

COLONIAL ENERGY, INC.

GENERAL TERMS AND CONDITIONS

for State of NEW YORK End Users

This General Terms and Conditions agreement ("Agreement") is made and entered into this ____ day of _____, 20__ between Colonial Energy, Inc. ("Seller"), and _____ ("Buyer") (hereinafter jointly referred to as "Parties").

- Terms:** The terms of this Agreement shall, unless specifically agreed to otherwise, apply to and shall be incorporated in the Confirmation Letter(s) executed between the Parties using the form attached hereto as Exhibit A. In the event of a conflict between this Agreement and a Confirmation Letter, the Confirmation Letter shall control. A Confirmation Letter shall constitute the confirmation for the transaction and shall be deemed binding unless Buyer notifies Seller *immediately* after receipt that the Confirmation Letter contains a bona fide error, in which case the revised Confirmation Letter shall be the confirmation for the transaction. If Buyer does not notify Seller *immediately* of a bona fide error in, or does not accept, the Confirmation Letter within one business day after it was received, the Confirmation Letter shall be deemed binding as sent.
- Contract Quantities:** Seller agrees to sell and deliver, and Buyer agrees to buy and take delivery of, at a constant rate of flow, the quantities of natural gas specified in the applicable Confirmation Letter(s) ("Contract Quantities") at the sales point specified on the Confirmation Letter ("Sales Point(s)"). Sales Point(s) applicable to this contract are listed on Exhibit B. Variations in daily Contract Quantities delivered and received are permitted to the extent such variations are agreed to by both Parties, and by the transporting entities without penalty, and so long as monthly Contract Quantities are maintained.
- Transportation:** Unless provided for differently herein or on the Confirmation Letter, Seller shall obtain transportation to the Sales Point(s), if applicable, and be responsible for the payment of all related taxes (e.g., production, severance and ad valorem) prior to the Sales Point(s). Buyer shall obtain transportation from the Sales Point(s), and be responsible for all related taxes (including sales, use, gross receipts and goods and service taxes) at and from the Sales Point(s). If Buyer requests Seller to arrange for transportation of Buyer's Gas from the Sales Point(s) to a Delivery Point, and Seller agrees to arrange the transportation for the Buyer, Seller shall act solely as Buyer's agent to arrange for Gas deliveries on behalf of Buyer to the Delivery Point(s) identified in the Confirmation Letter. The rules of the transporter(s) actually transporting Gas to the Sales Point(s) ("Transporter(s)") shall set forth the manner in which Gas purchased and sold under this Agreement is transported.
- Agency Agreement:** If Buyer requests transportation service from the Sales Point(s) to a downstream Delivery Point, Buyer agrees to allow Seller to act as Buyer's agent to arrange for delivery and transportation of Gas under this Agreement.
- Scheduling and Imbalance:** Buyer will notify Seller of the average daily volumes which Buyer wants scheduled for a month. Such notice must be submitted to Seller at least two (2) business days *before* the delivering Transporter's scheduling deadline. In the absence of such notice, the scheduled volume shall be equal to the total volume to be delivered during such month divided by the number of days in such month. Transportation imbalances, scheduling penalties and related charges resulting from failure to timely communicate such changes, or to take or dispatch agreed-upon confirmed volumes, will be the responsibility of the Party whose failure caused the imbalance. Parties agree that compliance with any authorized Operational Flow Order (as defined by Transporter) will not constitute a violation or breach of this Agreement. Adjustments to Contract Quantities taken or delivered, respectively, to cure or avoid imbalances will not relieve such party of its contractual obligations pursuant to paragraph 2 above unless otherwise provided for.
- Purchase Price:** During the term of this Agreement, Buyer will pay to Seller the price specified on the applicable Confirmation Letter(s) ("Purchase Price").
- Non-Performance:** In the event of non-performance under this Agreement, the non-defaulting party, after allowing the defaulting party one (1) business day to cure, may recover damages in the amount equal to the difference between the Contract Value and the Market Value of the quantities not delivered by Seller or taken by Buyer, as the case may be. The Contract Value shall be the Purchase Price (as specified in the Confirmation

Letter) multiplied by the quantities not delivered or taken by the defaulting party. The Market Value shall be the then current market price for delivery at the Sales Point(s) (or Delivery Point, whichever is applicable) of quantities equal to the quantities not delivered or taken by the defaulting party, as such market price is determined by the non-defaulting party in a commercially reasonable manner.

8. **Gas Quality and Measurement:** Seller shall sell and deliver gas that is merchantable and meets all the specifications, quality and pressure required by the receiving Transporter(s). Measurement, testing and heat content of the gas purchased hereunder shall be measured on a dry basis and will be governed by the applicable measurement and testing procedures required by the receiving Transporter(s).
9. **Title and Liability:** Title to, possession of and risk of loss of the gas will pass from the Seller to the Buyer at the applicable Sales Point(s). As between the Parties, Seller will be in exclusive control of the gas and responsible for any damage, injury or loss until the gas has been delivered for Buyer's account at the Sales Point(s), after which delivery Buyer will be deemed to be in exclusive control and possession and responsible for any injury, damage or loss.
10. **Warranties:** Seller warrants that it has good title to all gas delivered, that Seller has the right to sell such gas, and that such gas shall be free from all royalties, liens, encumbrances, and all applicable taxes that are imposed upon the production and/or removal of gas prior to passage of title.
11. **Force Majeure:** Non-performance of any obligation hereunder, other than the obligation to pay for gas taken, will be excused if prevented by an occurrence of Force Majeure, but only for so long as performance is prevented by such Force Majeure. The party claiming excuse will promptly advise the other party of such Force Majeure event and shall seek to remedy the occurrence. Force Majeure will mean any event beyond the reasonable control of a Party which prevented, in whole or in part, that Party's performance or obligations hereunder. Force Majeure will include: act of God; strike; lockout; act of the public enemy; war; blockade; public riot; fire, storm, flood; freeze; explosion; governmental restraint; the interruption or curtailment of interruptible pipeline transportation unless specifically stated otherwise on the applicable Confirmation Letter(s); and any other cause whether of the kind specifically enumerated above or otherwise, which is not reasonably within the control of the parties.
12. **Billing and Payment:** Seller will invoice Buyer on or before the fifteenth (15th) day of each month for deliveries made at the Delivery Point in the prior month. Seller's facsimile transmission of invoices shall constitute acceptable presentation of invoices under this Agreement. Buyer shall make payment to Seller so that Seller receives payment within fifteen (15) days after the date of Seller's invoice by check at Post Office Box 277924, Atlanta, Georgia 30384-7924, or at the request of Seller by wire transfer to Seller's Account #325-038-9931, ABA #061-0000-52 at Bank of America, N.A. The invoice(s) shall reflect, among other things, the total volumes delivered to Buyer, and the total dollar amount due. If verification of volumes delivered is not available at the time the invoice is issued, the invoice volumes shall be based on the volumes nominated by Buyer. Upon receipt by Seller of pipeline confirmation of actual volumes delivered, adjustments for actual deliveries shall be reflected on the next invoice issued after the pipeline confirmation. If Buyer fails to remit the full amount payable when due, a late charge of 1% per month shall be paid on any amounts due and not paid by the due date. Seller shall have the right to suspend deliveries of gas if any invoice is not paid within five (5) days after the due date.

13. **Notices:**

Seller
COLONIAL ENERGY, INC.
3975 Fair Ridge Drive
Suite T 10 North
Fairfax, VA 22033

Telephone: (703) 218-2451
Facsimile: (703) 218-3058

Buyer

Telephone: _____
Facsimile: _____

14. **Financial Responsibility:** In the event of an adverse change in the financial condition of Buyer, Seller shall have the right at any time, in addition to any other remedies hereunder or pursuant to law, to require Buyer to

make credit arrangements satisfactory to Seller, such as provision of an escrow account, a letter of credit, pre-payment, or other guarantee of payment or performance.

15. **Assignments:** Neither party shall assign this Agreement without the consent of the other party, which consent shall not be unreasonably withheld or delayed; provided, however, that either party may assign or pledge this Agreement to an affiliate or under the provision of any mortgage, deed of trust or similar instrument which it has executed or may execute.
16. **Term:** This Agreement shall be for a term of one year from the date first above written, and shall continue month-to-month thereafter on the same terms and conditions. Either party may terminate this Agreement by giving the other party thirty (30) days prior written notice; provided, however, that neither party may terminate this Agreement before the expiration of any Term provided for in any then effective Confirmation Letter.
17. **Billing Resolution:** For all billing inquiries, concerning the sale of the commodity, telephone the billing department at the phone number shown on the front of the invoice. Colonial Energy will respond to inquiries as soon as practicable, but in no event later than three business days from receipt of inquiry. Inquiries may also be made in writing to the address on the front of the invoice. For questions concerning the local transportation bill, kindly contact your utility. In the event of a dispute as to any essential element of this agreement (including a billing dispute), Buyer and Seller agree to use their best efforts to resolve said dispute. In the event said dispute is not resolved within thirty days, the Buyer and the Seller agree to submit the dispute to the American Arbitration Association for resolution.
18. **Consumer Information:** The services provided by Colonial Energy, Inc., are protected by the terms and conditions of the Natural Gas Sales agreement. The services provided by the utility company will continue to be protected by the State's Home Energy Fair Practices Act and the Commission's Nonresidential Rules. Should Buyer have any questions or require additional information regarding this agreement, Buyer can contact Seller at (800) 944-3835. Buyer may also request information from the New York State Public Service Commission at the following:

New York State Public Service Commission
Consumer Services Division
3 Empire State Plaza
Albany, NY 12223

toll-free number, 1-800-342-3377, Website-<http://www.dps.state.ny.us>

Colonial Energy, Inc.

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

Marketer:

SAMPLE



COLONIAL ENERGY, INC.

CONFIRMATION LETTER

Dated:

Please Return Signed Confirmation via Fax to (703) 218-3059

Please deliver immediately upon receipt to:

Fax Number:

This letter serves to confirm the following agreement entered into by and between Colonial Energy, Inc. and _____, and subject to the General Terms and Conditions agreed to and entered into by the Parties hereto.

Buyer:

Seller:

Colonial Energy, Inc.

Term:

Contract Quantities (Mcf/Dth):

Purchase Price (Mcf/Dth):

per Dth

Point of Sale:

As per Exhibit B

Delivery Point:

Service Type:

Firm

Special Provisions:

Failure to buy or sell Contract Quantities shall be a breach of this agreement unless failure is caused by an event of force majeure as defined in the General Terms and Conditions Agreement.

The remedy for breach shall be the recovery of Buyer's or Seller's losses on the repurchase or resale of any Quantity not delivered or received, plus the recovery of any unused firm transportation demand charges incurred by the breached Party as a direct result of the breaching Party's failure to deliver or receive the volumes specified in the Contract Quantities section above.

The provisions within the confirmation letter shall be conclusively deemed accurate and complete to the extent it is not objected to, verbally and in writing, within twenty-four (24) hours of receipt.

Colonial Energy, Inc.

By: _____

Name: Brian M. Kelly

Title: Executive Vice President

gmsno: S-

By: _____

Name: _____

Title: _____

marketer initials:

SALES POINTS

EXHIBIT B

<u>Location</u>	<u>Meter No.</u>	<u>Pipeline</u>
Central Manhattan (Consolidated Edison of NY)	6115	Transco
North Bergen, NJ (Hudson County)		
Rivervale, NJ (Bergen County)	6224	Transco
Chatham, NJ and Montclair, NJ (Essex County)	6386	Transco
Morgan, Morgan, NJ (Middlesex County)	6678	Transco
Sta. 65 FT Pool, St. Landry, LA	7975	Transco
Watesburg, Erie, PA	02-0075	Tennessee
HC Check, Potter, PA	06-0004	Tennessee
Milford, Pike, PA	02-0319	Tennessee
Altresco, Berkshire, MA	02-0715	Tennessee
Mahwah, Mahwah, NJ	02-0207	Tennessee
Ellisburg, Ellisburg, PA	07-0012	Tennessee
SA 800Leg Pool, LA	02-0289	Tennessee
SA 500Leg Pool, MS	02-0288	Tennessee
SA 100Leg Pool, TX	02-0287	Tennessee
SA Zone 0 Pool, TX	02-0286	Tennessee
Public Service Electric & Gas, NJ (Union County)	70128	Texas Eastern
Lambertville, Somerset, NJ	70087	Texas Eastern
ELA Service Point, LA	79504	Texas Eastern
WLA Service Point, LA	79503	Texas Eastern
ETX Service Point, TX	79505	Texas Eastern
STX Service Point, TX	79502	Texas Eastern
Niagara Falls, Ontario (TGP Niagara Spur)	0183	Transcanada
Douglstown, Ontario (Delivery to Empire Gas)	0280	Transcanada
Iroquois, Ontario (Delivery to Iroquois)	0272	Transcanada
Napierville, Quebec (Delivery to Northern Counties Pipeline in NYS)	0260	Transcanada
Danbury, Fairfield County, CT	63	Algonquin
Hanover, Mercer, NJ	211	Algonquin
Centerville, Hunterden, NJ	220	Algonquin
Brookfield, Fairfield County, CT	4	Iroquois
Shelton A, New Haven, CT	5	Iroquois
Shelton B, New Haven, CT	12	Iroquois
Milford, PA	B18	Columbia Gas
Station 51539, WV	51539	Columbia Gas
Hanover, NJ	R2	Columbia Gas
Ellisburg, PA	41201	CNG
South Pool	70030	CNG
Ellisburg, Clinton County, PA	41202	National Fuel
Ellwood City, Beaver County, PA	600065	National Fuel
Wharton, Potter County, PA	6325	National Fuel

Sales Point(s) are limited solely to those listed on this Exhibit B. The exact Sales Point(s) will be determined by Seller based on factors including, without limitation, availability of transportation capacity, source and availability of Gas supply, and cost of transportation.