

HEAT CONTENT AGREEMENT

MADE EFFECTIVE as of January 1, 2008, by and between THE EAST OHIO GAS COMPANY d/b/a Dominion East Ohio (“DEO”), an Ohio corporation, with its main office at 1201 East 55th Street, Cleveland, Ohio 44103, and _____

 (“Producer”), a(n) _____,
 with its business address at _____,
 _____, and with production assets
 located on or near the DEO System.

WHEREAS, DEO and the Ohio Oil and Gas Association (“Association”), a trade association representing the interests of Ohio independent oil and gas producers, first entered into an agreement to recognize the heat content of Ohio-produced natural gas delivered into DEO’s System in May, 2003, by, among other things, increasing capital investment in production-related projects, assessing operational measures that support Ohio production, and adjusting each Mcf of Ohio-produced natural gas to more properly reflect the heating content actually produced by Ohio natural gas; and,

WHEREAS, DEO and the Association have entered into an agreement dated as of November 16, 2007, designed to recognize the heat content of Ohio-produced natural gas delivered into the DEO system (“2007 Master Agreement”); and,

WHEREAS, it is the desire of DEO and Producer to enter into a new heat content agreement for Ohio-produced natural gas from all of Producer’s existing meters delivering such gas into the DEO system and any meters set for Producer after the date of execution identified below (the “Eligible Meters”), consistent with the terms of the 2007 Master Agreement;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties to this Heat Content Agreement (“Agreement”) agree to the following:

1. **BTU CONVERSION:** Except as provided for in Section 1.a below, in order to determine the dekatherm equivalent of natural gas produced from the Eligible Meters and delivered into the DEO system, DEO will apply a Btu conversion factor of 1.122 to such natural gas reflecting a heat content of 1,122 Btus per cubic foot, effective as of the February 2008 production period. This Btu conversion factor will be adjusted annually thereafter, on April 1st of each year, beginning with the April 2008 production period, to reflect DEO’s system-wide average heating content for all local Ohio production excluding the Ludlow production described in Section 1a below for the prior calendar year.

a. **LUDLOW BTU FACTOR.** In order to determine the dekatherm equivalent of natural gas produced from Eligible Meters and delivered into the DEO system at interconnects located on the suction side of the

Ludlow compressor station, DEO will apply a Btu conversion factor based on the average actual heat content of gas as determined at the outlet side of the Ludlow compressor, set initially at 1.303, reflecting a heat content of 1,303 Btus per cubic foot, effective as of the February 2008 production period. This Btu conversion factor will be adjusted annually on April 1st of each year, beginning with the April 2008 production period, to reflect the actual heat content of such gas for the prior calendar year.

2. HEATING CONTENT ADJUSTMENT FEE: Prior to the April 2008 production period, Producer agrees to pay the Production Enhancement Fee set forth in the Production Enhancement Agreement previously entered into between the parties. As of the April 2008 production period, Producer agrees to pay to DEO, directly or indirectly through a marketer or other designated agent, a fee per Mcf for natural gas delivered from the Eligible Meters into the DEO system (the "Fee"), as measured prior to the application of any Btu conversion factor, with payment to be remitted to the Association, or its agent, by the entity delivering the gas into the DEO system. Failure by Producer, or by its marketer or other designated agent, to remit the Fee as contemplated herein shall result in a loss of the Btu conversion for the entire period covered by the nonpayment until such time as the payment obligation is met.

- a. FEE CALCULATION. It is the parties intent that, subject to the provisions of Section 2.b below and Section 4 of this Agreement, Producer shall pay to DEO an amount equal to 50% of the total monetary benefit achieved through application of the Btu conversion factor set forth in Section 1 above. In an effort to implement that intent, the Fee shall be determined by the following formula, effective with the April 2008 production period and adjusting each April production period thereafter for the term of this Agreement:

$$FEE = 0.5 \times (BTU_{Ohio}/BTU_{Interstate} - 1) \times P, \text{ where,}$$

BTU_{Ohio} is the applicable Btu conversion factor referenced in the first paragraph of Section 1 above; and,

$BTU_{Interstate}$ is the Btu conversion factor applicable to interstate natural gas volumes on the DEO system; and,

P is the sum of the following: (i) the average of the NYMEX 12-month strip price for the twelve-month period commencing April 1 of each year determined on the last trading day of the immediately preceding December, January and February; and (ii) the average annual basis between (a) Dominion Transmission, Inc., Appalachia and (b) Henry Hub, as determined by the average difference between their respective Inside FERC First-of-Month price indexes for the most recent twelve months ending February.

- b. **FORMULA ADJUSTMENT.** Beginning with and applicable to the earlier of either (i) the first monthly production period following the date that rates resulting from DEO's first rate case filed after January 1, 2008, are placed in effect, or (ii) the April 2012 production period, the formula for determining the Fee shall be adjusted to the following:

$$\text{FEE} = 0.45 \times (\text{BTU}_{\text{Ohio}}/\text{BTU}_{\text{Interstate}} - 1) \times \text{P}.$$

The amount of such Fee shall be subject to the provisions of Section 4 of this Agreement.

3. **SURCHARGE:** Commencing with the Primary Term of this Agreement and effective with the February 2008 production period, Producer shall also pay to DEO a surcharge of \$0.06 per Mcf for natural gas produced from the Eligible Meters and delivered into the DEO system (the "Surcharge") to fund, over time, DEO's capital investments in production-related projects until such time as the aggregate sum of all such surcharge payments made by all producers delivering natural gas into the DEO system, plus any credits contemplated by the 2007 Master Agreement, equals \$17.25 million or such other amount as determined in accordance with the 2007 Master Heat Content Agreement. Payment shall be remitted to the Association, or its agent, by the entity delivering the gas into the DEO system in addition to the Fee. Failure by Producer, or by its marketer or other designated agent, to remit the Surcharge as contemplated herein shall result in a loss of the Btu conversion for the entire period covered by the nonpayment until such time as the payment obligation is met.

4. **AGGREGATE FEE AND SURCHARGE LIMIT:** The sum of the Fee and Surcharge paid by Producer to DEO shall never exceed \$0.50 per Mcf. During any period in which such sum would otherwise exceed \$0.50 per Mcf, the Fee shall be reduced so that the sum of the Fee and the Surcharge equal \$0.50 per Mcf.

5. **ADMINISTRATIVE CHARGE:** During the Term of this Agreement, Producer agrees to pay to the Association, either directly or through its marketer or other designated agent, an administrative charge of \$0.01 per Mcf of natural gas delivered from the Eligible Meters into the DEO system, as measured prior to the application of any Btu conversion factor (the "Administrative Charge"), for arranging and administering the heat content program. Payment of the Administrative Charge shall be made at the same time Producer remits the Fee and Surcharge to the Association. The Association is a third-party beneficiary of this Agreement and as such is entitled to enforce its provisions.

6. **TERM:** This Agreement shall be for a primary term beginning on January 1, 2008, and ending on April 30, 2016 (the "Primary Term"); and from year to year thereafter, unless the 2007 Master Agreement has been terminated by DEO or the Association in accordance with the terms of such agreement (each a "Renewal Term" and collectively the "Renewal Terms"). The Primary Term of this Agreement shall automatically be extended to April 30, 2017, in the event that a revenue decoupling mechanism reasonably acceptable to DEO is approved by the PUCO in the base rate case filed by DEO and currently pending before the PUCO in Case No. 07-829-GA-AIR et al

(the "Rate Case") or in another proceeding that concludes within approximately six months of the issuance of the Opinion and Order or, if applicable, rehearing decision in the Rate Case. The "Term" shall mean the Primary Term and any Renewal Term or Terms.

7. SPECIAL TERMS AND CONDITIONS:

- a. *Initial throughput level.* Notwithstanding anything else herein to the contrary, the Primary Term of this Agreement shall not commence until the first day of the month immediately following the time at which (a) those producers who were responsible for delivering 90 percent (by volume) of the Ohio-produced natural gas delivered into the DEO system in calendar year 2006 (as determined as of June, 2007) have entered into a Heat Content Agreement. DEO shall promptly advise the Producer of the date on which the Primary Term of this Agreement shall commence.

- b. *Prior Agreements.* Any agreements previously entered into by and between DEO and Producer to recognize the heat content of Ohio-produced natural gas (including any applicable production enhancement agreement between DEO and Producer), and still in effect, shall terminate and be of no further force and effect upon the commencement of the Primary Term of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first set forth above.

THE EAST OHIO GAS COMPANY d/b/a
DOMINION EAST OHIO

PRODUCER

By: _____

By: _____

EXECUTION DATE: _____