exercise of the option, either such Person, by notice to the other, may require the determination of fair market value to be made by an independent appraiser specified in that notice. If the Person receiving that notice objects on or before the tenth day following receipt to the independent appraiser designated in that notice, and those Persons otherwise fail to agree on an independent appraiser, an appraiser will be approved by Majority Interest vote of the Members. The determination of the independent appraiser, however designated, is final and binding on all parties. The Bankrupt Member and the Company each shall pay one-half of the costs of the appraisal. The purchaser shall pay the fair market value as so determined in four

equal cash installments, the first due on closing (which shall occur no later than the 30th day after the final determination of the purchase price) and the remainder (together with accumulated interest on the amount unpaid at the General Interest Rate) due on each of the first three anniversaries thereof. The payment to be made to the Bankrupt Member or its representative pursuant to this Section 12.1 is in complete liquidation and satisfaction of all the rights and interest of the Bankrupt Member and its representative (and of all Persons claiming by, through, or under the Bankrupt Member and its representative) in and in respect of the Company, including, without limitation, any Membership Interest, any rights in specific Company property, and any rights against the Company and (insofar as the affairs of the Company are concerned) against the Members, and constitutes a compromise to which all Members have agreed pursuant to the Act.

ARTICLE XIII DISSOLUTION, LIQUIDATION, AND TERMINATION

13.1 Dissolution. The Company shall dissolve and its affairs shall be wound up on the first to occur of the following:

(a) the written consent of a Majority Interest of the Members and a written consent of the Managers;

(b) the expiration of the period fixed for the duration of the Company set forth in the Articles;

(c) the death, retirement, resignation, expulsion, bankruptcy, or dissolution of a Member, or the occurrence of any other event that terminates the continued membership of a Member in the Company; provided, however, that if an event described in this Section 13.1(c) shall occur and there shall be at least one other Member remaining, the Company shall not be dissolved and the business of the Company shall be continued, if all remaining Members so agree; and

(d) entry of a decree of judicial dissolution of the Company under § 18-802 of the Act.

13.2 Continuation on Election. If a dissolution event described in Section 13.1 shall occur and there shall be at least two other Members remaining, the Company shall not be dissolved, and the business of the Company shall be continued, if a Majority Interest of the Members agree to continue within 90 days of the occurrence of such dissolution event (such agreement is referred to herein as a "Continuation Election"). If a Continuation Election is made following the occurrence of a dissolution event described in Section 13.1, the Members shall promptly amend the Articles to reflect the Continuation Election.

13.3 Liquidation and Termination. On dissolution of the Company, the Members shall appoint one or more Members as liquidator. The liquidator shall proceed diligently to wind up the affairs of the Company and make final distributions as provided herein and in the Act. The costs of liquidation shall be borne as a Company expense. Until final distribution, the

liquidator shall continue to operate the Company properties with all of the power and authority of the Members. The steps to be accomplished by the liquidator are as follows:

(a) as promptly as possible after dissolution and again after final liquidation, the liquidator shall cause a proper accounting to be made by a recognized firm of certified public accountants of the Company's assets, liabilities, and operations through the last day of the calendar month in which the dissolution occurs or the final liquidation is completed, as applicable;

(b) the liquidator shall cause the notice to be mailed to each known creditor of and claimant against the Company;

(c) the liquidator shall pay, satisfy, or discharge from Company funds all of the debts, liabilities, and obligations of the Company (including, without limitation, all expenses incurred in liquidation) or otherwise make adequate provision for payment and discharge thereof (including, without limitation, the establishment of a cash escrow fund for contingent liabilities in such amount and for such term as the liquidator may reasonably determine); and

(d) all remaining assets of the Company shall be distributed to the Members as follows:

(i) the liquidator may sell any or all Company property, including to Members, and any resulting gain or loss from each sale shall be computed and allocated to the Capital Accounts of the Members;

(ii) with respect to all Company property that has not been sold, the fair market value of that property shall be determined and the Capital Accounts of the Members shall be adjusted to reflect the manner in which the unrealized income, gain, loss, and deduction inherent in property that has not been reflected in the Capital Accounts previously would be allocated among the Members if there were a taxable disposition of that property for the fair market value of that property on the date of distribution; and

(iii) Company assets shall be distributed among the Members in proportion to their respective positive Capital Account balances as determined after taking into account all Capital Account adjustments for the taxable year of the Company during which the liquidation of the Company occurs.

Distributions made pursuant to this clause iii. shall be made by the end of the taxable year of the Company during which the liquidation of the Company occurs (or, if later, 90 days after the date of the liquidation).

All distributions in kind to the Members shall be made subject to the liability of each distributee for costs, expenses, and liabilities theretofore incurred or for which the Company has committed prior to the date of termination and those costs, expenses, and liabilities shall be allocated to the

distributee pursuant to this Section 13.3. The distribution of cash and/or property to a Member in accordance with the provisions of this Section 13.3 constitutes a complete return to the Member of its Capital Contributions and a complete distribution to the Member of its Membership Interest and all the Company's property and constitutes a compromise to which all Members have consented. To the extent that a Member returns funds to the Company, it has no claim against any other Member for those funds.

13.4 Articles of Dissolution. On completion of the distribution of Company assets as provided herein, the Company is terminated and the Members (or such other Person or Persons as the Act may require or permit) shall file Articles of Dissolution with the Secretary of State of Delaware cancel any other filings made pursuant to Section 2.5, and take such other actions as may be necessary to terminate the Company.

ARTICLE XIV GENERAL PROVISIONS

14.1 Offset. Whenever the Company is to pay any sum to any Member, any amounts that Member owes the Company may be deducted from that sum before payment.

14.2 Notices. Except as expressly set forth to the contrary in this Agreement, all notices, requests, or consents provided for or permitted to be given under this Agreement must be in writing and must be given either by depositing that writing in the United States mail, addressed to the recipient, postage paid, and registered or certified with return receipt requested or by delivering that writing to the recipient in person, by courier, or by facsimile transmission; and a notice, request, or consent given under this Agreement is effective on receipt by the Person to receive it. All notices, requests, and consents to be sent to a Member must be sent to or made at the addresses given for that Member on Exhibit A or such other address as that Member may specify by notice to the other Members. Any notice, request, or consent to the Company must be given at the following address:

B&W Pipeline, LLC
Attn: Carlos A. Fonts
5950 Berkshire Lane, Suite 260
Dallas, Texas 75225

and

B&W Pipeline, LLC
Attn: Carlos E. Fonts
5950 Berkshire Lane, Suite 260
Dallas, Texas 75225

Whenever any notice is required to be given by law, the Articles or this Agreement, a written waiver thereof, signed by the Person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

14.3 Entire Agreement. This Agreement constitutes the entire agreement of the Members relating to the Company and supersedes all prior contracts or agreements with respect to the Company, whether oral or written.

14.4 Effect of Waiver or Consent. A waiver or consent, express or implied, to or of any breach or default by any Person in the performance by that Person of its obligations with respect to the Company is not a consent or waiver to or of any other breach or default in the performance by that Person of the same or any other obligations of that Person with respect to the Company. Failure on the part of a Person to complain of any act of any Person or to declare any Person in default with respect to the Company, irrespective of how long that failure continues, does not constitute a waiver by that Person of its rights with respect to that default until the applicable statute-of-limitations period has run.

14.5 Binding Effect. Subject to the restrictions on Dispositions set forth in this Agreement, this Agreement is binding on, and inure to the benefit of, the Members and their respective heirs, legal representatives, successors, and assigns.

14.6 Governing Law. **THIS AGREEMENT IS GOVERNED BY AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF DELAWARE, EXCLUDING ANY CONFLICT OF LAWS RULE OR PRINCIPLE THAT MIGHT REFER THE GOVERNANCE OR THE CONSTRUCTION OF THIS AGREEMENT TO THE LAW OF ANOTHER JURISDICTION.** In the event of a direct conflict between the provisions of this Agreement and (a) any provision of the Articles, or (b) any mandatory provision of the Act or (to the extent such statutes are incorporated into the Act) this Agreement shall control to the extent permitted by governing law.

14.7 Illegal or Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws, such provision shall be fully severable. This Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of each such illegal, invalid, or unenforceable provision, there shall be added automatically, as a part of this Agreement, a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid and enforceable.

14.8 Further Assurances. In connection with this Agreement and the transactions contemplated hereby, each Member shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Agreement and those transactions.

14.9 Waiver of Certain Rights. Each Member irrevocably waives any right it may have to maintain any action for dissolution of the Company or for partition of the property of the Company.

14.10 **Notice to Members of Provisions of This Agreement.** By executing this Agreement, each Member acknowledges that it has actual notice of all of the provisions of this Agreement, including, without limitation, the restrictions on the transfer of Membership Interests set forth in Article VII. Each Member hereby agrees that this Agreement constitute adequate notice of all such provisions, including, without limitation, any notice requirement under the Act and the Delaware Revised Statutes, and each Member hereby waives any requirement that any further notice thereunder be given.

14.11 **Counterparts.** This Agreement may be executed in any number of counterparts with the same effect as if all signing parties had signed the same document. All counterparts shall be construed together and constitute the same instrument.

IN WITNESS WHEREOF, following adoption of this Agreement by the Members, the Members have executed this Agreement as of the date first set forth above.

MANAGERS:

Carlos A. Fonts, Manager

Carlos E. Fonts, Manager

CLASS A MEMBERS:

FIR Energy, LLC

By: _____
Mario Ribadeneria

By: _____
Roberto Isaias

By: _____
Carlos A. Fonts, Manager

By: _____
Carlos E. Fonts, Manager

B&W PIPELINE, LLC

EXHIBIT A

INITIAL CAPITAL CONTRIBUTIONS AND SHARING RATIOS

	CAPITAL CONTRIBUTION	SHARING RATIO
CLASS A MEMBERS		
FIR Energy, LLC 5950 Berkshire Lane, Suite 260 Dallas, Texas 75225	\$100.00	100.0%

J:\BUS\F\onts, Carlos E\B&W Pipeline, LLC (Delaware)\Operating Agreement(2).doc

SECOND AMENDMENT TO
ASSET PURCHASE AGREEMENT

THIS SECOND AMENDMENT TO ASSET PURCHASE AGREEMENT is dated as of this 24 day of September, 2010, by and between THE TITAN ENERGY GROUP, INC., an Ohio corporation (hereinafter sometimes referred to as "Seller"), and B&W PIPELINE, LLC, a Delaware limited liability company authorized to transact business in the State of Tennessee (hereinafter sometimes referred to as "Purchaser").

Whereas, Seller and Highland Rim Energy, LLC entered into an Asset Purchase Agreement (hereinafter referred to as the "Agreement") dated June 11th, 2010, whereby Seller agreed to sell and Highland Rim Energy, LLC agreed to purchase a certain natural gas pipeline and the pipeline easements, pipeline leases, pipeline licenses, and pipeline rights of way on which said pipeline is located, oil and gas leases, wells, and fee simple parcels of land located in Fentress, Morgan, and Pickett Counties, Tennessee, as more particularly identified and described on the schedules attached to the Agreement; and

Whereas, the Agreement was amended in certain particulars by an Amendment to Asset Purchase Agreement dated July 6, 2010 between Seller and Highland Rim Energy, LLC; and

Whereas, the rights and obligations of Purchaser were assigned by Highland Rim Energy, LLC to B&W Pipeline, LLC by assignment dated September 2, 2010, to which assignment Seller granted its consent; and

Whereas, the parties are desirous of further amending the Agreement.

Now, therefore, for the mutual benefits to be derived by the Parties, Seller and Purchaser do hereby further amend the Agreement as follows:

I. In Section 1.1 (Definitions), the following defined terms are amended:

a. The definition for "Transportation Agreement" is stricken and deleted in its entirety and the following definition shall be inserted in its place and stead:

"Transportation Agreement" shall mean that agreement to be entered into as between Gasco and Seller providing for the terms and conditions of the transportation of gas through the B & W Pipeline to Gasco's utilities known as the

Albany, Byrdstown and Fentress Utilities, which agreement was attached as Exhibit A to a motion of Gasco for the entry of an order approving same filed on August 18, 2010 with the Bankruptcy Court. The Transportation Agreement shall be an Assumed Contract.

b. The defined term "Escrow Agreement" is amended by renaming it "Deposit Escrow Agreement".

II. Section 3.1 (Purchase Price) is amended by striking and deleting the words and figures "Two Million Six Hundred Fifty Thousand Dollars (\$2,650,000)" and substituting the following words and figures in its place and stead: "Two Million Four Hundred Ten Thousand Dollars (\$2,410,000)".

III. Subsection 3.2 a (Deposit) is amended by renumbering such subsection as Subsection 3.2 a.1 and by changing the name of the Eighty Thousand Dollar (\$80,000) escrow agreement from the "Escrow Agreement" to the "Deposit Escrow Agreement".

IV. Section 3.1 is amended by adding a new SubSection 3.2 a.2 as follows:

a.2. Post-Closing Escrow. At the Closing, Purchaser shall deposit into an escrow account with an escrow agent pursuant to an escrow agreement (the "Post-Closing Escrow Agreement") to be entered into by Seller, Purchaser, and the escrow agent, the sum of Five Hundred Six Thousand Four Hundred Sixty-two and 37/100 Dollars (\$506,462.37). The funds in the Post-Closing Escrow Account shall be used to pay any liens, debts, and/or liabilities of Titan that are not paid at Closing, including any unknown or undisclosed debts or liabilities of Seller, certain claim or claims against Seller that Seller disputes, and a penalty assessed against certain of Seller's oil and gas wells. The Post-Closing Escrow Account shall be maintained for a period of twelve (12) months, and at the end of such twelve month period any monies remaining in such escrow account shall be paid to Seller. Seller shall not be required to pay, or pay into escrow at closing, any amounts for royalty distributions, attorney fees related to the closing, and current accounting fees, all of which shall be paid timely by Seller outside of closing and in the ordinary course of Seller's business. Seller shall provide proof of payments to Purchaser of any such debts owing as of September 2, 2010, shortly after such debts are paid.

V. The first sentence of Section 5.1 (Entity Organization and Standing) is amended by addition of the words immediately before the parenthetical and after the word "closing" "or shortly thereafter".

VI. Attached as revised Schedule 5.4 is a list of all consents required by Purchaser, in its due diligence, for the transfer of certain related Pipeline

easements that Purchaser has identified, and for which Seller either has or is still obtaining outstanding consents.

VII. In Section 5.5, the first sentence is amended by adding, before "(a) Seller is in" the words "other than as disclosed in Schedule 5.6," . In addition in the first sentence, the word "substantial" shall be added after the words, "(a) Seller is in".

VIII. Schedule 5.6 is revised as attached.

IX. Section 5.8, first sentence, is amended to (a) add the words "or immediately after closing will be filed" after the words, "duly and timely filed", and (b) add the words "or funds placed in escrow for the payment of", after the words "(or there has been paid on its behalf".

X. The first sentence of Section 5.9 (Title and Adequacy of Acquired Assets) is amended by deletion of the words "covering the entire pipeline length" and the words "and future payments". This latter deletion is in recognition that certain easements require annual payments or the provision of free gas, neither which are considered as Liens. The second to the last sentence of such section shall be replaced with the following: "All of the Acquired Assets constitute substantially all of the assets which are necessary for the ownership and operation of the Pipeline in a commercially reasonable manner."

XI. In Section 5.13 c (Rights of Way) the first sentence is amended by deletion of the words "covering the entire length of the Pipeline" and inserting in it place "owned by, or issued to the benefit of Seller". The second sentence is amended by adding after "Section 5.9," the words "and any consents required by Section 5.4 as listed in Schedule 5.4", and is further amended by the deletion of the words "together cover the entire Pipeline length,". The last sentence of such section is replaced with the following sentence: "Subject to the representations contained in Section 5.9, Seller has good and marketable title to such Rights of Way, which are all freely assignable, with certain exceptions for consents as set forth in Schedule 5.4."

XII. Section 5.13 d (Oil and Gas Leases) is replaced with the following: Schedule 2.1 d sets forth a complete list of all oil and gas leases transferred to Seller associated with the B & W Pipeline System.

XIII. In Section 5.13 e (Wells and Well Status), the following sentence is deleted: "Schedule 2.1 e sets forth the net revenue interest and working interest Seller has in each well, as well as any overriding royalty interests or other burdens to which any of such Wells may be subject."

XIV. Article VII (Covenants) is hereby amended by the addition of a new Section 7.14 as follows:

Section 7.14 Change of Operator Forms. Within thirty (30) days after Closing, Purchaser shall file with the Tennessee Oil and Gas Board changes of operator forms for the wells to be transferred by Seller to Purchaser and for which Seller shall have completed and signed the portions of such forms to be completed by Seller as the prior operator.

IN WITNESS WHEREOF, Seller and Purchaser have executed this Second Amendment to Asset Purchase Agreement as of the date first above written.

SELLER:

The Titan Energy Group, Inc.

By: Eric A. Steele
Its: President

PURCHASER:

B&W Pipeline, LLC

By: [Signature]
Its: Manager

Schedule 2.1 b
Rights of Way

Schedule 2.1 b is amended by the addition of the following easements:

Morgan County Rights of Way and Easements

<u>Grantor</u>	<u>Date of Instrument</u>	<u>Recording Information</u>
Conway Johnson and Rena Johnson	December 6, 1979	Recorded December 6, 1979 in Right of Way Book 2, Page 634, Office of Register, Morgan County, Tennessee
John D. Orr, Jr. and Dorothy Orr	July 7, 1980	Recorded July 7, 1980 in Oil and Gas Book 13, Page 822, Office of Register, Morgan County, Tennessee
William W. Ivey, Jerry Stephen Ivey, and Sherry Suzanne Ivey	September 27, 1999	Recorded November 1, 1991 in Right of Way Book 6, Page 51, Office of Register, Morgan County, Tennessee

Fentress County Rights of Way and Easements

<u>Grantor</u>	<u>Date of Instrument</u>	<u>Recording Information</u>
Fentress County Highway Department	July 28, 1982	Occupancy Agreement
Homer York and Sandra J. York	June 27, 1988	Recorded August 9, 2010 in Book 176, Page 229, Office of Register, Fentress County, Tennessee
M. Lisa Brannon and Teresa Brannon	August 12, 1988	Recorded August 3, 2010 in Book 176, Page 20, Office of Register, Fentress County, Tennessee
Estate of Bruno Gernt, Inc.	January 26, 1989	Recorded July 26, 2010 in Book 175, Page 629, Office of Register, Fentress County, Tennessee
Guy Dale Beaty and Betty Sue Beaty	July 22, 2010	Recorded July 22, 2010 in Book 175, Page 528, Office of Register, Fentress County, Tennessee
Kathy Crabtree and Roy T. Smith	August 20, 2010 (Entered)	Recorded _____, 2010 in Book _____, Page _____, Office of Register, Fentress County, Tennessee [or Entered in Chancery Minute Book _____, Page _____, Office of Clerk and Master, Fentress County, Tennessee]

Pickett County Rights of Way and Easements

<u>Grantor</u>	<u>Date of Instrument</u>	<u>Recording Information</u>
Dester Masiongale and Louiza Masiongale	January 1, 1994	Recorded July 14, 1994 in Miscellaneous Book 33, Page 311, Office of Register, Pickett County, Tennessee
Roger L. Masiongale and Lillian C. Masiongale	January 1, 1994	Recorded July 14, 1994 in Miscellaneous Book 33, Page 317, Office of Register, Pickett County, Tennessee
Tony Beaty and Mary Ann Beaty	August ____, 2010	Recorded ____, 2010 in Book ____, Page ____, Office of Register, Pickett County, Tennessee

General (also considered as amendment to Schedule 5.12)

<u>Grantor</u>	<u>Date of Instrument</u>	<u>Recording/ Other Reference Information</u>
U. S. Corps of Engineers	February 19, 1982	Nationwide Permit
Tennessee Public Service Commission	January 8, 1986	Permit
Fentress County Highway Occupancy Agreement	July 28, 1982	Notice of Assignment delivered August 24, 2010, with further notice required by Purchaser post-closing

Schedule 2.1 h

Assumed Contracts

Schedule 2.1 h is amended by striking and deleting all items on such schedule and substituting in their place and stead the following:

This is a list of all Contracts relating to or affecting the sale to Buyer of the B & W Pipeline System. This information may be updated, through closing, as either party obtains additional due diligence or other information:

1. Gas Transportation Agreement between Gasco Distributions Systems, Inc. and Seller, which agreement was attached as Exhibit A to a motion of Gasco for the entry of an order approving same filed on August 18, 2010 with the Bankruptcy Court. The assignment of such agreement by Seller, and its assumption by Purchaser, shall be effective as of the effective date approved by order of the Bankruptcy Court. Should the Transportation Agreement become effective subsequent to the Closing Date, Purchaser agrees, during such interim period between the Closing Date and the effective date of the Transportation Agreement, to continue transportation of gas of Gasco Distribution Systems, Inc. ("Gasco") or its successor or assign, under the prior arrangement between Gasco and Seller, including a transportation rate of \$0.60 (sixty cents) per MCF and a shrinkage rate of seven percent (7%). Further, Purchaser understands that Gasco is in the process of installing meters (at its cost) to measure the amount of natural gas flowing through the Pipeline to the Albany and the Byrdstown natural gas utility systems. Until the meters are installed and functional, Purchaser accepts that the measurement of natural gas flowing to those utilities will be determined by considering the amount of natural gas purchased by Gasco (at the southern end of the Pipeline), and the collective amount of gas used by the individual customers of the Albany, Byrdstown and the Fentress utility systems, as measured by those customers' individual meters.

In addition to the assumption of the foregoing contract, Purchaser agrees to assume the obligation of Seller to transport gas pursuant to the following contracts for the duration of such contracts:

1. Gas Purchase Agreement between GASCO, Inc. and Young Oil Company, dated October 14, 2003. (Gas is not currently being purchased under this agreement.)

2. Gas Purchase Agreement between Irvin Arnco, Arnco Oil Company (collectively "Producer") and Gasco, Inc., dated February 12, 1999, and any amendments thereafter. (Currently producing.) (Applicable to Permit 9451, Mullinix #1 Well; Permit 8890, Mullinix #2 Well; Permit 8956, Mullinix #3 Well; Permit 9057, Mullinix #4 Well; Permit 9082, Mullinix #5 Well; Permit 8947, Stewart-Crouch-Sharp #1 Well; Permit 8929, Sharp-Upchurch #1 Well; Permit

9011, Crouch-Sharp-Stewart #1 Well; Permit 10725, Stewart #1 Well; Permit 8957, Upchurch #2 Well; Permit 8964, Upchurch #3 Well; Permit 8965, Upchurch-Stewart-Kennedy #1 Well; Permit 8993, Upchurch-Rigney #1 Well; Permit 10578, Upchurch-Rigney #2 Well; Permit 10568, Rigney-Upchurch #1 Well; Permit 10742, Stewart-Upchurch #1 Well; Permit 10700, Crouch #1 Well; Permit 10708, Crouch #2 Well; Permit 10591, Taylor-Stewart-Kennedy #1 Well; Permit 10653, Stewart-Crouch #1 Well; Permit 10660, Stewart-Crouch #2 Well;

Schedule 5.4
Required Consents

Schedule 5.4 is amended by adding the following:

Consents required to be obtained for assignment:

1. Pipeline easement from Conway Johnson and Rena Johnson dated December 6, 1979, of record in Right of Way Book 2, Page 634 in the office of the Register of Deeds for Morgan County, Tennessee. [Consent obtained from Linda Harris, Trustee and ready to record.]
2. Pipeline easement from the Estate of Bruno Gernt, Inc. dated March 17, 1982, of record in Deed Book B-6, Page 325 in the office of the Register of Deeds for Fentress County, Tennessee. [Consent obtained and ready to record.]
3. Pipeline easement from Plateau Properties, Inc. dated September 1, 1982, of record in Deed Book Z-5, Page 452 in the office of the Register of Deeds for Fentress County, Tennessee. [Consent obtained and ready to record.]
4. Supplement and Amendment to pipeline easement from the Estate of Bruno Gernt, Inc. dated January 26, 1989, of record in Book 175, Page 629 in the office of the Register of Deeds for Fentress County, Tennessee. [Consent obtained and ready to record.]
5. Pipeline easement from David F. Cox, successor to Tommy G. Stephens and wife, Vesta L. Stephens, dated August 2, 1988, of record in Deed Book I-7, Page 549 in the office of the Register of Deeds for Fentress County, Tennessee. [Form of consent approved by Purchaser.]
6. Pipeline easement from James C. Green and wife, Judy C. Green, dated August 1, 1988, of record in Deed Book I-7, Page 514 in the office of the Register of Deeds for Fentress County, Tennessee. [Form of consent approved by Purchaser.]
7. Pipeline easement from David F. Cox, successor to Tommy G. Stephens and wife, Vesta L. Stephens, dated August 3, 1988, of record in Deed Book I-7, Page 553 in the office of the Register of Deeds for Fentress County, Tennessee.
8. Pipeline easement from Homer York and wife, Sandra J. York, dated June 27, 1988, of record in Book 176, Page 229 in the office of the Register of Deeds for Fentress County, Tennessee. [Form of consent approved by Purchaser.]

Schedule 5.6

1. Tennessee State Oil and Gas Board has issued Notice of Violations dated September 4, 2008, and Citations (in the amount of \$96,000) on June 10, 2009, re-dated July 1, 2009, all of which Purchaser has copies.
2. In the Matter of B & W Oil, Inc., TennTex Energy, LLC, vs. B & W Oil Co., Inc., In the Chancery Court for Davidson County, Tennessee; Case No. 10-964-IV.

Schedule 5.9
Permitted Liens

2010 Real and Personal Property Taxes.

Schedule 5.10

Seller's Encumbrances

KNOWN AND ESTIMATED DEBTS AND CLAIMS VS. THE TITAN ENERGY GROUP, INC. AS OF SEPTEMBER 2, 2010

	<u>Amount</u>	<u>Pay at Closing</u>	<u>Escrow</u>	<u>Pay Outside of Closing</u>
Jack Hughes, Esq.; billing for legal fees, re: Transportation Agreement (want to obtain detail before paying)	\$8,750.00			\$8,750.00
Pride Petroleum, Inc. for OHIO settlement 1990, 1991, 1992, 1993 (Settlement is basically principal amount)	\$6,350.00	\$6,350.00		
Undistributed Production estimated for closing (August distribution)	\$2000.00			\$2,000.00
Jamestown City Tax (Morgan)	\$0.00			
Fentress (good through August 31, 2010) (Will attempt to negotiate)	\$75,112.37		\$75,112.37	
Morgan County - (confirmed with county)	\$0.00			
Pickett County (confirmed with county)	\$0.00			
USP. Inc. (will attempt to negotiate)	\$115,000.00		\$115,000.00	
Taxes -- Tenn. Franchise Tax - estimated settlement amount	\$15,000.00		\$30,000.00	
Accrued Severance Tax Tennessee (unfiled returns- accrued principal only, subject to increase for interest and penalty which Company is negotiating.)	\$35,040.80		\$35,100.00	
Tennessee - Oil & Gas Board - Disputed Fine	\$96,000.00		\$96,000.00	
Ken Davis Easements (\$1,050 + \$4,200)	\$5,250.00		\$5,250.00	
Eric Cravens - August 2010 well tending services	\$2,400.00		\$0.00	\$2,400.00
Total Estimated Debts and Claims:	\$358,905.17	\$6,350.00	\$356,462.37	\$13,150.00
Additional Agree Amount to add to Escrow for One Year			\$150,000.00	
			\$506,462.37	

The above detail does not include current legal and
accounting expenses which are accruing relating to
sale of Pipeline.

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT (the "Agreement") is made and entered into this 28 day of NOVEMBER, 2011 by and between ENREMA, LLC, a Delaware limited liability company ("Manager") and B&W Pipeline, LLC, a Delaware limited liability company ("Company"). Manager and Company maybe referred to herein as party or parties.

RECITALS

WHEREAS, the Company is engaged in the treating, transportation, compression, delivery, distribution, purchasing and sale of gas, which includes including the laying of pipelines and maintenance of those pipelines ("Business") and requires to engage services for the day to day management of the Company;

WHEREAS, Manager is engaged in providing day to day operational and managerial services associated with the Business;

WHEREAS, the Company desires to hire Manager and Manager desires to provide certain operational, administrative and management services for the Company's Business on the terms set forth herein; and

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Representations, Warranties and Covenants.


1.1 Representations, Warranties and Covenants of Manager. Manager hereby represents and warrants and covenants to the Company that as of the date hereof and at all times during the term of this Agreement the Manager is and shall remain a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and is and shall be qualified to do business in the State of Tennessee.

1.2 Representations, Warranties and Covenants of the Company. The Company represents and warrants and covenants to Manager that as of the date hereof and at all times during the term of this Agreement:

(a) The Company is and shall remain a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware.

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(b) The Company is duly authorized to enter into this Agreement and the person signing for Company is authorized to sign for the Company.

2. **General Responsibilities of Manager.** The Manager will be appointed as the manager of Company and shall serve as manager during the term of this Agreement. Manager shall be responsible for and in charge of all management and administration of the day-to-day business operations of the Company, which shall include but not be limited to providing services in the best interest of the Company to maximize the productivity and potential of the Business, all in the name of and on behalf of the Company. This shall include but not be limited to:

- 2.1 Budgeting, cash flow and payment operations;
- 2.2 Hiring and firing of employees, independent contractors, and service providers on terms and conditions determined by the Manager including consultants, environmental expertise, drillers, attorneys, accountants and other professionals;
- 2.3 Opening and maintaining of sub bank accounts for the benefit of and in the name of the Company and designating signatories;
- 2.4 Identify, negotiate and enter into leases in the name of Company for surface and mineral rights;
- 2.5 Entering into any contract or series of related contracts (a) in Manager's own name even though for the benefit of Company or (b) binding the Company;
- 2.6 Borrowing money or entering into other obligations;
- 2.7 Attend meetings of the member of the Company upon request to provide status reports;
- 2.8 The preparation of financial statements and reports including management reports;
- 2.9 The preparation and filing of U.S. and state income tax returns, to the extent required;
- 2.10 Bookkeeping, accounting, payroll processing, data processing, and related services;
- 2.11 Entering into leases for equipment, furniture, office equipment, heavy equipment;

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2.12 Maintenance of corporate books and records, including financial information, leasing rights and contracts;

2.13 Conducting due diligence on sites and appropriate studies (environmental, productivity or otherwise);

2.14 The negotiations for right of way leases and acquisition of said leases;

2.15 Take such actions reasonably necessary to hire personnel to design, manufacture, lay, fit and maintain pipelines (whether subterranean or above surface);

2.16 Take such actions reasonably necessary to gather, transport and distribute oil or gas or such other minerals;

2.17 Maintain and repair all real, tangible and other property of the Company;

2.18 Billing and collecting of revenues and accounts receivable and payment of accounts payables;

2.19 Adopting a safety manuals, operational manuals, and other needed manuals;

2.20 Payment of expenses incurred in the ordinary course of business;

2.21 Oversee and manage the fitting of pipeline, transportation and distribution of oil and gas;

2.22 Obtain any and all permits to conduct the Business including those activities mentioned in sections 2.14. 2.15, 2.16 and 2.21;

2.23 Manage, with the same duties and powers indicated herein, any subsidiary of Company; and

2.24 Such other actions the Manager deems reasonably needed in the ordinary course of business and in the best interest of the Company.

The Manager may provide the services itself or retain others to provide such services on terms set by the Manager and Manager shall have broad discretion to operate, manage and conduct business on behalf of Company.

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3. **Term and Termination.** The initial term of this Agreement shall be for one year commencing as of April 1, 2011, unless sooner terminated as set forth herein. The initial term shall automatically renew for successive one year terms unless either party notifies the other party in writing of its intent not to renew at least 60 days prior to the expiration of the then current term. Any party may terminate this Agreement for cause or by mutual agreement by providing the other party written notice at least thirty (30) days advance notice of the date of termination. Any party may immediately terminate this Agreement by notifying the other party in writing upon the occurrence of any of the following events with regard to the other party: (i) the making of a general assignment for the benefit of creditors; (ii) the filing of a voluntary petition or the commencement of any proceeding by either party for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustment of indebtedness, reorganization, composition or extension; or (iii) the filing of any involuntary petition or the commencement of any proceeding by or against either party for any relief under any bankruptcy or insolvency laws, or any laws relating to the relief of debtors, readjustment of indebtedness, reorganization, composition or extension, which such petition or proceeding is not dismissed within ninety (90) calendar days of the date on which it is filed or commenced. If the Manager terminates this Agreement, regardless of the reason, the Manager shall receive from the Company any earned but unpaid compensation as set forth herein through the date of termination plus unreimbursed costs as set forth in Section 4. If the Company terminates this Agreement, regardless of the reason, the Manager shall receive any earned but unpaid compensation as set forth herein through the date which is ninety (90) calendar days following the date of termination plus unreimbursed costs as set forth in section 4. Upon termination, regardless of the reason, or expiration of this Agreement, the Manager shall return to Company any and all property, data, records, information of Company which may be in Manager's possession or under the Manager's control. Additionally, the Manager shall fully cooperate upon request by Company with any and all post transition issues for a period of ninety (90) calendar days following the termination or expiration of this Agreement, as the case may be.

4. **Compensation and Costs.** The Company will pay the Manager an amount equal to seven percent (7%) of all revenues of the Company collected during each Quarter ("Fee") during the term. The Fee will be paid within fifteen (15) calendar days after each Quarter in U.S. dollars. A Quarter shall mean three consecutive calendar months, with the first Quarter being January 1 through March 31, the second Quarter being April 1 through June 30, the third Quarter being July 1 through September 30, and the fourth Quarter being October 1 through December 31. In addition to the Fee, the Company will reimburse the Manager for all of its costs incurred in providing its services for the benefit of Company including without limitation, expenses incurred directly for the benefit of the Company and expenses incurred which indirectly may benefit the Company. These expenses may include, but are not limited to, the salary, payroll taxes (employer portion), health insurance of any employees of Manager providing service for Company, liability insurance, travel and lodging, meals, supplies, copies, faxes, costs or compensation to any independent contractors and other costs. The Manager will allocate a

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proportion of those expenses which are not solely or directly attributable to the Company including the salary of employees who provide services for the Company and others. The proportion shall be based on time spent compared to a typical hourly week in the case of personnel and with respect to other costs or expenses another reasonable method as mutually agreed between Company and Manager. The Manager shall provide a detail reimbursement of costs request to Company with supporting documentation on a monthly basis and the Company shall reimburse the Manager within five (5) calendar days after receipt of the request excluding those costs which Company disputes. The disputes shall be resolved by Arbitration as provided below and the losing party shall be required to pay a penalty of 50% of the disputed amount plus the disputed amount resolved by arbitration plus the attorney and other professional fees incurred by the prevailing party.

5. **Manager Covenants.** During the term of this Agreement, the Manager shall not take any of the following actions without the prior written approval of the Company's members:

5.1 Authorize or approve any merger, consolidation, pool, joint venture, syndicate, reorganization, liquidation, dissolution, other combination or sale of all or substantially all of the assets of Company, which is outside the scope of the day to day operations of the Company;

5.2 Sell, assign, convey, transfer, hypothecate, pledge, grant any security interest or mortgage in, or otherwise encumber the leases, accounts, accounts receivable or other tangible or intangible assets of the Company which is outside the scope of the day to day operations of the Company;

5.3 Authorize, approve or enter into any agreement to act as primary obligor, or to serve as a guarantor, surety or co-obligor with respect to the indebtedness of any other party;

5.4 Amend the Certificate of Formation of the Company; or

5.5 Enter into any transaction with an affiliate or related party of the Manager or its personnel which does not represent fair market value

The parties acknowledge that the Manager shall have the right to provide services offered to Company to other business and companies which may be in direct competition with the business of the company. The Manager shall and shall cause its employees and contractors to act with good faith and fair dealings.

6. **Regulatory Matters.** The Manager shall operate in full compliance and shall make certain that the Company will comply in all material respects with all local, state and

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federal rules, regulations, statutes and laws (collectively, “Law”). The Manager will immediately notify the Company and its member of any notifications, proceedings, or awareness that the Company or Manager is in violation in any material respect of any Law.

7. Insurance.

7.1 General Comprehensive Liability/Worker's Compensation Insurance.

During the term of this Agreement, Manager shall obtain and maintain a comprehensive general liability insurance policy (with a minimum coverage of \$1,000,000), and such other insurance as may be required, in such amounts, with such coverage and with such companies as Manager may reasonably determine. Manager shall also obtain and maintain worker's compensation insurance coverage covering Manager and Manager's employees in such amounts as Manager may reasonably determine. Manager shall also obtain and maintain worker's compensation insurance covering Company and Company's employees in such amounts as Manager and Company may reasonably determine. Company shall provide to Manager any information with respect to the Company or its employees necessary for Manager to secure such coverage. With respect to the general liability insurance policy and all other policies, to the extent applicable, the Manager shall list the Company as an additional insured. The costs for this insurance shall be in part reimbursed by the Company on a basis mutually agreed by Manager and Company, taking into account a reasonable allocation of this cost. The Manager shall decide whether these policies should be obtained and maintained by the Manager or the Company or both. With respect to the general liability insurance

7.2 Environmental Insurance. During the term of this Agreement, Manager shall obtain and maintain or shall cause the Company to obtain and maintain pollution liability insurance, where appropriate, covering the Company (as named insured) and the company members (as additional named insureds) with limits of at least One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000) in the aggregate. The Manager will be the insured or an additional insured. The Manager will choose fiscally sound insurance companies who have an A.M. Best Credit Rating Inc. financial strength and credit rating of at least an A. The Manager shall decide whether these policies should be obtained and maintained by the Manager or the Company or both.

8. Restrictive Covenants.

8.1 Non-Solicitation. During the term of this Agreement, unless approved by Company and for a period of two years following termination of this Agreement, unless approved by Company, regardless of the reason for such termination by lapse or otherwise, the Manager shall not, directly or indirectly: (i) enter into, or attempt to enter into, any relationship with Company's current or former (within the last twelve months) employees to provide any services that Manager or employee provided for Company; or (ii) dissuade or attempt to dissuade any of

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Manager's current or former employees of Manager which provided a service directly or indirectly to Company from continuing their business dealings, employment or business relationship with Manager.

8.2 Documents. The Company acknowledges that certain Documents (as defined below) obtained or prepared for, or contacts developed by the Manager during the term for the benefit of the Company belong to the Manager and the Manager may use such Documents and contacts in the future in competition with the Company; it being understood that the Company shall be able to retain and use such Documents (as defined below) or contacts for its own business as well. "Documents" shall mean all know how or intellectual property learned or obtained during the term of this Agreement, all information whether written, recorded, input in data form or for a computer, leases, title, studies, due diligence reports, surveys, papers, books, records, tangible things, correspondence, reports, summaries, analyses; evaluations, agreements, manuals, vendor or contractor information, service provider information, brochures, publications, directories, industry lists, schedules, price lists, client lists, statistical records, training manuals, and all other written, recorded, or on computer information developed, maintained or obtained during the term of this Agreement whether or not for the Company.

9. Arbitration. Any disputes under this Agreement or any breach of this Agreement, shall be determined by arbitration in the State of Florida in accordance with the rules of the American Arbitration Association ("Association") then in effect, by a single arbitrator selected by mutual agreement of the parties or, if the parties are unable to agree on an arbitrator, by the Association; provided that this Section 9 shall not restrict the right of any party to institute a legal proceeding to enable such party to obtain temporary or permanent injunctive relief during the pendency of any such arbitration or with respect to a breach of any restrictive covenants. A determination of the dispute by the arbitrator shall be final and binding on the parties to the extent permitted by law. The cost of the arbitration, other than attorneys' or other consultancy fees, shall be borne equally by the parties unless otherwise determined by the Arbitrator that one party should be responsible for any of such costs. To the extent permitted by law, the parties hereby agree to keep the result of such arbitration proceedings confidential and shall not disclose such information to any person, except with the written consent of the other parties hereto; provided that any party may disclose such information to legal counsel.

10. Status of Parties. In the performance of the work, duties and obligations under this Agreement, it is mutually understood and agreed that each party is at all times acting and performing as an independent contractor with respect to the other and that no relationship of partnership, joint venture or employment is created by this Agreement.

11. Notices. Any notices or communications to be given hereunder by either party to the other shall be in writing and shall deemed to be received by the intended recipient (a) when delivered personally, (b) the day following delivery to a nationally recognized overnight courier

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service with proof of delivery, or (c) three (3) days after mailing by certified mail, postage prepaid with return receipt requested, in each case addressed to the parties as set forth below:

If to the Manager: ENREMA
Attn: Marcelo M. Recchia
728 Jefferson Avenue, Unit #4
Cookeville, TN 38501

If to Company: B& W Pipeline, LLC
Attn: Andres Isaias

Any party may change the address for notice by notifying the other party, in writing, of the new address.

12. **Entire Agreement.** This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the subject matter of this Agreement. This Agreement may not be changed orally, and may only be amended by an agreement in writing signed by all the parties.

13. **No Rights in Third Parties.** This Agreement is not intended to, nor shall it be construed to, create any rights in any third parties.

14. **Governing Law. Venue and Jurisdiction.** This Agreement shall be governed by and construed in accordance with, and the rights of the parties shall be determined by, the laws of the State of Florida regardless of its conflict of law provisions. With respect to any matters to be resolved outside of Arbitration, exclusive venue and jurisdiction shall lie in the court located in Miami-Dade County, Florida and the parties submit to the personal jurisdiction.

15. **Severability. Ambiguity.** If any provision of this Agreement shall be held by a court of competent jurisdiction to be contrary to law, that provision will be enforced to the maximum extent permissible, and the remaining provisions of this Agreement will remain in full force and effect, unless to do so would result in either party not receiving the benefit of its bargain. The parties agree that any ambiguity created by this document will not be construed against the drafter.

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16. **Waiver.** The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver or deprive that party of the right thereafter to that term or any other term of this Agreement.

17. **Rights Unaffected.** No amendment, supplement or termination of this Agreement shall affect or impair any rights or obligations which shall have matured hereunder.

18. **Successors.** This Agreement shall be binding upon and shall inure to the benefit of the parties, and their respective successors and assigns.

19. **Further Actions.** Each of the parties hereto agrees that it shall hereafter execute and deliver such further instruments and do such further acts and things as may be required or useful to carry out the intent and purpose of this Agreement and as are not inconsistent with the terms hereof.

20. **Counsel.** Each party has been advised to seek the advice of independent counsel prior to signing this Agreement.

21. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall constitute an original Agreement, but all of which together shall constitute one and the same instrument. A facsimile or electronically delivered signature shall be deemed an original signature.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.


WITNESSES:

By: _____
Name: _____

By: _____
Name: _____

COMPANY:

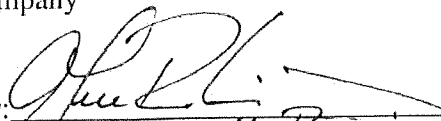
B&W PIPELINE, LLC, a Delaware limited liability company.

By: 
Name: ANDRES ISAIAS
Title: MANAGER

MANAGER:

ENREMA, LLC, a Delaware limited liability company

By: _____
Name: _____

By: 
Name: MARCELO N. RECCHIA
Title: GENERAL MANAGER

(MANAGEMENT AGREEMENT B&W Pipeline).