

National Fuel Resources, Inc. (“NFR”)
 165 Lawrence Bell Drive, Suite 120
 Williamsville, NY 14221
 Phone: 1-800-839-9993 Website: www.nfrinc.com
 Natural Gas — Residential Program

Customer Disclosure Statement – Variable Price

This Customer Disclosure Statement together with the Residential Program Terms and Conditions are collectively the “Agreement.” Any capitalized terms used but not defined in this Customer Disclosure Statement have the meaning set forth in the Residential Program Terms and Conditions

Price	The variable price will be the monthly New York Mercantile Exchange price (last day settle for the month per Therm) plus \$0.109 per Therm plus applicable shrinkage per utility tariff plus applicable Taxes and utility transportation charges and other charges and fees as set forth in the Residential Program Terms and Conditions.
Fixed or Variable Price and, if variable, how price is determined	Variable price as set forth above.
Length of Agreement and end date	The Agreement is effective with your first complete billing cycle and will continue for twelve billing cycles.
Process you may use to rescind the Agreement without penalty	You may cancel this Agreement by giving written notice to NFR before midnight of the third business day after the day on which you received this Agreement. Your written notice may be given to NFR by (1) US Mail postmarked no later than the third business day after the day on which you received this Agreement, (2) hand delivery to NFR at the address indicated in the Agreement or (3) e-mail to CustomerService@nfrinc.com received no later than midnight of the third business day after the day on which you received this Agreement.
Amount of Cancellation Fee and method of calculation	\$0, if you are receiving a variable price.
Amount of Late Payment Fee and method of calculation	1.5% per month. If you fail to pay any invoice within twenty (20) days after the invoice date, you will be charged interest at a rate of 1.5% per month from the date that such payment was due.
Provisions for renewal of the Agreement	The Agreement automatically renews for successive monthly periods after the initial term ends, unless either you or NFR gives the other party 30 days notice of the intention to terminate the Agreement. If the Agreement automatically renews, your price will be NFR’s variable price in effect at the time the initial term ends plus applicable Taxes and utility transportation charges and other charges and fees as set forth in the Residential Program Terms and Conditions. NFR will provide you with written notification of the renewal of the Agreement not less than 30 days and not more than 60 days prior to the renewal date. You may cancel the Agreement at any time before midnight of the third business day after the day on which you receive the first billing statement under the Agreement as renewed.
Conditions under which savings are guaranteed.	Not Applicable.

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Natural Gas — Residential Program Terms and Conditions

New York State Electric & Gas Corporation (the "Utility") – Customer Consent Section:

To the Utility: I have agreed to buy my natural gas from National Fuel Resources, Inc. ("NFR").

If I smell gas or have any safety-related questions, I will call the Utility that I receive my monthly natural gas bill from: New York State Electric & Gas Corporation at 1-800-572-1121.

National Fuel Resources, Inc. Residential Program Terms and Conditions and the Customer Disclosure Statement annexed hereto (collectively, the "Agreement"):

1. Firm Sales: NFR shall supply your full natural gas requirements without interruption. The Utility will still be responsible for the delivery of your natural gas. The Utility will also be responsible for your meter and all gas meter readings and service hereunder shall be provided subject to the Utility's tariff classification for customers choosing to purchase natural gas commodity from a marketer and its other applicable tariff provisions and policies. If NFR fails to deliver your full natural gas requirements for reasons other than force majeure, as defined below, you shall be entitled to damages equal to any incremental costs that you incur for your gas supply. Except as otherwise expressly provided in this Agreement, neither party shall be liable to the other for incidental, consequential or punitive damages or lost profits.

2. Price: Your price for gas supplies under this Agreement will be as provided below:

Fixed Price: If you selected this option, you will be billed a fixed price of \$4487 per Therm (the "Fixed Price") effective with your first complete billing cycle and continuing through the next twelve billing cycles (the "Fixed Price Term"). In addition to being billed the Fixed Price, you will be billed for applicable Taxes (as defined in Section 9), the Utility's transportation charges, fees, and any other non-transportation charges normally applicable to Utility customers now in effect or later added to the Utility's tariff (collectively, the "Utility Charges"). These charges will appear separately on your bill. After the Fixed Price Term has ended, the Fixed Price will automatically convert to NFR's variable price in effect at the time the Fixed Price Term ends, plus applicable Taxes (as defined in Section 9) and any Utility Charges until the parties agree to new fixed price terms. Such variable price is subject to change from time to time based on NFR's current variable price. Notwithstanding the previous sentence, such variable price will not be changed more frequently than one time per month.

Variable Price with the Option to Lock in a Fixed Price: If you selected this option, you will be billed a variable price of the monthly NYMEX (New York Mercantile Exchange) settlement price for a natural gas futures contract on the last day of trading for such futures contract as established by NYMEX (last day settle per Therm) plus \$0.109 per Therm (the "Variable Price") effective with your first complete billing cycle and continuing through twelve billing cycles (the "Variable Price Term"). However, at any time during the Variable Price Term, you may lock-in your full natural gas requirements at a fixed price as agreed upon by you and NFR (the "Converted Fixed Price") and you will then be billed such Converted Fixed Price for your full natural gas requirements. After electing to lock-in a Converted Fixed Price, a new Agreement will be provided. In addition to being billed either the Variable Price or the Converted Fixed Price, you will be billed for the applicable Taxes (as defined in Section 9) and any Utility Charges. These charges will appear separately on your bill. After the Variable Price Term has ended, the Variable Price will automatically convert to NFR's variable price in effect at the time the Variable Price Term ends, plus applicable Taxes (as defined in Section 9) and any Utility Charges. Such variable price is subject to change from time to time based on NFR's current variable price. Notwithstanding the previous sentence, such variable price will not be changed more frequently than one time per month.

3. Transportation and Agency Agreement: You elect NFR as your agent, to the extent necessary, for arranging transportation of gas to you on the Utility's pipeline system (the "Transporting Pipeline"). You authorize NFR (its agents and employees) to complete and execute any necessary paperwork required by the Transporting Pipeline for this transaction and to receive historical consumption and credit information from the Utility. You may rescind such authorization for the release of this information at any time. The Delivery Point will be the point where the gas enters the Utility's facilities. NFR retains the right to amend the Delivery Point upon providing notice to you. As between you and NFR, title, possession, and control of the gas shall pass from NFR to you at the Delivery Point.

4. Term & Start Date: This Agreement will be effective with your next eligible meter reading. NFR will provide you with written notification of the renewal of this Agreement not less than 30 days and not more than 60 days prior to the end of the Fixed Price Term or the Variable Price Term as applicable. If you are receiving a Fixed Price, after the Fixed Price Term ends, this Agreement will renew on a month-to-month basis at NFR's variable price in effect at the time the Fixed Price Term ends (subject to change as set forth in Section 2) plus applicable Utility Charges and Taxes (as defined in Section 9) unless you exercise your right to cancel under Section 6 or either party gives thirty (30) days written notice to the other party of their intention to terminate this Agreement. If you are receiving a Variable Price, after the Variable Price Term ends, this Agreement will renew on a month-to-month basis at NFR's variable price in effect at the time the Variable Price Term ends (subject to change as set forth in Section 2) plus applicable Taxes (as defined in Section 9) and any Utility Charges unless you exercise your right to cancel under Section 6 or either party gives thirty (30) days written notice to the other party of their intention to terminate this Agreement. Such variable price is subject to change from time to time based on NFR's current variable price. Notwithstanding the previous sentence, such variable price will not be changed more frequently than one time per month.

5. Enrollment Eligibility and Deadline: This Residential Program is available to creditworthy residential customers. NFR reserves the right to limit the number of customers enrolled.

6. Right of Rescission: You may cancel this Agreement at any time before midnight of the third business day after the day on which you receive this Agreement ("Rescission Deadline") or as respects renewal of this Agreement, you may cancel this Agreement at any time before midnight of the third business day after the day on which you receive the first billing statement under the Agreement as renewed (also a "Rescission Deadline"). You must give written notice to NFR of your desire to cancel, and send your request to P.O. Box 9072 Williamsville, New York 14221, by i) U.S. Mail postmarked not later than the Rescission Deadline, or by ii) delivery by hand or other personal delivery means, delivered not later than the Rescission Deadline, or by iii) e-mail to CustomerService@nfrinc.com received by NFR no later than the Rescission Deadline. No fee or penalty will be imposed for exercising your right to cancel this Agreement as provided in this provision.

7. Cancellation: To provide you with the terms and conditions of this Agreement, NFR may take positions in the futures market. If you selected a Fixed Price and you cancel this Agreement before the end of any Fixed Price Term, you agree to pay NFR a cancellation fee of \$99.00. Any cancellation is effective at the next available cycle out meter reading. If you selected a Variable Price, there is no cancellation fee to cancel this Agreement.

8. Billing and Payment: Upon receipt of meter readings, and estimated readings from the Utility, you will be billed each month, for gas supplies, applicable Taxes (as defined in Section 9) and any Utility Charges. The charges other than your Fixed Price, Variable Price or Converted Fixed Price will appear separately on your bill. You agree

to pay NFR's invoice within twenty (20) days after the invoice date. You will be charged interest at the rate of one and one-half percent per month from the date that such payment is due and all reasonable attorney fees, court costs, or other expenses which NFR would incur in collecting overdue payments. If you default on any of your obligations under this Agreement, NFR may, in addition to other legal remedies, terminate this Agreement, in accordance with New York's Home Energy Fair Practices Act. NFR will give you notice at least thirty (30) days before termination of this Agreement to allow you the opportunity to pay the overdue bill or obtain service from another provider. A fee of thirty-five (\$35) dollars will be charged for any returned checks. In the event of cancellation or termination by either party, return to Utility service or service from another marketer will occur as provided by the Utility tariff, up to 45 days after notice and you remain responsible for charges for gas use during such transition. NFR has the right, even after the termination of this Agreement, to bill and be paid for any Utility adjustments which relate to service provided under this Agreement, provided however that in the absence of culpable conduct by the customer, NFR shall not make upward adjustments to bills rendered more than 24 months from the time of adjustment, unless applicable provisions of the Public Service Law and Regulations permit such adjustment. NFR reserves the right to have the Utility provide bills to you as NFR's agent. Any such bills rendered by the Utility shall be upon the same terms and conditions as those in this Agreement, unless inconsistent with the billing provisions of the Utility's effective tariff, in which case the tariff billing provisions shall control. If your bill is rendered by the Utility, your payment is due upon the date provided in the Utility bill. In addition, the Utility shall have the right to terminate your service for non-payment. You must allow appropriate Utility personnel to enter your premises to inspect natural gas distribution facilities and related equipment.

9. Taxes: The Fixed Price, Variable Price or Converted Fixed Price does not include any federal, state, Indian or local taxes, fees, assessments, or surcharges, etc. by whatever name and whether now in effect or later enacted or otherwise made applicable, including but not limited to gross receipts, sales, tariff surcharges, use or consumption taxes which now apply, are later enacted or otherwise become applicable (collectively "Taxes"). If NFR collects and/or pays such Taxes with respect to the sale or transportation of gas to you, you agree to reimburse NFR the full amount of such Taxes. If you claim exemption from any such Taxes, you must provide NFR a proper exemption certificate. Unless specifically provided for in Buyer's exemption certificate, such exemption shall not apply to any current or later enacted and imposed state or federal assessments, fees or surcharges. NFR reserves the right to amend your price if additional Taxes are imposed or otherwise become applicable.

10. Force Majeure: If either party is unable to perform its obligations under this Agreement due to force majeure, performance of such obligations shall be suspended until the force majeure is corrected. The party claiming such inability shall give written notice thereof to the other party as soon as practicable after the occurrence of the force majeure. Force majeure shall mean acts of God, strikes, lightning, fires, floods, explosions, storms or storm warnings, breakage and failure or freezing of pipelines, failure of gas supply, failure or curtailment of firm transportation, any act of terror and any other non-financial cause of a similar nature not within the control of the party claiming force majeure. Force majeure will not affect your obligation to pay for natural gas that has been delivered to the Delivery Point on your behalf.

11. Friendship Advantage Program Terms & Conditions: NFR's Friendship Advantage Program ("Friendship Advantage") is a referral program that benefits NFR's current customers ("Customer") with referral rewards. Friendship Advantage will reward loyal customers for referring and successfully enrolling a friend or family member ("Friend") with NFR. Any current Customer in good standing may make a referral. Any residential customer within the Utility's New York service territory is eligible. Any Customer or Friend participating in Friendship Advantage agrees to be bound as follows. Customer may refer up to 29 Friends per calendar year (limit \$580 in referral rewards per calendar year). Customer may refer each Friend only once. NFR will provide only one (1) referral reward per enrollment. Friendship Advantage cannot be combined with any other promotional offer and is non-transferable. For each successful referral NFR will reward Customer \$20 and Friend \$20 by issuing a credit to the respective account or by issuing a check. Rewards will be issued within 4 billing periods. The Friend must be enrolled and active with NFR under a standard agreement. The Customer and Friend accounts must be current and meet all applicable NFR credit standards. NFR may, in its sole discretion amend the terms and conditions of Friendship Advantage at any time without notice. The invalidity of any of the terms and conditions of Friendship Advantage shall not affect the remaining terms and conditions of this Agreement. Neither NFR nor its shareholders, affiliated companies, directors, officers and/or employees shall be liable for any direct, indirect, special, consequential, incidental, exemplary, punitive or other damages of any kind due to any cause, without regard to whether such damages arise in contract, in tort or otherwise that result from, arise out of or are in connection with this program. The sole remedy available to participants in the program is to cease participation.

12. Entire Agreement, Modification, Law and Dispute Resolution: This is the complete Agreement between the parties and no material changes shall be made to the terms of this Agreement without the customer's affirmative consent as provided by the New York State Public Service Commission's ("PSC") Uniform Business Practices. NFR reserves the right to modify your pricing to reflect increases, on a pass through basis, in Utility imposed charges on NFR under the Utility tariff (a "Regulatory Modification") and you agree to pay such amounts when included in your bill subject to your right to cancel under Section 6. This Agreement shall be governed by and construed in accordance with laws of the State of New York. A Regulatory Modification will be implemented on 30 days' written notice. The services provided to you hereunder by NFR are protected by the State's Home Energy Fair Practices Act ("HEFPA") and the PSC's Residential Rules. **Further, NFR will provide applicable HEFPA protections. NFR cannot suspend your gas service. If NFR bills you for service, and terminates this Agreement for non-payment, you will be returned to the Utility as provided under this Agreement, and you will continue to receive uninterrupted gas service from the Utility. If the Utility does your billing the Utility will provide you with all HEFPA protections and NFR's HEFPA provisions shall not apply.** NFR reserves the right to assign this Agreement, but any assignment of this Agreement by NFR shall only occur after thirty (30) days' notice prior to any meter reading. Should you have any questions or require additional information regarding this Agreement, you may contact NFR at (716) 630-6778. You may file a complaint at any time or request information from the New York State Department of Public Service ("DPS"), Office of Consumer Services at 1-800-342-3377 (Toll Free) or New York State Department of Public Service, Consumer Services Division, 3 Empire State Plaza, Albany, NY 12223. In addition, the DPS's toll-free retail access number for inquiries and information regarding Energy Service Companies and the competitive retail energy market is 1-888-697-7728. The DPS will monitor excessive complaints regarding energy service companies. The parties shall use their best efforts to resolve the claim or dispute regarding the Agreement through good faith negotiations. The parties shall seek resolution from the DPS with regards to any dispute involving compliance with DPS Regulations and policies. All legal issues, including a default for non-payment shall be resolved in the local small claims court or such other court if the amount is beyond the jurisdictional limit of the small claims court.

PLEASE RETAIN FOR YOUR RECORDS