F42: Non-Conforming Service Agreement with IGI Resources, Inc.

Issued On: Effective On:

## TRANSPORTATION SERVICE AGREEMENT

This is an AGREEMENT made and entered into as of the  $1^{\text{ST}}$  day of December, 2007, by and between PAIUTE PIPELINE COMPANY, a Nevada corporation, herein called "Paiute," and IGI RESOURCES, INC., herein called "Shipper".

#### WITNESSETH:

WHEREAS, Shipper has obtained a permanent release of firm transportation capacity on Paiute's system from BP Energy Company, as evidenced by the form attached hereto as Exhibit B.

In consideration of the mutual covenants and agreements as herein set forth, Paiute and Shipper agree as follows:

## ARTICLE I - GAS TO BE TRANSPORTED

Subject to the terms, conditions and limitations hereof, Paiute agrees to receive from Shipper, or for Shipper's account, at the Receipt Point(s) specified herein, up to the following quantities of natural gas, as applicable, which shall constitute Shipper's Reserved Capacities:

Daily Reserved Capacity: 722 Dth
Summer Daily Reserved Capacity: 722 Dth

Paiute agrees to transport and deliver the equivalent quantity less Gas Used by Paiute to Shipper or for the account of Shipper at the Delivery Point(s) specified herein. Paiute shall not be obligated to receive and/or transport quantities of gas in excess of the applicable Reserved Capacities.

# ARTICLE II - RECEIPT POINTS, DELIVERY POINTS, PRESSURES AND QUANTITIES

Receipt of natural gas by Paiute from Shipper shall be at or near the points whose names and Maximum Daily Quantities for the applicable period are as follows:

Receipt Point(s)

Period

Quantities (Dth)

Wadsworth Junction

Winter and Summer

722

Delivery of natural gas by Paiute to Shipper shall be at or near the points whose locations, Delivery Pressures, Assumed Atmospheric Pressures, and Maximum Daily Quantities are described on Exhibit A, attached hereto.

## ARTICLE III - APPLICABLE TRANSPORTATION RATES AND RATE SCHEDULE

Shipper agrees to pay Paiute for all natural gas transportation service rendered under the terms of this Agreement in accordance with Paiute's Rate Schedule FT-1, as filed with the Federal Energy Regulatory Commission, and as amended or superseded from time to time. This Agreement shall be subject to the provisions of such rate schedule and the General Terms and Conditions applicable thereto on file with the Federal Energy Regulatory Commission and effective from time to time, which by this reference are incorporated herein and made a part hereof.

#### ARTICLE IV - TERM OF AGREEMENT

This Agreement shall become effective on December 1, 2007, and shall continue in effect for a period extending for a primary term to and including November 1, 2017, and from year to year thereafter, subject however, to termination at expiration of the said primary term or upon any anniversary thereafter by either party hereto through written notice so stating and given to the other no less than twelve (12) months in advance.

## ARTICLE V - NOTICES

Unless herein provided to the contrary, any notice called for in this Agreement shall be in writing and shall be considered as having been given if delivered personally, or by mail or facsimile with all postage and charges prepaid, to either Shipper or Paiute at the place designated. Routine communications shall be considered as duly delivered when mailed by ordinary mail. Normal operating instructions can be made by telephone. Unless changed, the addresses of the parties are as follows:

Paiute Pipeline Company P.O. Box 94197 Las Vegas, Nevada 89193-4197

NOTICES:

INVOICES:

IGI Resources, Inc.

IGI Resources, Inc.

Attn: Contract Administration

Attn: Accounting and Administration

P.O. Box 6488

P.O. Box 6488

Boise, ID 83707-6488

Boise, ID 83707-6488

Either party may change its address at any time upon written notice to the other.

## ARTICLE VI - OTHER OPERATING PROVISIONS

The transportation service contemplated herein shall be provided by Paiute in accordance with Subpart G of Part 284 of the Federal Energy Regulatory Commission's Regulations.

## ARTICLE VII - ADJUSTMENTS TO GENERAL TERMS AND CONDITIONS

Certain of the General Terms and Conditions applicable to Paiute's transportation rate schedule are to be adjusted for the purpose of this Agreement, as specified below:

NONE

# ARTICLE VIII - CANCELLATION OF PRIOR AGREEMENT(S)

When this Agreement takes effect, it supersedes, cancels and terminates the following agreement(s):

NONE

# ARTICLE IX - SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. No assignment or transfer by either party hereunder shall be made without written approval of the

other party. Such approval shall not be unreasonably withheld. As between the parties hereto, such assignment shall become effective on the first (1st) day of the month following written notice that such assignment has been effectuated.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above set forth.

	Randy Schultz Title: President
Attest:	Ву:
	IGI RESOURCES, INC. "Shipper"
	Title: Vice President/General Manager
Attest: Cheryl a. Nurst	By: Juan C. M. Mathie
	PAIUTE PIPELINE COMPANY "Paiute"

# EXHIBIT A

to

# Transportation Service Agreement No. F42 Dated December 1, 2007 Between Paiute Pipeline Company

and IGI Resources, Inc.

Delivery Point(s)	Delivery Pressure (Not More Than Psig)	Assumed Atmospheric Pressure (Psia)	Maximum Daily Quantities (Dth)
Carson City City Gate No NW/4, Section 21 T15N, R20E Carson City County, Neva		12.41	206
Minden-Gardnerville SW/4, Section 19 T13N, R20E Douglas County, Nevada	250	12.41	516

## EXHIBIT B

TF03 1240010005P158First Revised Sheet No. 124
TF04 Original Sheet No. 124
TF05Edward C. McMurtrie, Vice President/General Manager
TF06110503
GENERAL TERMS AND CONDITIONS
(Continued)

# 25.1 REQUEST FORM FOR RELEASE OF FIRM CAPACITY

Capacity Release #\_\_\_\_\_\_\_(To be assigned by Paiute
Date & Time of Release
Request
(To be entered electronically)

REQUEST FORM FOR RELEASE OF FIRM CAPACITY
Shipper Releasing Capacity: BP Energy Company Address: 1010 North 500 East, Suite 200, North Salt Lake, Utah 84054-1918 Contact Person: Karen Long Phone Number: 801-939-9154 Fax Number: 801-451-9204
Service Agreement number from which capacity is to be released: F38 (# Shipper uses for nomination purposes)
Firm FT-1 Transportation Reserved Capacity to be Released (if applicable): 722 Dth/d
Specify if: Permanent X or Temporary
Commencement Date of Release: December 1, 2007
Termination Date of Temporary Release:
For FT-1 transportation releases, complete the following:
RCPT. PT. RELEASED VOLUME DELV. PT. RELEASED VOLUME
Carson City Citygate #3 206 Minden-Gardnerville 516
If a Prearranged Replacement Shipper is provided, complete the following:
Prearranged Replacement Shipper: IGI Resources, Inc. Address: 701 Morrison-Knudsen Drive, Suite 300, Boise, ID 83712 Contact Person: Jeff Glynn Phone Number: 208-395-0500
Fax Number: 208-395-0531 Rate Agreed to Pay For Release: max rate
Conditions of Release, including whether volumetric or combination rate bids are acceptable (optional):  Capacity is recallable
Volumetric Bids Acceptable: Yes No X Combination Rate Bid Acceptable: Yes No X Contingent Bids Acceptable: Yes No X If yes, identify: 14.1(n)(i) 14.1(n)(ii)
Bid Evaluation criteria (applicable if Releasing Shipper desires to specify the criteria used to evaluate volumetric or combination rate bids):
Release Effectuated:  Yes By acceptance of Bid(s) No.:  No Partial By acceptance of Bid(s) No.:  (Explanation of Partial Release Granted