APPENDIX

Frontier Communications Corporation's Response dated January 8, 2016 to U.S. EPA's 104(e) Request for Information dated September 15, 2015

[EXECUTION COPY]

STOCK SALE AGREEMENT

by and between

BHP HAWAII INC.,
a Hawaii corporation,

and

CITIZENS UTILITIES COMPANY,
a Delaware corporation

Dated As Of January 9, 1997

STOCK SALE AGREEMENT

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STOCK SALE AGREEMENT

STOCK SALE AGREEMENT, dated as of January 9, 1997, by and between BHP Hawaii Inc., a Hawaii corporation ("Seller"), and Citizens Utilities Company, a Delaware corporation ("Buyer").

RECITALS

A. Seller is the owner of all the outstanding shares of capital stock of Gasco, Inc., a Hawaii corporation ("Subsidiary").

B. Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, all of such shares of stock of Subsidiary, as provided in this Agreement.

C. Immediately after the Closing Date, Buyer intends to merge Subsidiary with and into Buyer, with Buyer being the surviving corporation of the merger (the "Merger").

In consideration of the premises and the respective representations, warranties and agreements herein contained, the parties hereto hereby agree as follows:

ARTICLE I
DEFINITIONS

1.1 Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such definitions to be equally applicable to both the singular and plural forms of the terms defined):

"*Action*" means any claim, action, suit, audit, assessment or arbitration, or any proceeding, by or before any Governmental Authority.

"*Actuary*" means an enrolled actuary as defined in ERISA Section 103(a)(4)(c).

"*Affiliate*" has the meaning set forth in Rule 12b-2 of the regulations under the Securities Exchange Act of 1934, as amended.

"*Agreement*" means this Stock Sale Agreement, including all schedules and exhibits hereto, as it may be further amended from time to time as herein provided.

"*Agreement Date*" means January 9, 1997.

"*Ancillary Agreements*" means the Petroleum Feedstock Agreement, Interruptible Supply Agreement, Propane Supply Agreement, Power Purchase Agreement and Water Use Agreement substantially in the forms attached hereto as Exhibits 1.1(a), 1.1(b), 1.1(c), 1.1(d) and 1.1(e), respectively, all of which are required by this Agreement to be executed and

delivered by the parties thereto at or before the Closing; the lease amendments, easements, sublicenses and licenses entered into at or before the Closing pursuant to Section 2.5; and the Transitional Services Agreement referred to in Section 6.18, which is required by this Agreement to be executed and delivered by the parties thereto at or before the Closing.

"*Antitrust Authorities*" has the meaning specified in subsection 6.4(d).

"*Balance Sheet*" has the meaning specified in subsection 4.4(a).

"*Books and Records*" means all of the following which pertain to the conduct of the Business: books, records, manuals and other materials, accounting books and records, continuing property records for property, plant and equipment, files, computer tapes, advertising matter, catalogues, price lists, correspondence, mailing lists, lists of customers and suppliers, distribution lists, photographs, production data, sales and promotional materials and records, purchasing materials and records, personnel records, credit records, manufacturing and quality control records and procedures, blueprints, research and development files, data and laboratory books, patent disclosures, media materials and plates, sales order files, rate case and litigation files, PUC proceedings, deeds, easements and other instruments relating to the Real Property, and any Tax Returns filed by Subsidiary.

"*Business*" means Subsidiary's (a) utility business of manufacturing, selling and distributing synthetic natural gas on the island of Oahu, Hawaii and propane gas within the State of Hawaii, (b) non-utility business of purchasing, marketing and selling propane gas within the State of Hawaii, and (c) appliance repair and service business and propane vehicle conversion business within the State of Hawaii.

"*Business Employee*" means any employee employed by Subsidiary who is listed in Disclosure Schedule Section 4.10, as amended through the Closing.

"*Buyer Loss*" has the meaning specified in Section 9.2.

"*Buyer's Medical Plan*" means the medical plan established or designated by Buyer pursuant to subsection 11.2(h).

"*Buyer's Non-Union Pension Plan*" means Citizens Pension Plan or such other pension plan established or designated by Buyer.

"*Buyer's Union Pension Plan*" means Citizens Pension Plan or such other pension plan established or designated by Buyer.

"*Buyer's 401(k) Plan*" means the CUC 401(k) Employee Benefit Plan or Citizens Utilities 401(k) Savings Plan.

"*Bylaws*" means a corporation's bylaws, code of regulations or equivalent document.

"*Campbell Industrial Park*" means the Campbell Industrial Park located on Barbers Point, Oahu, Hawaii.

"*Campbell Industrial Park Property*" has the meaning specified in Section 4.12.

"*Casualty Account*" has the meaning specified in Section 6.19.

"*Charter*" means a company's articles of association, articles of incorporation, certificate of incorporation or equivalent organizational documents.

"*Claims*" has the meaning specified in subsection 9.2(c).

"*Closing*" means the closing of the transactions contemplated by this Agreement as specified in Section 3.1.

"*Closing Date*" has the meaning specified in Section 3.1.

"*Code*" means the Internal Revenue Code of 1986 and any successor statute thereto, as amended.

"*Collective Bargaining Agreement*" means the collective bargaining agreement between Subsidiary and the Hawaii Teamsters and Allied Workers Union, Local 996.

"*Commitments*" has the meaning specified in Section 4.13.

"*Confidentiality Agreement*" means, collectively, the letter agreements, dated August 22, 1995 and October 20, 1995, between Seller and Buyer.

"*Covered Environmental Losses*" has the meaning specified in subsection 9.3(c).

"*Current Employee*" has the meaning specified in subsection 11.1(a).

"*Disclosure Schedule*" means the Disclosure Schedule dated as of the date hereof, and as amended in accordance with this Agreement, as delivered to Buyer by Seller and forming a part of this Agreement.

"*Employee Plan*" has the meaning specified in subsection 4.10(a).

"*Encumbrance*" means any interest (including any security interest), pledge, mortgage, lien, charge, adverse claim or other right of third Persons.

"*Environmental Laws*" means all laws, regulations, ordinances, codes, policies, Governmental Orders and consent decrees, and any judicial and administrative interpretations thereof, of Governmental Authorities, or any common law doctrines, in effect from time to time relating to pollution or protection of the environment and natural resources, including those

relating to emissions, discharges, Releases or threatened Releases of Hazardous Material into the environment (including ambient air, surface water, groundwater or land), or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Material.

"*Environmental Permits*" means all permits, approvals, identification numbers, licenses and other authorizations required under any applicable Environmental Law.

"*EPA*" means the U.S. Environmental Protection Agency.

"*ERISA*" means the Employee Retirement Income Security Act of 1974, as amended.

"*Final Order*" means an action by the PUC as to which: (a) no request for stay of the action by the PUC is pending, no such stay is in effect, and if any time period is permitted by statute or regulation for filing and request for such a stay, such time period has passed; (b) no petition for rehearing or reconsideration, or application for review, of the action is pending before the PUC and the time permitted for filing any such petition or application has passed; (c) the PUC does not have the action under reconsideration on its own motion and the time in which such reconsideration is permitted has passed; and (d) no appeal to a court, or request for stay by a court, of the PUC's action or authority or jurisdiction for such action, as the case may be, is pending or in effect, and the deadline for filing any such appeal or request has passed

"*Financial Statements*" has the meaning specified in subsection 4.4(a).

"*GAAP*" means generally accepted accounting principles.

"*Governmental Authority*" means any Federal, state, municipal or local government, governmental authority, regulatory or administrative agency, governmental commission, department, board, bureau, agency or instrumentality, court, tribunal, arbitrator or arbitral body.

"*Governmental Order*" means any order, writ, rule, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

"*Ground Lease*" means that certain Ground Lease, dated as of May 31, 1974, by and between the Trustees Under the Will and of the Estate of James Campbell, Deceased (fee ownership since conveyed to Seller) and Pacific Resources, Inc. (now named BHP Hawaii Inc.), as amended by that certain Amendment of Lease, dated as of November 4, 1974, by and between the Trustees Under the Will and of the Estate of James Campbell, Deceased and Enerco, Inc. (since merged into Gasco, Inc.), that certain Amendment No. 2 to the Ground Lease, dated as of May 16, 1979, by and among the Trustees Under the Will and of the Estate of James Campbell, Deceased, Pacific Resources, Inc. and Enerco, Inc., and that certain Third Amendment to Lease No. 992, effective as of April 23, 1984, by and between the Trustees Under the Will and of the Estate of James Campbell, Deceased, and Enerco, Inc.

"*Ground Sublease*" means that certain Ground Sublease, dated as of May 31, 1974, by and between Enerco, Inc. (since merged into Gasco, Inc.), and the Bishop Trust Company, Limited, and amended by that certain Amendment of Ground Sublease, dated as of November 4, 1974, by and between Enerco, Inc. and the Bishop Trust Company, Limited.

"*Hawaii State Superfund Law*" has the meaning specified in subsection 9.2(c).

"*Hazardous Material*" means any substance, pollutant, material or waste which is regulated or shall become regulated under any Environmental Law, including any such materials regulated as hazardous or toxic substances or material, and asbestos, petroleum and any fraction or product of crude oil or petroleum.

"*HDOH*" means the Hawaii Department of Health.

"*HDOT*" means the Hawaii Department of Transportation.

"*HSR Act*" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, Section 7A of the Clayton Act, 15 U.S.C. § 18A, and the regulations promulgated thereunder.

"*Insurance Policies*" has the meaning specified in Section 4.26.

"*Intellectual Property*" has the meaning specified in Section 4.8.

"*IRS*" means the U.S. Internal Revenue Service.

"*Iwilei Property*" has the meaning specified in Section 6.10.

"*Leased Real Property*" has the meaning specified in subsection 4.7(b).

"*Liabilities*" means, except as provided in subsection 4.4(b), any and all debts, liabilities and obligations of any nature whatsoever, whether accrued or fixed, absolute or contingent, mature or unmatured or determined or indeterminable.

"*Material Adverse Effect*" means any event(s) with respect to, change(s) in, or effect(s) on, Subsidiary or the Business which, individually or in the aggregate, is reasonably likely to be adverse to the Business, operations, results of operations, assets or properties, Liabilities or financial condition of Subsidiary in a manner that is material to Subsidiary taken as a whole.

"*Material Title Defects*" has the meaning specified in Section 6.16.

"*Non-Union Employee*" means a Business Employee who is not a Union Employee.

"*Non-Union Transfer Amount*" means the amount of assets to be transferred from Seller's Non-Union Pension Plan to Buyer's Non-Union Pension Plan, determined in accordance with subsection 11.2(c).

"*Owned Real Property*" has the meaning specified in subsection 4.7(a).

"*Permitted Liens*" means any (a) mechanics', carriers', workers' and other similar liens arising in the ordinary course of business and which in the aggregate are not material in amount, and do not interfere with the present use of the assets of Subsidiary to which they apply; (b) liens for current Taxes and assessments not yet due and payable; (c) usual and customary non-monetary real property Encumbrances that do not and will not materially interfere with the operation of that portion of the Business currently conducted on such property; (d) all applicable zoning ordinances and land use restrictions; and (e) with respect to any asset of Subsidiary which consists of a leasehold or other possessory interest in real property, all Encumbrances, covenants, imperfections in title, easements, restrictions and other title matters (whether or not the same are recorded) not known to Seller to which the underlying fee estate in such real property is subject which were not created by or incurred by Seller or Subsidiary and which do not currently interfere materially with the operation of that portion of the Business currently conducted on such property.

"*Person*" shall include any individual, trustee, firm, corporation, partnership, limited liability company, Governmental Authority or other entity, whether acting in an individual, fiduciary or any other capacity.

"*Pier 38 Property*" has the meaning specified in subsection 6.11(a).

"*Privileged Documents*" means all documents (and compilations of documents completed by, for or on behalf of counsel) that are subject to any legal privilege, including the attorney-client privilege or the attorney work product protection, which relate to any Action involving Seller or other Liability for which Seller may be responsible and which are dated as of a date preceding the Closing Date.

"*PUC*" has the meaning specified in subsection 6.4(c).

"*PUC Approval*" means the approval of the PUC of the transactions contemplated hereby (including the Merger) and by the Ancillary Agreements pursuant to, among other sections, §§ 269-17.5, 269-18 and 269-19 of Title 15 (Transportation and Utilities) of the Hawaii Revised Statutes, Decision and Order No. 10157, Docket No. 6386, filed on March 9, 1989 with the PUC, and any other statute, law, regulation or Governmental Order of the State of Hawaii.

"*Real Property*" has the meaning specified in subsection 4.7(b).

"*Release*" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing into the environment (including the abandonment or discarding of barrels, containers and other closed receptacles containing any Hazardous Material).

"*Seller Indemnified Parties*" has the meaning specified in Section 9.3.

"*Seller Loss*" has the meaning specified in Section 9.3.

"*Seller's Medical Plan*" means the plan or plans of Seller providing medical, dental, prescription drug and health care flexible spending account benefits.

"*Seller's Non-Union Pension Plan*" means the BHP USA Pension Plan II, or any successor thereto.

"*Seller's Retirement Savings Plans*" means the BHP Retirement Savings Plan.

"*Seller's Union Pension Plan*" means the Pension Plan for Classified Employees of Gasco, Inc.

"*SNG Plant*" means Subsidiary's synthetic natural gas plant located in the Campbell Industrial Park.

"*Stock*" has the meaning specified in Section 2.1.

"*Subsidiary*" has the meaning specified in the Recitals.

"*Surrender Portion*" has the meaning specified in subsection 6.11(a).

"*Tax*" means any federal, state, local, or foreign income, gross receipts, license, payroll, parking, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code Sec. 59A), customs duties, capital stock, franchise, public utility, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated tax, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not, including such item for which Liability arises as a transferee or successor-in-interest, including Liability therefor as a transferee or successor-in-interest.

"*Tax Return*" means any return, declaration, report, claim for refund, information return or statement relating to Taxes, including any schedules or attachments thereto, and including any amendment thereof.

"*Taxing Authority*" means any Governmental Authority responsible for the imposition or collection of any Tax.

"*Transferred Employee*" has the meaning specified in Section 11.1.

"*Union Employee*" means a Business Employee who is covered under the Collective Bargaining Agreement.

1.2 Other Defined Terms. In addition to the terms defined in Section 1.1, certain other terms are defined elsewhere in this Agreement and, whenever such terms are used in this Agreement, they shall have their respective defined meanings.

ARTICLE II
PURCHASE AND SALE OF STOCK

2.1 Sale of Stock. Subject to the terms and conditions herein set forth and in consideration of the payment of the Purchase Price, at the Closing Seller shall sell, assign, transfer and deliver to Buyer, and Buyer shall purchase from Seller, all the issued and outstanding shares of capital stock of Subsidiary (the "Stock").

2.2 Purchase Price and Payment for Stock. (a) Subject to the terms and conditions herein set forth, and in consideration of the sale, assignment, transfer and delivery to Buyer of the Stock, Buyer shall pay to Seller in cash, at the Closing, ONE HUNDRED MILLION TWO HUNDRED THOUSAND DOLLARS ($100,200,000) (as estimated and adjusted in accordance with subsections 2.2(b) and 6.2(b)(iv), the "Purchase Price").

(b) The Purchase Price shall be subject to adjustment as follows:

(i) The Purchase Price shall be increased to the extent Adjusted Working Capital is greater than $8,625,152 and shall be reduced to the extent Adjusted Working Capital is less than $8,625,152. For purposes of this subsection 2.2(b), "Adjusted Working Capital" means that amount obtained by subtracting (*x*) the sum of (1) the Total Current Liabilities (including capital leases), other than Income Taxes Payable (accounts 220010 and 220020), Reserve for Injuries and Damages (account 230500), Reserve for Legal Expenses (account 230520) and Current Provisions-Environmental (account 232000), (2) Total Long Term Debt (including capital leases), (3) Total Other Liabilities, other than Deferred Income Taxes, Tax Benefits Amortization (Other Non-current Liabilities account 260400), Contribution in Aid of Construction (Other Non-current Liabilities account 260600), Non-Current Provision-Environmental (Other Non-current Liabilities account 262000) and Pension and Related Costs (accounts 231240, 231243, 261077, 260457 and 231242) of Subsidiary, in each case as of the Closing Date, and (4) any liabilities imposed upon Subsidiary or Buyer as a result of a PUC Final Order that Subsidiary or Buyer will have immediately after the Closing, to the extent not otherwise included in clause (*x*)(1) above, from (*y*) the sum of (1) the Total Current Assets (after adjustment to exclude (A) accounts receivable that are more than 90 days past due, (B) any other current asset of Subsidiary to the extent Buyer will not realize the full value of such asset after the Closing Date and GAAP would require Buyer to write down such asset, (C) the amount of any Casualty Account established pursuant to Section 6.19 and (D) the cash proceeds received by Subsidiary for the sale of the Iwilei Property in accordance with Section 6.10), (2) Subsidiary's investment in One Kalakaua, (3) Total Deferred Costs and (4) Total Regulatory Assets-net of Subsidiary, in each case as of the Closing Date. Adjusted Working Capital shall be prepared from the books and records of Subsidiary in accordance with GAAP applied on a basis consistent with the Balance Sheet and shall reflect the pre-Closing Date balance sheet

transactions described in Sections 2.4 and 2.6 and the appropriate audit adjustments and reclassifications (in each case as of the Closing Date) shown on Schedule 2.2(b). The spreadsheet showing the manner in which the dollar figure set forth in the first sentence of this subsection 2.2(b)(i) was calculated, and an illustration of the manner in which Adjusted Working Capital would be calculated had the Closing Date been September 30, 1996, are attached hereto as Schedule 2.2(b). The methodology portrayed in the *pro forma* calculation of Adjusted Working Capital as of September 30, 1996 as reflected in the September 30, 1996 spreadsheet included in such Schedule 2.2(b) shall be used to calculate Adjusted Working Capital as of the Closing Date.

(ii) Adjusted Working Capital and the variance between Subsidiary's capital expenditures for the period from the beginning of its fiscal year 1996-1997 through the Closing Date and the Current Capital Budget for such time period (calculated in accordance with subsection 6.2(b)(iv)) shall be estimated in good faith by Seller and set forth, together with a reasonably detailed statement of the calculation thereof, in a certificate (the "Initial Adjustment Certificate") to be delivered to Buyer at least five business days prior to the Closing Date. Seller shall be entitled to call upon, and to receive, the assistance of Arthur Anderson LLP in the preparation of the Initial Adjustment Certificate. The Initial Adjustment Certificate shall constitute the basis on which the Purchase Price shall be calculated for the Closing (the "Initial Purchase Price").

(iii) On or before 90 calendar days after the Closing Date, Buyer shall deliver to Seller its proposed final calculation of (A) Adjusted Working Capital, (B) the variance between Subsidiary's capital expenditures for the period from the beginning of its fiscal year 1996-1997 through the Closing Date and the Current Capital Budget for such time period (calculated in accordance with subsection 6.2(b)(iv)) and (C) any credit or debit balances remaining in the Affiliate Receivable and Affiliate Payable accounts (in accordance with Section 2.4), together with reasonably detailed supporting documentation, in a certificate (the "Final Adjustment Certificate") which shall set forth in reasonable detail (1) the nature and extent of each and every variance, if any, between the amounts estimated in the Initial Adjustment Certificate and the amounts set forth in the Final Adjustment Certificate, (2) the proposed final Purchase Price resulting from such variance (the "Proposed Purchase Price") and (3) any actual net excess of Affiliate Receivables to be paid by Seller to Buyer and any actual net excess of Affiliate Payables to be paid by Buyer to Seller in accordance with their terms. Buyer shall be entitled to call upon, and to receive, the assistance of its auditors in the preparation of the Final Adjustment Certificate.

(iv) Upon completion of the Final Adjustment Certificate and such supporting documentation, Buyer shall deliver the same to Seller. Upon delivery of such materials, Seller shall have 45 calendar days therefrom in which to notify Buyer of any objection with respect to the proposed adjustment to the Initial Purchase Price and the Proposed Purchase Price, if any, set forth in the Final Adjustment Certificate. Such notice shall specify in reasonable detail the particulars of such disagreement and Seller's proposed alternative calculation of the adjustment to the Initial Purchase Price. If such notice is given and the parties are unable to resolve their disagreements within 30 days'

of Buyer's receipt of such notice, the matter in dispute shall be resolved as soon as practicable by a "Big Six" independent accounting firm with expertise in natural gas transmission and distribution mutually satisfactory to the parties (the "Independent Auditor"). Within 45 days after submission, the Independent Auditor shall render its final decision, with such determination being binding and conclusive upon Buyer and Seller without further appeal therefrom. Buyer and Seller shall bear equally the fees and expenses of the Independent Auditor. In the event that Seller fails to notify Buyer within the 45-day period specified in this subsection 2.2(b)(iv) of any objection with respect to the Proposed Purchase Price and the proposed adjustment to the Initial Purchase Price, if any, set forth in the Final Adjustment Certificate, the matters set forth therein shall be deemed to be final, conclusive and binding on the parties. The date upon which the Final Adjustment Certificate shall be deemed to be final, conclusive and binding pursuant to this subsection 2.2(b)(iv) shall be the "Settlement Date."

(v) On the fourth business day following the Settlement Date, either (1) Seller shall pay to Buyer, as a downward adjustment of the Purchase Price, the amount, if any, by which the Initial Purchase Price exceeds the Proposed Purchase Price, or (2) Buyer shall pay to Seller, as an upward adjustment of the Purchase Price, the amount, if any, by which the Proposed Purchase Price exceeds the Initial Purchase Price; *provided, however,* that no such payment shall be made and no adjustment to the Initial Purchase Price shall be required in the event that either amount is less than $100,000. Any such payment (including any interest thereon as provided in the next sentence) shall be made by wire transfer of immediately available funds to an account designated by the recipient of such payment. Any such payment shall bear interest, from the Closing Date until such payment is paid, at the prime rate announced from time to time by First Hawaiian Bank.

(vi) Buyer shall cooperate with Seller in Seller's review of the Final Adjustment Certificate and shall provide Seller and its employees and agents (including accountants) full access to the books, records, work papers, information, facilities and employees of Buyer used to prepare the Final Adjustment Certificate. Seller shall cooperate with Buyer in its review of the Initial Adjustment Certificate and shall provide Buyer and its employees and agents (including accountants) full access to the books, records, work papers, information, facilities and employees of Seller or Subsidiary used to prepare such material.

2.3 Contribution of Certain Assets. Immediately prior to the Closing, Seller shall contribute, convey, assign, transfer and deliver to Subsidiary, and Subsidiary shall accept and acquire from Seller, all of the rights, title and interests of Seller in and to the assets and properties listed on Schedule 2.3. The contribution of such assets to Subsidiary shall, except as otherwise expressly provided in this Agreement, be without any representations or warranties of any kind or nature, express or implied, as to the condition, value or quality of, such assets and, except as otherwise expressly provided in this Agreement, Seller SPECIFICALLY DISCLAIMS ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO SUCH ASSETS, OR ANY PART THEREOF, OR AS TO THE WORKMANSHIP THEREOF, OR THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR

PATENT, IT BEING UNDERSTOOD THAT SUCH ASSETS SHALL BE SO CONTRIBUTED OR SOLD "AS IS, WHERE IS" AND IN THEIR PRESENT CONDITION. Such contribution shall be effected by instruments of conveyance, transfer and assignment as Buyer may reasonably request that are reasonably necessary to vest in Subsidiary all of the rights, title and interests of Seller therein.

2.4 Certain Accounts. Notwithstanding any other provision of this Agreement, prior to the Closing Date (a) Seller shall take, and shall cause Subsidiary to take, all action necessary for Subsidiary to pay off or otherwise cause to be zero as of the Closing Date the amounts set forth in Current Requirements - LTD (account 211000 on Subsidiary's balance sheet), Interest Payable/Receivables (accounts 230012, 230013 and 230014 on Subsidiary's balance sheet), LTD Note Payable to BHPH (accounts 240112, 240113 and 240114 on Subsidiary's balance sheet) and LTD Current Requirements Transfer (account 240149 on Subsidiary's balance sheet) and (b) the amounts set forth in Due From Related Companies (accounts 110030, 110031 and 115400 on Subsidiary's balance sheet) (collectively, "Affiliate Receivables") as estimated by Seller as of the Closing Date, shall be netted against the amounts set forth in Due to Related Companies (accounts 200030, 200031, 205031, 205033 and 205072 on Subsidiary's balance sheet) and Income Taxes Payable (accounts 220010 and 220020 on Subsidiary's balance sheet) (collectively, "Affiliate Payables") as estimated by Seller as of the Closing Date, and to the extent that there is a net excess of Affiliate Receivables, then Seller shall make a cash payment to Subsidiary which cash will then be disposed of by Subsidiary prior to the Closing Date, and to the extent there is a net excess of Affiliate Payables, such Affiliate Payables will be contributed to Subsidiary as a contribution to Subsidiary's capital, such that the balances of each of the Affiliate Receivable and Affiliate Payable accounts as of the Closing Date may then be estimated to be zero, it being understood that to the extent any credit or debit balances remain in the Affiliate Receivable or Affiliate Payable accounts after the Closing Date, such balances will be reflected in the Final Adjustment Certificate and any actual net excess of Affiliate Receivables will be paid by Seller to Buyer and any net excess of Affiliate Payables will be paid by Buyer to Seller so that the actual balances of such Affiliates Receivables and Affiliates Payables accounts, as of the Closing Date, are reduced to zero.

2.5 Certain Real Property Matters. (a) Prior to Closing, Seller shall, and shall cause Subsidiary to, use its commercially reasonable efforts (i) to obtain final approval from all necessary Governmental Authorities (including county subdivision and Land Court approvals) for the consolidation and resubdivision of Subsidiary's Real Property known as Lot 2401A with a portion of the adjoining lot 2401B to adjust the property line of Lot 2401A to include the approximately .75 acre parcel upon which reside the feedstock bullet tanks to be contributed to Subsidiary pursuant to Section 2.3, and (ii) to amend the Ground Lease and the Ground Sublease to demise the adjusted Lot 2401A and obtain any necessary consent of third parties to such amendments. If, despite such efforts, Subsidiary is unable to obtain such approval and consent by Closing, Seller shall continue to use its commercially reasonable efforts to obtain such approval and consent and to enter into such amendments, and Seller and Buyer will enter into at the Closing a license of the .75 acre parcel from Closing until such time as Lot 2401A is adjusted to include the .75 acre parcel and the adjusted Lot 2401A is made a part of the Ground Lease and Ground Sublease (the "SNG Plant License"). The SNG Plant License, if any, or a memorandum thereof shall be recorded in the appropriate recording office in the State of Hawaii. Buyer shall have the right to approve any map of such consolidation and

resubdivision, any petition to the Land Court for approval of the same and any SNG Plant License (which approvals shall not be unreasonably withheld).

(b) To the extent the easements demised pursuant to the existing Ground Lease and the Ground Sublease do not grant sufficient easement rights to Subsidiary and its sublessee for its current ingress and egress access for Lot 2401A, or for the current layout of utility lines or Subsidiary-owned pipelines crossing the property of the adjacent refinery of Seller's subsidiary (Lot 2401B), prior to the Closing Seller shall, and shall cause Subsidiary to, use commercially reasonable efforts to: (i) create and demise to Subsidiary and its sublessee pursuant to an amendment of the Ground Lease and the Ground Sublease additional easements such that Subsidiary and its sublessee will obtain all easements necessary for its current ingress and egress access, utility lines and pipelines crossing Lot 2401B; (ii) obtain final approval from all requisite Governmental Authorities (including county subdivision and Land Court approvals) for the creation and recording of such easements; and (iii) obtain all necessary consents of third parties, if any. Upon the demise of such new easements, if any, to Subsidiary and its sublessee, Seller and Subsidiary shall terminate any existing easements which have been replaced by the new easements or which are no longer needed for ingress and egress, for existing utility lines or for existing pipelines. Buyer shall have the right to approve any map reflecting the new easements and any petition to the Land Court for approval of the same (which approvals shall not be unreasonably withheld). In the event that the matters in clauses (i) through (iii) above cannot be completed before Closing, Seller shall grant any license or other appropriate right which would permit Subsidiary and its sublessee to continue to use its current ingress and egress access, utility lines and pipeline crossings until such matters have been completed. If requested by Buyer, such easements, licenses or other rights shall be recorded in the appropriate recording office in the State of Hawaii.

(c) Immediately before the Closing, Seller and Subsidiary shall enter into a license allowing Subsidiary to occupy, for a one-year period commencing as of the Closing Date, the Campbell Industrial Park Property. Such license shall be on a rent-free basis until Subsidiary surrenders to HDOT the Surrender Portion of the Pier 38 Property, whereupon Subsidiary shall pay to Seller a monthly rent equal to the monthly rent Subsidiary had been paying to HDOT with respect to the Surrender Portion. The license shall be set forth in a license agreement (the "Isle Gas License") the terms of which shall be mutually satisfactory to Buyer and Seller. The Isle Gas License shall be terminable by Buyer at any time upon 90 days' prior written notice to Seller. Promptly after execution, the Isle Gas License or a memorandum thereof shall be duly recorded in the appropriate recording office in the State of Hawaii. Buyer shall have the right to extend the Isle Gas License for up to six months beyond the initial one year term, during which time period Buyer and Seller shall negotiate in good faith the terms and conditions of a long-term sublease of a parcel of property owned or leased by Seller or an Affiliate thereof within the Campbell Industrial Park. The rent for such sublease will be based on the fair market value of such subleased parcel, taking into account, among other factors, (i) the specific use of such parcel by Buyer and (ii) the sublease as an encumbrance on such parcel.

(d) Prior to Closing, Seller and Subsidiary shall execute an amendment of the Ground Lease covering Lot 2401A which would modify the Ground Lease to include the following terms:

(i) In the event Buyer prepares to file a new rate case before the PUC with respect to the regulated portion of the Business where new rates would or would likely take effect prior to May 1, 2004, the basic rent under the Ground Lease shall be adjusted for the remainder of the term ending April 30, 2004, effective on the first day of the test year of the new rate case, calculated as provided in the Ground Lease as amended to reflect the matters set forth in clause (ii) below (it being understood that Seller may continue to collect from and after the Closing the additional rent as provided in Section 2 of the Ground Lease);

(ii) The renegotiated annual basic rent for the remaining rental periods (the "Fair Market Ground Rental") shall not exceed seven and one-half percent (7-1/2%) of the market value of the demised land as of the commencement date of the applicable rental period, with the market value of the demised land being as provided in the Ground Lease, except that such determination shall be exclusive of all improvements thereon and after taking into account (*x*) the specific use of the demised land by the lessee under the Ground Lease and (*y*) the Ground Lease as an encumbrance on such land;

(iii) So long as the lessee under the Ground Lease continues to lease and operate, or own and operate, a synthetic natural gas manufacturing facility on the demised land, such lessee shall be granted options, exercisable before the end of the then current term, to extend the term of the Ground Lease for successive 10-year renewal periods, forever and in perpetuity, with the annual basic rent being calculated as provided in the Ground Lease as amended to reflect the matters set forth in clause (ii) above (it being agreed that Seller may continue to collect during any such renewal period the additional rent as provided in Section 2 of the Ground Lease and that the 7-1/2% limitation set forth in such clause (ii) and the 6.0% minimum limitation set forth in Section 1(b) of the Ground Lease shall not apply to renewal periods after April 30, 2039), to enable such lessee to continue to own and operate a synthetic natural gas facility on the demised land (including the existing facility and any modifications or replacements thereof); and

(iv) The lessee under the Ground Lease shall be granted a right to surrender its interest under the Ground Lease to the lessor thereunder at any time during the remaining term of the Ground Lease, including any extensions thereof made pursuant to the foregoing clause (iii), if such lessee shall cease to own or operate a synthetic natural gas facility on the demised land after the Closing Date; *provided, however*, that (1) such cessation shall be effected in compliance with all applicable laws and all contract rights of third Persons, including (if required) the parties to the financing of the construction of the SNG Plant, and (2) this surrender right shall be expressly subject to the existing rights of (*x*) the Owner Trustee under the existing Ground Sublease of the demised land, and (*y*) the Loan Trustee with respect to such financing which, as the mortgagee of the Owner Trustee's interest under such Ground Sublease, has been assigned the Owner Trustee's rights under such Ground Sublease and, as such, the Lessee's surrender right shall not operate to divest such Owner Trustee and such Loan Trustee of their rights under the Ground Sublease to compel an assignment of the lessee's interest under the Ground Lease to a designated party pursuant to the terms and conditions of the Ground Sublease.

(v) The Ground Sublease shall be amended, as may be necessary and as mutually agreed between Buyer and Seller, to conform to the provisions of such amendment of the Ground Lease. Seller shall be responsible for obtaining prior to the Closing Date all necessary consents to such amendments of the Ground Lease and the Ground Sublease. In addition, a memorandum of such amendment of the Ground Lease, in a form approved by Buyer (which approval shall not be unreasonably withheld), shall be recorded in the appropriate recording office in the State of Hawaii on the Closing Date.

(e) Prior to the Closing, Seller and Subsidiary shall file, within a reasonable period of time after the Agreement Date, prosecute and use commercially reasonable efforts to have granted to Subsidiary an administrative application and any other required filing (in each case, in form reasonably satisfactory to Buyer) with the Department of Land Utilization to establish the SNG Plant as an existing use that is separate from the conditional use permit of BHP Petroleum Americas Refinery Inc. and which would permit future construction to be approved under Subsidiary's own use permit. In the event such application or other required filing has not been approved prior to the Closing, Seller shall continue to use commercially reasonable efforts to obtain such approval, and Buyer shall cooperate with Seller in its efforts.

(f) Prior to the Closing, Seller and Subsidiary shall use commercially reasonable efforts to obtain an easement or easements from the appropriate Governmental Authorities which own the land under that certain portion of the gas distribution pipeline leading to the Pier 38 Property, as described in Exhibit A to Disclosure Schedule Section 4.14, including to obtain all necessary approvals and authorizations from the appropriate Governmental Authorities. In the event the execution of such easements, or the approval of any required Governmental Authority has not been obtained prior to the Closing, Seller shall continue to use commercially reasonable efforts to obtain such easements and/or approval, and Buyer shall cooperate with Seller in its efforts.

2.6 Accounting Matters. In addition to the actions required to be taken by Seller and Subsidiary pursuant to Section 2.4, Seller shall take, and shall cause Subsidiary to take, all action necessary to effect, prior to the Closing Date, the following transactions:

(a) The balance in Subsidiary's balance sheet account entitled Rate Case Cost (which is included in the balance sheet account entitled Regulatory Assets-net) shall be reduced to the amount permitted by Decision and Order No. 15176, Docket No. 94-0307, filed on November 20, 1996 with the PUC, as properly amortized through the Closing Date, and all other Subsidiary account balance adjustments that may be required by GAAP as a result of such Decision and Order shall be made;

(b) Any adjustments to the outstanding balances on Subsidiary's accounting records that may be required by GAAP as a result of selling the Iwilei Property as contemplated by Section 6.10 or otherwise complying with any terms or conditions imposed by the PUC pursuant to a Final Order on Subsidiary in connection with such sale of the Iwilei Property shall be made;

(c) The balance in Subsidiary's "Work in Progress" account (account 149000) shall be reduced by the aggregate amount thereof that relates to design, survey or other work concerning the Iwilei Property (without duplication of any reduction made to such account pursuant to subsection 2.6(b));

(d) The balance in Subsidiary's "Post-Retirement Benefits" account (account 261077) shall be adjusted so as to include only obligations for Union Transferred Employees; and

(e) If Seller so elects, write off any or all accounts receivable of Subsidiary which are then more than 90 days past due.

ARTICLE III
CLOSING

3.1 Closing. Subject to the fulfillment or waiver of the conditions precedent set forth in Articles VII and VIII, the consummation of the purchase and sale of the Stock (the "Closing") shall take place at the offices of Cades Schutte Fleming & Wright, 1000 Bishop Street, Honolulu, Hawaii, at 5:00 a.m., local time, (a) on the last business day of the month in which all such conditions are fulfilled or waived, effective as of 11:59 p.m. as of the last calendar day of such month, or (b) at such other date, time or place as the parties hereto may agree upon in writing. The date and time of the Closing are referred to herein as the "Closing Date."

3.2 Seller Obligations at Closing. At the Closing, Seller shall deliver or cause to be delivered to Buyer:

(a) Certificates representing the Stock, duly endorsed in blank for transfer or accompanied by duly executed stock powers assigning the Stock in blank;

(b) The opinion of the General Counsel of Seller referred to in Section 7.9;

(c) Certificates of duly authorized officers of Seller, dated the Closing Date, certifying as to the matters set forth in Section 7.10;

(d) Each Ancillary Agreement, duly executed by Seller or an Affiliate thereof (including Subsidiary when Subsidiary is a designated party thereto);

(e) Resignations effective as of the Closing of all the officers and directors of Subsidiary; and

(f) The Charter and Bylaws, as amended to date, minute books, stock transfer books and corporate seals of Subsidiary.

3.3 Buyer Obligations at Closing. At the Closing, Buyer shall deliver or cause to be delivered to Seller:

(a) The Purchase Price (plus or minus any adjustment thereto estimated in accordance with subsection 2.2(b)), by wire transfer of immediately available funds to Seller's account as specified by Seller not less than five days before the Closing Date (it being understood that should the Closing occur on a non-business day, such wire transfer shall be made on the next business day together with interest from the Closing Date at the prime rate announced from time to time by First Hawaiian Bank);

(b) The opinion of the General Counsel of Buyer, referred to in Section 8.5;

(c) Certificates of duly authorized officers of Buyer, dated the Closing Date, certifying as to the matters set forth in Section 8.6; and

(d) Each Ancillary Agreement to which Buyer is a party, duly executed by Buyer.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer as follows:

4.1 Organization. (a) Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Hawaii and has full corporate power and corporate authority to own its assets and properties and to conduct its business as and where it is now being conducted.

(b) Subsidiary is a corporation duly organized, validly existing and in good standing under the laws of the State of Hawaii and has full corporate power and corporate authority to own its assets and properties and to conduct the Business as and where it is now being conducted. By virtue of the nature of the properties owned or leased by Subsidiary and the Business conducted by it, Subsidiary is not required to qualify to transact business as a foreign corporation in any jurisdiction, except where the failure to be so qualified is not reasonably likely to result in a Material Adverse Effect.

(c) Except as set forth in Disclosure Schedule Section 4.1, Subsidiary has no wholly or partially owned subsidiaries and has no equity or debt investment in any Person.

4.2 Authorization. (a) Seller has full corporate power and corporate authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by Seller (i) have been duly authorized by all necessary corporate action on the part of Seller and (ii) do not require approval of Seller's stockholders. This Agreement has been duly executed and delivered by Seller. This Agreement constitutes a legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or

other similar laws affecting the enforcement of creditors' rights generally and general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity).

(b) Seller and Subsidiary each have full corporate power and corporate authority to enter into the Ancillary Agreements to which it is a party and to consummate the transactions contemplated thereby. The execution and delivery of the Ancillary Agreements and the consummation of the transactions contemplated thereby by Seller and Subsidiary have been duly authorized by all necessary corporate action on the part of Seller and Subsidiary. Each Ancillary Agreement to which either Seller or Subsidiary is a party, when executed and delivered by Seller or Subsidiary, will constitute a legal, valid and binding obligation of Seller or Subsidiary, as the case may be, enforceable against Seller or Subsidiary in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity).

(c) Except (i) for compliance with the notification filing and waiting period requirements of the HSR Act, (ii) for receipt of the PUC Approval and (iii) as otherwise set forth in Disclosure Schedule Section 4.2(c), no consent, waiver, approval, order or authorization of, notice to, or registration, declaration, designation, qualification or filing with, any Governmental Authority or third Person, domestic or foreign, is or has been or will be required on the part of Seller and Subsidiary in connection with the execution and delivery of this Agreement or any Ancillary Agreement or the consummation by them of the transactions contemplated hereby or thereby (including the Merger), other than where the failure to obtain such consents, waivers, approvals, orders or authorizations or to make or effect such registrations, declarations, designations, qualifications or filings is not reasonably likely to (*x*) prevent or materially delay consummation of the transactions contemplated by this Agreement and the Ancillary Agreements, (*y*) prevent Seller and its Affiliates from performing their obligations under this Agreement and the Ancillary Agreements or (*z*) result in a Material Adverse Effect.

4.3 Non-Contravention. Except as set forth in Disclosure Schedule Section 4.3, neither the execution and delivery of this Agreement or any Ancillary Agreement by Seller or Subsidiary, nor the consummation by them of the transactions contemplated hereby or thereby (including the Merger), will violate or conflict with (a) any provision of Seller's or Subsidiary's Charter or Bylaws, (b) any statute, law, regulation or Governmental Order to which Seller, Subsidiary or the assets and properties of Seller and Subsidiary are bound or subject, (c) any Commitment to which the Subsidiary is a party or by which it or any of its properties may be bound or subject or (d) any agreement, contract or commitment material to Seller and its subsidiaries taken as a whole to which Seller is a party or by which it or any of its properties may be bound or subject, except, with respect to clauses (b), (c) and (d), for such violations and conflicts which are not reasonably likely to (i) prevent or materially delay consummation of the transactions contemplated by this Agreement or the Ancillary Agreements, (ii) prevent Seller or Subsidiary from performing their obligations under this Agreement or the Ancillary Agreements or (iii) result in a Material Adverse Effect.

4.4 Financial Statements. (a) Disclosure Schedule Section 4.4(a) sets forth the unaudited balance sheet for Subsidiary as at September 30, 1996 (the "Balance Sheet") and the audited balance sheet of Subsidiary as at May 31, 1996 and audited statements of income of Subsidiary for the fiscal years ended May 31, 1996 and May 31, 1995 (collectively, the "Financial Statements"). Except as set forth in Disclosure Schedule Section 4.4(a), the Financial Statements have been prepared in accordance with GAAP applied on a basis consistent with prior periods. Except as set forth in Disclosure Schedule Section 4.4(a), the balance sheets included in the Financial Statements present fairly, in all material respects, the financial condition of Subsidiary as at their respective dates and the income statements included in the Financial Statements present fairly, in all material respects, the results of operations of Subsidiary for the periods covered thereby. The books and records of Seller from which the Financial Statements were prepared were complete and accurate in all material respects at the time of such preparation.

(b) To the knowledge of Seller, Subsidiary has no Liabilities, except for Liabilities (i) reflected in the Balance Sheet, (ii) listed in Disclosure Schedule Section 4.4(b), (iii) incurred by Subsidiary in the ordinary course of business since the date of the Balance Sheet, (iv) which in the aggregate are less than $100,000, or (v) which arise under any Environmental Law or Environmental Permit or otherwise are described in subsection 9.2(c) through subsection 9.2(g) or subsection 9.3(c). As used in this subsection 4.4(b), the term "Liabilities" shall only mean claims of creditors and Governmental Authorities against Subsidiary arising out of activities, operations or transactions of Subsidiary occurring before the Closing Date which have been asserted against Subsidiary in writing or could reasonably be expected to be asserted within the 18-month period following the Closing Date and that have become due or accrued or could reasonably be expected to become due or accrued within the 18-month period following the Closing Date, but excluding any Liabilities under permits, licenses, orders, approvals, authorizations, contracts, agreements or commitments for future payments or performance where Subsidiary is not currently in material violation of or default under any provision thereof.

(c) To the knowledge of Seller, as of the Agreement Date there has been no event or occurrence, or combination thereof, which is reasonably likely to have in the reasonably foreseeable future a Material Adverse Effect.

4.5 Absence of Certain Changes. Except as described in Disclosure Schedule Section 4.5, since the date of May 31, 1996:

(a) Subsidiary has not suffered any damage or destruction adversely affecting the Business or the tangible assets owned or leased by Subsidiary that has had or is reasonably likely to result in a Material Adverse Effect;

(b) Subsidiary has not incurred, assumed or become subject to any additional indebtedness for money borrowed or purchase money indebtedness, except in the ordinary course of business;

(c) Subsidiary has not made any change in the compensation levels of the senior executives of Subsidiary, any changes in the manner in which other employees of

Subsidiary generally are compensated, or any provision of additional or supplemental benefits for employees of Subsidiary generally, except normal periodic increases or promotions effected in the ordinary course of business;

(d) Subsidiary has not entered into any transaction not in the ordinary course of business, except as permitted or contemplated by this Agreement or any Ancillary Agreement;

(e) except for changes affecting the gas or propane distribution industry generally, no Material Adverse Effect has occurred;

(f) to the knowledge of Seller, there has not been any written communication to Seller or Subsidiary from any customers or suppliers or Governmental Authority which is reasonably likely to result in the reasonably foreseeable future in a Material Adverse Effect;

(g) through the Agreement Date, there has not been any renegotiation or replacement of any material purchase, supply, storage or transportation contract of the Business containing terms less favorable to Subsidiary or the Business than the terms of the contract so renegotiated or replaced; and

(h) Subsidiary has not agreed, whether in writing or otherwise, to take any action described in this Section 4.5.

4.6 Title to Stock and Assets. (a) All of the issued and outstanding shares of capital stock of Subsidiary, which consists only of the Stock, are owned of record and beneficially by Seller, free and clear of any Encumbrance. Upon delivery to Buyer of the certificate for the Stock in accordance with this Agreement, assuming that Buyer pays the consideration contemplated by this Agreement and has no notice of any adverse claim, good and valid title to the Stock represented by such certificate will have been transferred to Buyer, free and clear of any Encumbrances. Neither Seller nor Subsidiary has received any notice of any adverse claim to Seller's title to the Stock.

(b) Except as set forth in Disclosure Schedule Section 4.6, and except for the Real Property, Subsidiary has good title to all of the assets and properties which it purports to own (including those reflected on the Balance Sheet), except for assets and properties sold, consumed or otherwise disposed of in the ordinary course of business since the date of the Balance Sheet, free and clear of any Encumbrance, other than Permitted Liens. As of the Closing Date, Subsidiary will have good title to the assets and properties contributed to it by Seller pursuant to Section 2.3. Seller makes no representation or warranty as to Subsidiary's title to the Real Property except that since March 18, 1989 no Encumbrance, other than Permitted Liens, has been placed on the Real Property by, through or under Subsidiary.

4.7 Real Property. (a) Disclosure Schedule Section 4.7(a) lists each parcel of real property which Subsidiary purports to own (the "Owned Real Property"). Except as identified in Disclosure Schedule Section 4.7(a), neither Seller nor Subsidiary has received any written notice of any adverse claim to Subsidiary's purported title to any of the Owned Real Property.

(b) Disclosure Schedule Section 4.7(b) contains an accurate and complete list of all (i) material easement rights held by Subsidiary (collectively, the "Easement Rights") and (ii) real property leased or subleased by Subsidiary (the "Leased Real Property" and, together with the Owned Real Property and the Easement Rights, the "Real Property"). All Easement Rights and leases and subleases of such Leased Real Property by Subsidiary (*x*) are legal, valid and binding obligations of Subsidiary, enforceable against Subsidiary in accordance with their terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity), and are in full force and effect, and (*y*) originals or copies of which that were accurate and complete as of the date provided have been made available to Buyer (in accordance with the terms of the Confidentiality Agreement) for review. Subsidiary enjoys peaceful and undisturbed possession under all Easement Rights and leases and subleases of Leased Real Property, and, to Seller's knowledge, all grantors under any Easement Right and all lessors under any lease or sublease of Leased Real Property (1) are not (with or without notice or the lapse of time, or both) in material breach or default thereunder, (2) have performed all material obligations required to be performed by it thereunder, and (3) have not given written notice to Seller or Subsidiary of their intent to terminate such Easement Right or lease or sublease of Leased Real Property.

4.8 Intellectual Property. Disclosure Schedule Section 4.8 contains an accurate and complete list of (a) all patents throughout the world, (b) all registered and unregistered trademarks, trade names and service marks and applications therefor throughout the world, (c) all copyrights and applications therefor throughout the world, and (d) all licenses relating to any of the foregoing, in each case used or held for use by Subsidiary primarily in the operation of the Business (collectively, the "Intellectual Property"). Except as set forth in Disclosure Schedule Section 4.8, Subsidiary is the sole and exclusive owner or licensee of, with all right, title and interest in and to (free and clear of any Encumbrances, other than Permitted Liens), the Intellectual Property. The use of any such Intellectual Property in the conduct of the Business as presently conducted does not violate in any material respect any license agreement between Subsidiary and any third Person.

4.9 Litigation. Except with respect to environmental matters, which are covered by Section 4.12, and except as listed in Disclosure Schedule Section 4.9, there is no Action pending or, to the knowledge of Seller, threatened against Subsidiary, whether at law or in equity, or before or by any Governmental Authority, nor is there any Governmental Order to which Subsidiary or any of its properties or assets are subject or bound which relates to the Business (other than any Governmental Order that may be applicable generally to the industry in which the Business operates).

4.10 Employee Benefit Matters. (a) Disclosure Schedule Section 4.10 sets forth an accurate and complete list as of January 1, 1997 of the name, 1996 total compensation (including 1996 bonuses and commissions), title, current base salary rate, 1996 bonus, commissions and accrued unused vacation benefits of each then employee of Subsidiary, and whether or not such employee is actively at work and, if not, the reason that such employee was then not actively at work ("Business Employee"). At the Closing, Seller shall deliver to Buyer an updated Disclosure Schedule Section 4.10 which shall provide all of the information required

under the preceding sentence as of the most recent practicable date prior to the Closing. Disclosure Schedule Section 4.10 sets forth an accurate and complete list of (i) each "Employee Benefit Plan," as such term is defined in Section 3(3) of ERISA, which is covered by any provision of ERISA and which is maintained by Seller, Subsidiary or any of their Affiliates for the benefit of the Business Employees; (ii) to the extent not disclosed in (i), each plan, contract, program, policy, practice or arrangement, whether written or oral, funded or unfunded, providing stock options, stock ownership, stock purchase or award, phantom stock, stock appreciation rights, deferred compensation, retirement, insurance, flexible spending, dependent care, fringe benefit, vacation pay, holiday pay, sick pay, workers compensation, severance or termination pay, supplemental unemployment benefits, employee loans, educational assistance, incentive, bonus, or other profit-sharing arrangements for the benefit of Business Employees (all in the preceding clauses (i) and (ii) being collectively referred to as "Employee Plans"); and (iii) an accurate and complete list of all collective bargaining, union or other employee association agreements, employment, managerial, advisory, and consulting agreements, employee confidentiality agreements, and all other material agreements, policies, or arrangements maintained by Seller or Subsidiary for Business Employees. Seller has delivered to Buyer copies, which were accurate and complete as of the date so delivered, of all such documents and (if applicable) summary plan descriptions with respect to such plans, agreements and arrangements, or summary description(s) of any such plans, agreements or arrangements not otherwise in writing. At the Closing, Seller shall deliver to Buyer an accurate and complete list of all Current Employees who, as of the most recent practicable date prior to the Closing Date, are receiving, or have applied for, long or short term disability benefits, and an accurate and complete list of all loan balances outstanding with respect to Current Employees as of the most recent practicable date prior to the Closing Date under Seller's Retirement Savings Plan.

(b) Except as disclosed in Disclosure Schedule Section 4.10 and to the knowledge of Seller, (i) each Employee Plan which is intended to be qualified is so qualified in form and operation in all material respects, and nothing has occurred which would adversely affect the qualified status of such Employee Plans; (ii) each Employee Plan has been operated in accordance with its provisions and in material compliance with the statutes, rules and regulations governing each such Employee Plan; (iii) no "disqualified person" or "party-in-interest" (as defined in Section 4975 of the Code and Section 3(14) of ERISA) has engaged in any prohibited transaction, as such term is defined in Section 4975 of the Code or Section 406 of ERISA, which could subject Seller, Subsidiary, any of their Employee Plans (or their related trusts), or Buyer, to any material liability under Section 4975 of the Code or Section 502(i) of ERISA; (iv) with respect to any Employee Plan, no event has occurred and there has been no failure to act upon the part of Seller, Subsidiary, a fiduciary of any Employee Plan or a "plan official" (as defined in Section 412 of ERISA) that could subject Seller, Subsidiary, any Employee Plan or Buyer to the imposition of any material Tax or penalty; (v) there are no Actions pending (other than routine claims for benefits) regarding any Employee Plan; (vi) each Employee Plan has been maintained in compliance with the minimum funding standards of ERISA and the Code where applicable and has not incurred any "accumulated funding deficiency" (as defined in ERISA) whether or not waived; (vii) no steps have been taken to terminate any of Seller's or Subsidiary's Employee Plans and no proceeding has been initiated by the Pension Benefit Guaranty Corporation ("PBGC") to terminate any such Employee Plan or to appoint a trustee to administer any such Employee Plan; (viii) no "reportable event" within the meaning of Section 4043 of ERISA and the regulations thereunder has occurred with respect

to any Employee Benefit Plan which must be reported to PBGC; (ix) each Employee Plan which is a group health plan has been operated and administered in compliance with the continuation coverage requirements of Section 4980B of the Code and Part 6 of Title I of ERISA; (x) none of Seller, Subsidiary or their Affiliates currently contributes to any multiemployer plan as defined in Section 3(37) that is subject to Title IV of ERISA, and there has not been any complete or partial withdrawal, as such terms are respectively defined in Sections 4203 and 4205 of ERISA (and as such terms may be defined in any Employee Plan that is a welfare plan) from any Employee Plan that is a pension or welfare multiemployer plan that could result in withdrawal liability for Seller, Subsidiary, their Affiliates or Buyer, whether directly or as a result of controlled group liability; (xi) the maximum deductible contribution has been made to Seller's Union Pension Plan for the 1996 plan year; (xii) all contributions and premiums that would normally be made or paid with respect to any Employee Plan on behalf of Transferred Employees by the Closing Date will have been made by the Closing Date; and (xiii) as of the Closing Date no Transferred Employee will be excluded from coverage under Seller's or Subsidiary's medical plan as the result of a preexisting condition.

(c) To the knowledge of Seller, each Employee Benefit Plan has been established and administered in all material respects in accordance with the material terms of ERISA and the applicable provisions of the Code.

4.11 Taxes. (a) Except as set forth in Disclosure Schedule Section 4.11, (i) Seller or Subsidiary has filed or caused to be filed (or will file or cause to be filed) with the appropriate Taxing Authorities all Tax Returns required to be filed on or prior to the Closing Date (taking into account all extensions of due dates) by or with respect to Subsidiary and has paid or adequately provided for (or will pay or adequately provide for) all Taxes shown thereon as owing, except where the failure to file such Tax Returns or pay any such Taxes would not, or could not reasonably be expected to, have a Material Adverse Effect after the Closing Date, (ii) all such Tax Returns were or will be correct and complete in all material respects, and (iii) to the knowledge of Seller or Subsidiary, all withholding Tax requirements imposed on or with respect to Subsidiary have been or will be satisfied in full in all respects.

(b) Subsidiary, as a member of a consolidated group, has been subject to normal and routine audits, examinations and adjustments of Taxes from time to time, but there are no current audits or audits for which notification has been received (in either case, with respect to Subsidiary), other than those set forth in Disclosure Schedule Section 4.11.

(c) Except as set forth in Disclosure Schedule Section 4.11, no material assessment, deficiency or adjustment for any Taxes has been asserted, or to the knowledge of Seller proposed, with respect to any Tax Return of or with respect to Subsidiary.

(d) Except as set forth in Disclosure Schedule Section 4.11, there is not in force any extension of time with respect to the due date for the filing of any Tax Return of or with respect to Subsidiary or any waiver or agreement for any extension of time for the assessment or payment of any Tax of or with respect to Subsidiary.

(e) Except for Taxes due with respect to Tax Returns that will be paid by Seller or the parent of the consolidated group, the accounting records of Subsidiary will include

as of the Closing Date adequate provisions for the payment (within an immaterial amount) of all Taxes of Subsidiary for all taxable periods or portions thereof through the Closing Date.

(f) All accrued rights or obligations under any written or unwritten Tax allocation or sharing agreements or arrangements affecting Subsidiary are reflected in the intercompany accounts of Subsidiary. All such Tax allocation or sharing agreements or arrangements have been or will be cancelled on or prior to the Closing Date. No payments are or will become due by Subsidiary after the Closing Date pursuant to any such agreement or arrangement for periods from and after the Closing Date.

(g) Except as set forth in Disclosure Schedule Section 4.11, none of the property of Subsidiary is held in an arrangement for which partnership Tax Returns are being filed, and Subsidiary does not own any interest in any controlled foreign corporation (as defined in Section 957 of the Code) or passive foreign investment company (as defined in Section 1296 of the Code).

(h) Except as set forth in Disclosure Schedule Section 4.11, none of the property of Subsidiary is subject to a safe-harbor lease (pursuant to Section 168(f)(8) of the Internal Revenue Code of 1954 as in effect after the Economic Recovery Act of 1981 and before the Tax Reform Act of 1986) or is "tax-exempt use property" (within the meaning of Section 168(h) of the Code) or "tax-exempt bond financed property" (within the meaning of Section 168(g)(5) of the Code).

(i) Except as set forth in Disclosure Schedule Section 4.11, Subsidiary will not be required to include any amount in income for any taxable period beginning after the Closing Date as a result of a change in accounting method for any taxable period ending on or before the Closing Date or pursuant to any agreement with any Taxing Authority with respect to any such taxable period.

(j) Subsidiary has not consented to have the provisions of Section 341(f)(2) of the Code apply with respect to a sale of its stock.

(k) Neither Seller nor Subsidiary will, as a result of the transactions contemplated by this Agreement, be obligated to make a payment to an individual that would be a "parachute payment" to a "disqualified individual" as those terms are defined in Section 280G of the Code without regard to whether such payment is reasonable compensation for personal services performed or to be performed in the future.

4.12 Environmental Matters. Except as listed in Disclosure Schedule Section 4.12, neither Seller nor Subsidiary has received any written notice from any Governmental Authority that Subsidiary is in violation of any Environmental Law in any material respect arising out of Subsidiary's current ownership, use or operation of its assets or properties or the current operation of the Business. Except as listed in Disclosure Schedule Section 4.12, neither Seller nor Subsidiary has received, since January 1, 1992, any written notice from any Governmental Authority that Subsidiary is in violation of any Environmental Law in any material respect arising out of Subsidiary's former ownership, use or operation of its assets or properties or the former operation of the Business. Except as listed in Disclosure Schedule Section 4.12,

there are no pending or, to Seller's knowledge, threatened Actions with respect to Subsidiary's compliance with Environmental Laws or its Environmental Permits. Except as listed in Disclosure Schedule Section 4.12, neither Seller nor Subsidiary has received any written notice from any Governmental Authority that Subsidiary does not have all Environmental Permits required by Environmental Laws for the ownership, use or operation by Subsidiary of its assets or properties or the operation of the Business by Subsidiary (other than any Environmental Permit the absence of which is not reasonably likely to materially and adversely affect the use of such assets or properties or the operation thereof). Disclosure Schedule Section 4.12 contains an accurate and complete list of all Environmental Permits held as of the Agreement Date by Subsidiary, all of which are in full force and effect. At the Closing, Seller shall deliver to Buyer an updated Disclosure Schedule Section 4.12 which shall reflect all Environmental Permits issued from the Agreement Date through the Closing Date, and all such Environmental Permits will be in full force and effect. To the knowledge of Seller, Subsidiary is, and on the Closing Date will be, in compliance in all material respects with the Environmental Permits listed in Disclosure Schedule Section 4.12 as attached or as updated, as the case may be. To the knowledge of Seller, neither Seller nor Subsidiary has actually determined, after consultation with counsel, that Subsidiary, as of the Agreement Date or at any time thereafter through the Closing Date, is in violation of any Environmental Law in any material respect arising out of Subsidiary's ownership, use or operation of its assets or properties or the operation of the Business because of any fact actually known to Seller as of the Agreement Date or at any time thereafter; *provided, however*, that this representation does not extend to the environmental matters identified in Section 6.11. To Seller's knowledge, Subsidiary has disposed of all Hazardous Materials removed from the Real Property in material compliance with applicable solid waste or hazardous waste laws. Except as set forth in Disclosure Schedule Section 4.12, as of the Agreement Date, no environmental remediation or other environmental response is occurring on any Real Property, nor has Subsidiary or Seller issued a Request for Proposal or otherwise asked an environmental remediation contractor to begin plans for such environmental remediation or other environmental response; *provided, however*, that Buyer understands that Seller is in the course of complying with the requirements of the EPA for corrective action at its Isle Gas facility at the Campbell Industrial Park (the "Campbell Industrial Park Property") as specified in subsection 6.11(b) and has potential remedial obligations to HDOH at the Pier 38 Property resulting from its inclusion within the area designated by HDOH as the Honolulu Harbor State Superfund Site.

4.13 Contracts and Commitments. Disclosure Schedule Section 4.13 contains an accurate and complete list of each contract, agreement or commitment of Subsidiary (a) to which Subsidiary or any of its assets or properties is bound and which requires total payments to or by Subsidiary of at least $75,000 annually (in any case, other than propane and synthetic natural gas supply contracts with customers of Subsidiary), (b) to which Subsidiary or any of its assets or properties is bound and which has a remaining term longer than one year, which requires total payments by Subsidiary of at least $75,000 during such term and which is not terminable on 30 or fewer days' notice without penalty (in any case, other than propane and synthetic natural gas supply contracts with customers of Subsidiary); (c) with customers or suppliers for the sharing of fees, the rebating of charges, barter arrangements or other substantially similar arrangements; (d) containing covenants limiting the freedom of Subsidiary to compete in any line of business or with any Person in any geographical area; (e) calling for the proposed acquisition of any operating business; (f) relating to the proposed purchase or sale

of any material assets or properties of Subsidiary; (g) to which it is a party or by which any of its assets or properties are bound relating to indebtedness for borrowed money, including capital leases, security agreements relating thereto and any amendment or waiver thereof; (h) constituting vehicle leases; (i) to provide capital or funds by way of a loan or guaranty of a loan; and (j) with Seller or any Affiliate thereof (collectively, the "Commitments"). Each Commitment is a legal, valid and binding obligation of Subsidiary, enforceable against Subsidiary in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity). Except as set forth in Disclosure Schedule Section 4.13, Subsidiary is not, nor to Seller's knowledge is any other party thereto, in default in any material respect under any of the Commitments. Except as set forth in Disclosure Schedule Section 4.13, since May 31, 1996, neither Seller nor Subsidiary has received written notice of cancellation or termination of any Commitment from any other party thereto.

4.14 Permits and Other Operating Rights. Except as set forth in Disclosure Schedule Section 4.14 and except with respect to Environmental Permits (which are covered separately in Section 4.12), Subsidiary possesses all permits, licenses, orders, approvals and authorizations required by any applicable law, statute, regulation or Governmental Order, or by the property and contract rights of third Persons, materially necessary to permit the operation of the Business in the manner in which it is currently being conducted by Subsidiary and to permit the current occupancy of the Real Property. To Seller's knowledge, neither Subsidiary nor Seller has received written notice from any Governmental Authority that any such permit, license, order, approval or authorization has been revoked or terminated.

4.15 Labor Matters. Except for the Collective Bargaining Agreement, no employee of Subsidiary is covered under any collective bargaining agreement. Except to the extent set forth in Disclosure Schedule Section 4.15: (a) there is no unfair labor practice complaint against Seller or Subsidiary pending or, to the knowledge of Seller, threatened before the National Labor Relations Board or any comparable state or local Governmental Authority, (b) there is no labor strike, slowdown or stoppage actually pending or, to the knowledge of Seller, threatened against or directly affecting Subsidiary, and (c) no grievance or any Action arising out of or under collective bargaining agreements is pending or, to the knowledge of Seller, threatened against Subsidiary.

4.16 Capitalization of Subsidiary. The authorized capital stock of Subsidiary consists of (a) 3,000,000 shares of common stock, $6-2/3 par value per share, 960,000 shares of which are issued, outstanding and owned of record and beneficially by Seller and constitute the Stock to be sold to Buyer hereby; and (b) 37,500 shares of 5-5/8% Cumulative Preferred Stock, Series B, $20 par value per share; 40,000 shares of 4.90% Cumulative Preferred Stock, Series C, $20 par value per share; 75,000 shares of 8-1/4% Cumulative Preferred Stock, Series D, $20 par value per share; 50,000 shares of 9% Cumulative Preferred Stock, Series E, $20 par value per share; and 375,000 shares of Preferred Stock, $20 par value per share, none of which are issued or outstanding. The shares of Stock have been validly issued and are fully paid and nonassessable. No other equity securities of Subsidiary, no securities convertible into, exchangeable for or carrying the right to acquire equity securities of Subsidiary, or other

arrangements or commitments (other than this Agreement) obligating Subsidiary to issue or dispose of any of its equity securities or any ownership interest therein, are authorized, issued or outstanding.

4.17 No Brokers. Except with respect to Seller's engagement of J.P. Morgan & Co. Incorporated, the fees and expenses of which will be paid by Seller, neither Seller nor any of its directors, officers or employees has employed any broker, finder or investment banker or incurred any Liability for any brokerage fees, commissions, finders' fees or similar fees in connection with the transactions contemplated by this Agreement.

4.18 Disclaimer. Except as otherwise expressly set forth in this Article IV, Seller expressly disclaims any representations or warranties of any kind or nature, express or implied, as to the condition, value or quality of the assets or properties currently or formerly used, operated, owned, leased, controlled, possessed, occupied or maintained by Subsidiary, and Seller SPECIFICALLY DISCLAIMS ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO SUCH ASSETS OR PROPERTIES, OR ANY PART THEREOF, OR AS TO THE WORKMANSHIP THEREOF, OR THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT, IT BEING UNDERSTOOD THAT SUCH ASSETS AND PROPERTIES ARE BEING ACQUIRED "AS IS, WHERE IS" ON THE CLOSING DATE, AND IN THEIR PRESENT CONDITION, WITH ALL FAULTS, AND THAT BUYER SHALL RELY ON ITS OWN EXAMINATION AND INVESTIGATION THEREOF.

4.19 Correct Records. The original cost documentation regarding the tangible assets of Subsidiary and the accounting books and financial and property records of Subsidiary are correct and complete in all material respects and, to the knowledge of Seller, conform in all material respects with the orders, rules and regulations of the PUC.

4.20 Public Utility Holding Company Status. Neither Seller nor Subsidiary is a "Holding Company," a "Subsidiary Company" or an "Affiliate" of a "Holding Company" within the meaning of the Public Utility Holding Company Act of 1935, as amended ("PUHCA"). Seller has perfected a valid exemption with respect to such status.

4.21 Gas Franchise Act. The Gas Franchise Act (Act 262, Session Laws of Hawaii of 1967) (the "Gas Franchise Act"), as unamended, serves as the operating authority for Subsidiary rather than a Certificate of Public Convenience and Necessity otherwise required of public utilities pursuant to Chapter 269, Hawaii Revised Statutes. The Gas Franchise Act does not obligate Subsidiary to serve the entire area of the State of Hawaii. Except as set forth in Disclosure Schedule Section 4.21, Subsidiary is not a party as of the Agreement Date to any action before the PUC. As of the Agreement Date, Subsidiary has filed with the PUC all regulatory filings which are required to be so filed through the Agreement Date by the orders, rules and regulations of the PUC.

4.22 Regulation As a Public Utility. Subsidiary operates and is regulated as a public utility only in the State of Hawaii. Except as stated in this Section 4.22, and except with respect to Section 9(a)(2) of PUHCA, Subsidiary is not subject to regulation as a public

utility or public service company (or similar designation) by any other federal or state agency in the United States or any similar regulatory authority in any foreign country. Except as set forth in Disclosure Schedule Section 4.22, as of the Agreement Date, Seller has no present intention to make any rate filing or take any other action seeking to change the rates, charges, standards of service or accounting of Subsidiary from those in effect on the Agreement Date, or seeking to effect with the PUC any agreement, commitment, arrangement or consent with respect thereto.

4.23 Assets Necessary to the Business. Except for services and assets made available to Buyer pursuant to the Ancillary Agreements or as set forth in Disclosure Schedule Section 4.23, immediately before the Closing Date Subsidiary will hold or have the right to use in the Business all of the assets and properties (including all licenses and agreements) currently being used (except those disposed of in the ordinary course of business or otherwise as permitted by this Agreement) or which are reasonably necessary to carry on the Business as currently conducted.

4.24 Compliance With Law. Except (a) for compliance with federal pipeline safety statutes and regulations with respect to Subsidiary's pipelines and related equipment (other than the SNG Plant) or (b) with respect to Environmental Laws, which are covered by Section 4.12: (i) since March 18, 1989, Subsidiary has not violated any law, statute or regulation which has subjected it to a material fine or material penalty and (ii) as of the Agreement Date Subsidiary is in compliance in all material respects with all laws, statutes or regulations applicable to Subsidiary the noncompliance with which might result in the imposition on Subsidiary of a material fine or penalty.

4.25 Accuracy of Information Furnished. (a) Regarding matters arising under Environmental Laws or Environmental Permits: to the knowledge of Seller, (i) the documents contained in the Data Room made available to Buyer at Seller's offices in Honolulu, Hawaii (the "Data Room") prior to the Agreement Date and those provided otherwise by Seller to Buyer identify all environmental issues of which Seller is aware and which, in Seller's reasonable opinion, a reasonable prospective acquiror of Subsidiary would deem to be material in its decision to acquire Subsidiary; and (ii) Seller has provided to Buyer in all material respects the results of media sampling (*i.e.*, soil, groundwater, surface water or air) collected by Seller or Subsidiary since January 1, 1992 on or beneath the Real Property.

(b) Regarding matters arising other than under Environmental Laws or Environmental Permits, to the knowledge of Seller:

(i) the information contained in the documents contained in the Data Room was true and complete in all material respects as of its date of preparation; and Seller made a good faith effort to include in the Data Room all documents which, in Seller's reasonable opinion, a reasonable prospective acquiror of Subsidiary would deem to be material in its decision to acquire Subsidiary; and

(ii) Seller did not intentionally and consciously decide to (1) exclude from the Data Room, (2) withhold from Buyer in response to Buyer's requests for additional information made before the Agreement Date or (3) not make available before the

Agreement Date for review by Buyer or its agents at the SNG plant or Kamakee Street offices any document in existence before the Agreement Date relating to the operation of the Business as currently conducted which, in Seller's reasonable opinion, a reasonable prospective acquiror of Subsidiary would deem to be material in its decision to acquire Subsidiary.

(c) None of the information set forth in this Article IV or the Disclosure Schedule, as of the Agreement Date, is inaccurate or incomplete in any material respect.

(d) No statement furnished by Seller for inclusion in any filing with the PUC in connection with obtaining the PUC Approval will contain, as of the date such information is so provided, any untrue statement of a material fact or will omit to state, as of the date such information is so provided, any material fact which is necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

4.26 Insurance. Disclosure Schedule Section 4.26(a) contains an accurate and complete list of Subsidiary's material insurance policies (the "Insurance Policies") in effect on the Agreement Date. The Insurance Policies are in full force and effect as of the Agreement Date and the premiums due thereon have been duly and timely paid through the Agreement Date. Seller has made available to Buyer the most current (prior to the Agreement Date) statement of values of property of an insurable nature previously submitted to an insurer of Subsidiary as a basis for the calculation of premiums relative to Subsidiary's material assets and material properties as presently insured that is in the possession of Seller or Subsidiary. Disclosure Schedule Section 4.26(a) contains a materially complete list of the open claims against Subsidiary as of the Agreement Date and a brief description of any self-insurance levels, underlying limits and deductibles for such claims. The information set forth in Disclosure Schedule Section 4.26(b) is accurate in all material respects.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller as follows:

5.1 Organization. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has full corporate power and corporate authority to own its assets and properties and to conduct its business as and where it is now being conducted.

5.2 Authorization. (a) Buyer has full corporate power and corporate authority to enter into this Agreement and the Ancillary Agreements and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and such Ancillary Agreements and the consummation of the transactions contemplated hereby and thereby by Buyer have been duly authorized by all necessary corporate action on the part of Buyer. This Agreement has been duly executed and delivered by Buyer. This Agreement constitutes, and upon the execution and delivery thereof by Buyer, each Ancillary Agreement will constitute, a legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its

terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity).

(b) Except for (i) compliance with the notification filing and waiting period requirements of the HSR Act and (ii) receipt of the PUC Approval, no consent, waiver, approval, order or authorization of, notice to, or registration, declaration, designation, qualification or filing with, any Governmental Authority or third Person, domestic or foreign, is or has been or will be required on the part of Buyer in connection with the execution and delivery of this Agreement or any Ancillary Agreement or the consummation by Buyer of the transactions contemplated hereby or thereby (including the Merger), other than consents of or notices to the other party or parties to the Commitments that may be required in connection with the Merger or where the failure to obtain such consents, waivers, approvals, orders or authorizations or to make or effect such registrations, declarations, designations, qualifications or filings is not reasonably likely to (*x*) prevent or materially delay consummation of the transactions contemplated by this Agreement and the Ancillary Agreements or (*y*) prevent Buyer from performing its obligations under this Agreement and the Ancillary Agreements.

5.3 Non-Contravention. Neither the execution and delivery of this Agreement or any Ancillary Agreement, nor the consummation of the transactions contemplated hereby or thereby (including the Merger), will violate or conflict with (a) any provision of any of Buyer's Charter or Bylaws, (b) any statute, law, regulation or Governmental Order to which Buyer or the assets or properties of Buyer are bound or subject or (c) any agreement, contract or commitment to which the Buyer is a party or by which it or any of its properties may be bound or subject, except for such violations and conflicts which are not reasonably likely to (i) prevent or materially delay consummation of the transactions contemplated by this Agreement and the Ancillary Agreements or (ii) prevent Buyer from performing its obligations under this Agreement and the Ancillary Agreements.

5.4 Availability of Funds. Buyer has available and will have available on the Closing Date sufficient funds to enable it to consummate the transactions contemplated by this Agreement.

5.5 Acquisition for Investment. Buyer acknowledges that the Stock has not been registered under the Securities Act of 1933, as amended, or qualified or registered under any state securities law on the ground that no distribution or public offering of the Stock is to be effected and that no public market now exists for the Stock and that a public market may never exist therefor. Buyer is acquiring the Stock solely for its own account and not as nominee or agent for any other Person and not with a view to, or for sale in connection with, any distribution thereof. Buyer has no contract, undertaking, agreement or arrangement with any Person to sell, transfer or pledge to such Person, or to any other Person, the Stock, and Buyer has no present plans or intentions to enter into any such contract, undertaking, agreement or arrangement.

5.6 PUC Filings. No statement furnished by Buyer for inclusion in any filing with the PUC in connection with obtaining the PUC Approval will contain, as of the date such

information is so provided, any untrue statement of a material fact or will omit to state, as of the date such information is so provided, any material fact which is necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

5.7 No Brokers. Neither Buyer nor any of its directors, officers or employees has employed any broker, finder or investment banker or incurred any Liability for any brokerage fees, commissions, finders' fees or similar fees in connection with the transactions contemplated by this Agreement.

ARTICLE VI
CERTAIN COVENANTS

6.1 Access to Information. (a) From the Agreement Date through the Closing Date, but subject to any rights of third Persons, upon reasonable notice, Seller shall (i) afford the officers, employees and authorized agents and representatives of Buyer reasonable access during normal business hours to the offices, properties and Books and Records of Subsidiary and (ii) furnish to the officers, employees and authorized agents and representatives of Buyer such additional financial and operating data and other information regarding the assets, properties and Liabilities of Subsidiary and the Business (or legible copies thereof) as Buyer may from time to time reasonably request; *provided, however*, that such investigation shall not unreasonably interfere with any of the businesses or operations of Subsidiary or Seller. Without limiting the generality of the foregoing, Seller shall cooperate fully with Buyer's investigation of such assets, properties and Liabilities and the Business and provide copies of such documents in its possession as Buyer may reasonably request to confirm the title to any and all properties or assets owned or leased by Subsidiary. No Seller Indemnified Party shall be responsible for any bodily injury suffered by any of the officers, employees or authorized agents and representatives of Buyer conducting any investigation of Subsidiary's assets and properties. No investigation by Buyer shall affect the representations and warranties of Seller; *provided, however*, if Buyer has knowledge at the Closing of any material inaccuracy in any representation and warranty contained in Article IV (other than any such inaccuracy that is addressed in the written acknowledgement of Seller contemplated by Section 7.1) and Buyer nonetheless elects to consummate the Closing, no claim for breach of such representation and warranty and no claim for indemnification hereunder for any such breach may be made; and *provided, further*, if Seller has knowledge at the Closing of any material inaccuracy in any representation and warranty contained in Article V and Seller nonetheless elects to consummate the Closing, no claim for breach of such representation and warranty and no claim for indemnification hereunder for any such breach may be made.

(b) Regarding environmental matters, Buyer has completed its reasonable and prudent environmental due diligence prior to execution of this Agreement. Such Buyer's due diligence has included: (i) the retention of a qualified environmental consultant, Law/Crandall Engineering Consultants, and qualified environmental counsel to advise Buyer regarding the environmental risks and Liabilities associated with Buyer's proposed purchase of the Stock of Subsidiary; (ii) a review by Buyer's environmental consultant of approximately 15 volumes of environmentally-related documents in the Data Room, as well as supplemental written documents

submitted by Seller and Seller's answers to questions posed by Buyer's environmental consultant; (iii) an inspection of Subsidiary's nine primary operating facilities, with concomitant access to the managers and records and documents at those facilities; (iv) an inspection of Subsidiary's propane holder or similar sites, over 40 in number; and (v) a review and analysis of all media sample results made available to Buyer. Buyer also has required Seller to make the representations concerning environmental matters set forth in Section 4.12 and subsection 4.25(a), upon which Buyer is relying. In light of these actions, Buyer will not use the access to Books and Records and other information granted under subsection 6.1(a) to conduct additional environmental due diligence (including employee interviews and the sampling of any media or wastewater). Notwithstanding the foregoing, if prior to Closing Seller or Subsidiary receives notice of any Action or threatened Action, or any claim or threatened claim by a third party, arising under Environmental Laws or Environmental Permits or otherwise acquires additional information which is reasonably likely to require a change to Disclosure Schedule Section 4.12, Seller promptly shall notify Buyer of the same and Buyer may request that Seller authorize specific additional environmental due diligence measures if such are required to determine the extent of any potential Liability relating thereto. Such authorization shall not be unreasonably withheld by Seller.

(c) Prior to the Closing, Buyer shall not, and Buyer shall not allow others to, use or gain access to or otherwise cause any disturbance on the Iwilei Property.

6.2 Conduct of Business Pending Closing. From the Agreement Date through the Closing Date, except as required or permitted by this Agreement or otherwise consented to or approved by Buyer in writing, which consent or approval shall not be unreasonably withheld:

(a) Seller shall cause Subsidiary to operate the Business only in its usual, regular and ordinary manner and substantially in the same manner as heretofore conducted. Seller shall cause Subsidiary to use commercially reasonable efforts to (i) preserve the Business; (ii) keep available to Buyer the services of the present officers, employees, agents and independent contractors of Subsidiary; (iii) maintain the assets of the Business in their current state of repair, order and condition, usual and ordinary wear and tear excepted and subject to requirements in the ordinary course of business; (iv) maintain in effect insurance upon the assets of Subsidiary and with respect to the conduct of the Business in such amounts and of such kinds comparable to that in effect on the Agreement Date; and (v) have in storage an amount of synthetic natural gas feedstock (naphtha and enrichment LPG) and propane consistent with the operational requirements of the Business.

(b) Seller shall cause Subsidiary not to, without the written consent of Buyer, which consent shall not be unreasonably withheld:

(i) incur, or assume or become subject to any additional indebtedness for money borrowed or purchase money indebtedness, except in the ordinary course of business;

(ii) permit or allow any of Subsidiary's assets or properties to be subject to any additional Encumbrance (other than Permitted

Liens) or sell, transfer, lease or otherwise dispose of any such assets or properties, in each case except in the ordinary course of business;

(iii) grant any increase in salaries or commissions payable or to become payable to any employee of Subsidiary, or to any sales agent or representative of Subsidiary, except normal periodic increases in salaries and commissions in accordance with Subsidiary's existing compensation practices;

(iv) (1) fail to make substantially all of the capital expenditures set forth in Subsidiary's adjusted capital budget for its fiscal years 1996-1997 and 1997-1998, a copy of which is attached hereto as Schedule 6.2(b) (the "Current Capital Budget"), it being understood and agreed that to the extent Subsidiary's aggregate capital expenditures for the period from the beginning of its fiscal year 1996-1997 through the Closing Date (exclusive of any capital expenditures required to comply with Sections 6.11 or 6.19 that are not specifically listed in Schedule 6.2(c)) are more or less than the aggregate pro-rata amount budgeted for the period from the beginning of Subsidiary's fiscal year 1996-1997 through the Closing Date, as reflected in the Current Capital Budget, then the Purchase Price will be adjusted upwards or downwards, as appropriate, on a dollar-for-dollar basis equal to such excess or deficiency; *provided, however,* that Subsidiary may revise the Current Capital Budget as part of its normal, ongoing budgeting process provided (*x*) the aggregate capital expenditures budgeted for any fiscal year are not less than the aggregate capital expenditures budgeted for such year in the Current Capital Budget, (*y*) Seller notifies and consults with Buyer to the extent the allocation of the capital expenditures for any fiscal year among the categories reflected in the Current Capital Budget will be substantially different than the allocation among the budget categories reflected in the Current Capital Budget and takes into account any reasonable requests made by Buyer with respect thereto, and (*z*) expenditures required to comply with Sections 6.11 and 6.19 that are not specifically listed in Schedule 6.2(c) are included as additions to the amounts set forth in the Current Capital Budget and do not affect amounts previously budgeted for other matters (and, *provided further,* that no such adjustment in the Purchase Price shall be required in the event that such excess or deficiency is less than $100,000); (2) change its accounting policies or practices as they relate to the expensing or capitalizing of expenditures; or (3) make any capital expenditure or commitment therefor in excess of $75,000 without first notifying and consulting with Buyer and taking into account any reasonable requests made by Buyer with respect thereto;

(v) license, sell, transfer, pledge, modify, disclose, dispose of or permit to lapse any right under or respecting, or enter into any settlement regarding the breach or infringement of, any material Intellectual Property;

(vi) hire any new employee unless such employee is a *bona fide* replacement for a vacancy in a budgeted, authorized position with the Business as of the Agreement Date and necessary to continue the operations of the Business;

(vii) terminate, renew, enter into or amend any Commitment or contract or agreement which would qualify as a Commitment, including the Chevron Propane Supply Agreement;

(viii) establish or adopt any severance pay plan or arrangement with respect to, or for the benefit of, Transferred Employees; and

(ix) agree, whether in writing or otherwise, to do any of the foregoing.

6.3 No Solicitation of Transactions. From the Agreement Date through the Closing Date, neither Seller nor any of its representatives, Affiliates, directors, officers, employees, subsidiaries or agents will solicit, consider, encourage or accept any other offers to acquire any of the Stock or the assets or properties of Subsidiary (other than in the ordinary course of business) or assist any third Person in preparing or soliciting such an offer. Seller shall not have, and shall cause such representatives, Affiliates, directors, officers, employees, subsidiaries and agents not to have, any discussions, conversations, negotiations or other communication with any Person(s) expressing an interest in any such offer.

6.4 Authorizations. (a) Each of Buyer and Seller, as promptly as practicable after the Agreement Date, shall (i) deliver, or cause to be delivered, all notices and make, or cause to be made, all such declarations, designations, registrations, filings and submissions under all statutes, laws, regulations and Governmental Orders applicable to it as may be required for it to consummate the sale of the Stock and the other transactions contemplated hereby (including the Merger) and by the Ancillary Agreements in accordance with the terms of this Agreement and the Ancillary Agreements; (ii) use commercially reasonable efforts to obtain, or cause to be obtained, all authorizations, approvals, orders, consents and waivers from all Persons necessary to consummate the foregoing; and (iii) use commercially reasonable efforts to take, or cause to be taken, all other actions necessary, proper or advisable in order for it to fulfill its respective obligations hereunder and to carry out the intentions of the parties expressed herein. The preceding sentence notwithstanding, (*x*) Seller shall have no obligation to take any action with respect to any contract, agreement, arrangement, purchase order, commitment, Environmental Permit, other permit, license, order, approval or authorization listed (or which should have been listed) in Disclosure Schedule Sections 4.3, 4.7(b), 4.8, 4.12, 4.13 and 4.14 which is not also listed in Disclosure Schedule Section 4.2(c) and (*y*) neither party shall have any obligation to waive any condition herein for its benefit or any performance hereunder by the other party.

(b) Each party shall use its commercially reasonable efforts to satisfy the conditions to Closing applicable to it in Articles VII and VIII as soon as commercially practicable.

(c) Buyer and Subsidiary shall promptly file with the Hawaii Public Utilities Commission (the "PUC") applications pursuant to §§ 269-17.5, 269-18 and 269-19 of Title 15 (Transportation and Utilities) of the Hawaii Revised Statutes and Decision and Order No. 10157, Docket No. 6386, filed on March 9, 1989 with the PUC for approval of the transactions contemplated hereby (including the Merger) and by the Ancillary Agreements and for approval

of the matters described in Section 7.6. Buyer and Seller shall comply promptly with the notice and reporting requirements of the HSR Act.

(d) Buyer and Seller shall comply substantially with any additional requests for information, including requests for production of documents and production of witnesses for interviews or depositions, by the PUC or the Antitrust Division of the United States Department of Justice, the United States Federal Trade Commission or the antitrust or competition law authorities of any State (the "Antitrust Authorities").

(e) Each party shall use its commercially reasonable efforts, and shall cooperate fully with the other, to prevent the entry in any Action brought by the PUC or an Antitrust Authority or any other Person of any Governmental Order which would prohibit, make unlawful or materially delay the consummation of the transactions contemplated by this Agreement (including the Merger) and the Ancillary Agreements.

6.5 Books and Records. (a) Buyer and Seller shall, at the request of the other party, make available to such other party from time to time on a reasonable basis the Books and Records in their possession. Such Books and Records shall be held by the party in possession thereof for seven years after the Closing Date, and the other party shall have the right, at its expense, to inspect and make copies of such Books and Records upon such party's request; *provided, however,* that (i) all such access and copying shall be done in such a manner so as not to unreasonably interfere with the normal conduct of the operations of the party requested to provide access to such Books and Records and (ii) the party requesting access to such Books and Records shall treat the same and the contents thereof as confidential and not disclose such Books and Records or the contents thereof to any Person except as required by applicable statute, law, regulation or Governmental Order. In addition, after the Closing Date, at Seller's request, Buyer shall make available to Seller and its Affiliates, employees, representatives and agents those employees of Buyer requested by Seller in connection with any Action, including to provide testimony, to be deposed, to act as witnesses and to assist counsel; *provided, however,* that (*x*) such access to such employees shall not unreasonably interfere with the normal conduct of the operations of Buyer and (*y*) Seller shall reimburse Buyer for the allocated time charges of such employees and the out-of-pocket costs reasonably incurred by Buyer in making such employees available to Seller. Further, after the Closing Date, at Buyer's request, Seller shall make available to Buyer and its Affiliates, employees, representatives and agents those employees of Seller requested by Buyer in connection with any Action, including to provide testimony, to be deposed, to act as witnesses and to assist counsel; *provided, however,* that (*x*) such access to such employees shall not unreasonably interfere with the normal conduct of the operations of Seller and (*y*) Buyer shall reimburse Seller for the allocated time charges of such employees and the out-of-pocket costs reasonably incurred by Seller in making such employees available to Buyer. Buyer and Seller shall not dispose of any Books and Records (other than clearly immaterial Books and Records disposed of in the ordinary course of business) without first offering to surrender such Books and Records to the other party.

(b) Except as otherwise agreed between Buyer and Seller: All Privileged Documents shall be deemed to remain in the sole custody and control of Seller regardless of the location in which they may be found. Seller has made a diligent attempt to remove all such Privileged Documents from the premises of Subsidiary. In the event, after the Closing, Buyer

or any of its Affiliates discovers any material in its possession which it knowingly and with a reasonable degree of certainty determines to constitute Privileged Documents in its possession, they (i) shall hold them in strict confidence; (ii) shall not make any copies of them; (iii) shall not provide such Privileged Documents or copies thereof, or reveal the contents thereof, to any of its employees or agents, or to any other Person, including any Governmental Authority; and (iv) shall promptly return the same, and all copies thereof, to Seller, except as otherwise provided by applicable statute, law, regulation or Governmental Order. In the event any request, demand or process is received by Buyer or any of its Affiliates seeking any Privileged Documents, they shall provide prompt notice thereof to Seller, including therewith a copy of such request, demand or process, to enable Seller to timely assert any and all privileges against disclosure it may have with respect thereto or to seek an appropriate protective order. Except as limited by applicable statute, law, regulation or Governmental Order, receipt of any such request, demand or process shall not alter Buyer's obligations under this Agreement, including the obligation to promptly provide Seller with Privileged Documents and all copies thereof.

6.6 BHP Marks. Buyer acknowledges and agrees with Seller that Seller has the absolute and exclusive proprietary right to all names, marks, trade names, trademarks and corporate symbols and logos incorporating "Broken Hill", "BHP" and "BHP Hawaii" (collectively and together with all other names, marks, trade names, trademarks and corporate symbols and logos owned by Seller or any of its Affiliates, the "BHP Marks"), all rights to which and the goodwill represented thereby and pertaining thereto are being retained by Seller. Within 120 days after the Closing Date, Buyer shall cease using any BHP Mark and shall remove from the assets and properties formerly of Subsidiary any and all BHP Marks; *provided, however,* that within 60 days after the Closing Date, Buyer shall cease using any BHP Mark with respect to, and shall remove from the material assets, material properties, stationary and literature formerly of Subsidiary any and all BHP Marks. Thereafter, Buyer shall not use any BHP Mark in connection with the sale of any products or services or otherwise in the conduct of its business. In the event that Buyer breaches this Section 6.6, Seller shall be entitled to specific performance of this Section 6.6 and to injunctive relief against further violations, as well as any other remedies at law or in equity available to Seller.

6.7 Acknowledgements by Buyer. In order to induce Seller to enter into and perform this Agreement and the Ancillary Agreements, Buyer acknowledges and agrees with Seller as follows: THE REPRESENTATIONS AND WARRANTIES SET FORTH IN ARTICLE IV OF THIS AGREEMENT CONSTITUTE THE SOLE AND EXCLUSIVE REPRESENTATIONS AND WARRANTIES OF SELLER TO BUYER IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREBY AND BY THE ANCILLARY AGREEMENTS. THERE ARE NO REPRESENTATIONS, WARRANTIES, COVENANTS, UNDERSTANDINGS OR AGREEMENTS, ORAL OR WRITTEN, IN RELATION THERETO BETWEEN THE PARTIES OTHER THAN THOSE INCORPORATED HEREIN AND THEREIN. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN ARTICLE IV OF THIS AGREEMENT, BUYER DISCLAIMS RELIANCE ON ANY REPRESENTATIONS OR WARRANTIES, EITHER EXPRESS OR IMPLIED, BY OR ON BEHALF OF SELLER OR ITS AFFILIATES, EMPLOYEES, REPRESENTATIVES OR AGENTS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, BUYER ACKNOWLEDGES AND AGREES THAT, EXCEPT AS PROVIDED IN SECTIONS 4.12 AND 4.25(a), THERE ARE NO REPRESENTATIONS OR WARRANTIES OF SELLER

WITH RESPECT TO THE CONDITION OF THE PROPERTIES OR ASSETS OF SUBSIDIARY, COMPLIANCE BY SUBSIDIARY WITH ENVIRONMENTAL LAWS AND ENVIRONMENTAL PERMITS OR THE PRESENCE OR RELEASES OF HAZARDOUS MATERIAL IN THE FIXTURES, SOILS, GROUNDWATER, SURFACE WATER OR AIR ON, UNDER OR ABOUT OR EMANATING FROM ANY OF THE PROPERTIES OR ASSETS OF SUBSIDIARY. TO THE KNOWLEDGE OF BUYER, SELLER'S REPRESENTATIONS AND WARRANTIES MADE IN ARTICLE IV (OTHER THAN THOSE MADE IN SECTIONS 4.12, 4.24 AND 4.25) ARE TRUE AND CORRECT IN ALL MATERIAL RESPECTS AS OF THE AGREEMENT DATE.

6.8 Public Announcements. Neither Buyer, Seller nor the representatives of either of them shall make any public announcement with respect to this Agreement, the Ancillary Agreements or the transactions contemplated hereby or thereby without the prior written consent of the other party hereto. The foregoing notwithstanding, any such public announcement may be made if required by applicable statute, law, regulation, Governmental Order or securities exchange rule, provided that the party required to make such public announcement shall confer with the other party concerning the timing and content of such public announcement before the same is made.

6.9 No Competition. (a) For a period of five years from the Agreement Date, Seller shall not, and Seller shall cause each of its Affiliates not to, own, lease, manage, operate or control, or participate in the ownership, lease, management, operation or control of, or be connected with or have any interest in (as a shareholder, director, officer, employee, agent, partner or creditor), any Person which owns, leases, manages, operates or controls, any business or activity, anywhere in the State of Hawaii, which consists of (i) the manufacture, sale or distribution of synthetic natural gas or (ii) the sale of propane gas (in either case, a "Competitive Business"); *provided, however,* that nothing in the foregoing shall prevent Seller and/or its Affiliates from owning, in the aggregate, not more than five percent (5%) of the outstanding voting stock or other equity interests in any Person with shares or equity interests registered pursuant to Sections 12(b) or 12(g) of the Securities Exchange Act of 1934, as amended.

(b) The restrictions set forth in this Section 6.9 shall not restrict Seller or any of its Affiliates from doing in any way any of the following: (i) continuing its remaining businesses, (ii) manufacturing, selling or distributing any current products of any of its remaining businesses (other than selling or distributing propane on a retail basis), (iii) selling or distributing, on a wholesale basis, propane, or (iv) providing any current services of its remaining businesses.

(c) In the event that Seller breaches this Section 6.9, Buyer shall be entitled to specific performance of this Section 6.9 and to injunctive relief against further violations, as well as any other remedies at law or in equity available to Buyer.

6.10 Treatment of Iwilei Property. Immediately before the Closing, Seller or an Affiliate thereof shall purchase the fee owned by Subsidiary at the corner of Iwilei Road and Pacific Street in the Iwilei district of Honolulu, Hawaii (the "Iwilei Property"), together with all plans, designs, drawings and documents of Subsidiary relating to the possible development of the Iwilei Property, from Subsidiary for a cash purchase price equal to the book value of the

Iwilei Property as recorded in the accounting records of Subsidiary in the account entitled "Land and Land Rights-Iwilei" (account 140010) on the Closing Date. The sale of the Iwilei Property to Seller shall be without any representations or warranties of any kind or nature, express or implied, as to the title to, or the condition, value or quality of, such property and in connection therewith Subsidiary shall SPECIFICALLY DISCLAIM ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO SUCH ASSETS, OR ANY PART THEREOF, OR AS TO THE WORKMANSHIP THEREOF, OR THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT, IT BEING UNDERSTOOD THAT SUCH PROPERTY SHALL BE SO SOLD "AS IS, WHERE IS" AND IN ITS PRESENT CONDITION. Such sale shall be effected by quit claim deed.

6.11 Certain Environmental Matters. (a) Subsidiary currently occupies certain Real Property under a revocable permit (No. H-91-1705), dated May 1, 1991, between Subsidiary and HDOT (such property being herein referred to as the "Pier 38 Property"). Subsidiary is in the process of surrendering a portion of the Pier 38 Property to HDOT ("Surrender Portion"). Prior to Closing, Subsidiary shall: (i) obtain a letter from HDOH stating in essence that Subsidiary has completed a satisfactory soil investigation and remediation on the Surrender Portion sufficient to allow Subsidiary to surrender it to HDOT; (ii) complete a soil investigation and remediation on the non-Surrender Portion equivalent to the environmental standards of investigation and cleanup implemented by Subsidiary on the Surrender Portion; (iii) use commercially reasonable efforts to have the letter from HDOH referenced in clause (i) extend to the non-Surrender Portion as well as the Surrender Portion, and be in the form of a No Further Action letter subject to HDOH reservation of rights customary for such letters and reserving liability arising out of the inclusion of the Pier 38 Property within the area designated by HDOH as the Honolulu Harbor State Superfund Site; and (iv) use commercially reasonable efforts to relocate the propane loading rack to the non-Surrender Portion.

(b) Seller shall be responsible for and shall have the right to conduct in its sole control and discretion, all soil and/or groundwater investigations and remediation at the Campbell Industrial Park Property to the extent required by the EPA as part of the ongoing corrective action under the Federal Resource Conservation and Recovery Act at the adjacent refinery operated by a subsidiary of Seller pursuant to the 1993 Consent Agreement and Final Order between EPA and BHP Petroleum Americas Refining Inc. (RCRA 09-91-0007).

(c) Prior to Closing, Subsidiary shall: (i) obtain a written opinion from a qualified environmental consultant, ENVIRON, that is reasonably satisfactory to Buyer's qualified environmental consultant that the five feedstock bullet tanks to be contributed to Subsidiary pursuant to Section 2.3 together with any spill containment and/or response measures or plans implemented by Subsidiary, comply with the Federal Spill Prevention Control and Countermeasures requirements at 40 CFR Section 112.7; (ii) complete the clean-out and any necessary repairs of the two Underground Injection Control ("UIC") wells at the SNG Plant, and obtain final revised permits from HDOH for UIC wells nos. 1 and 2 (with the revised permit for UIC well no. 2 allowing the injection of both wastewater streams and storm runoff); and (iii) install such additional wastewater control and treatment equipment, or implement such alternative control measures, sufficient to reduce the acetone in the SNG Plant injectant to UIC well no. 1 to nondetectable levels, as such equipment or measures may be installed or

implemented by a reasonably prudent business person desiring to implement cost-effective measures considering both capital and long-term operation and maintenance costs. As an alternative to Seller's commitment in clause (iii), Seller may arrange for the offsite removal and treatment of such wastewater at the refinery adjacent to the SNG Plant, but only if all such arrangements for offsite removal are satisfactory to Buyer.

(d) Seller will take all steps necessary to transfer to BHP Petroleum Americas Refining Inc. prior to the Closing Date the clean air permit currently held by Subsidiary with respect to the propane load rack and cylinder filling station of BHP Petroleum Americas Refining Inc. located at the Campbell Industrial Park.

(e) Buyer shall cooperate with and assist Seller and its agents, contractors and/or subcontractors in undertaking the activities related to Seller's performance of its obligations pursuant to this Section 6.11 and subsections 9.2(c) through 9.2(g). Such cooperation and assistance shall include reasonable access to properties for assistance in the installation, maintenance, sampling, monitoring and closure of wells, piping, treatment systems and related equipment and structures; the movement of any soil, waste, temporary structures, equipment, refuse or other materials; and the sampling of any media. Seller shall conduct such activities at reasonable times and shall use reasonable efforts to minimize any disturbance to Buyer's operations at the affected properties. Buyer shall not disturb equipment, structures, instruments or systems installed or implemented as part of such activities.

6.12 Foreign-Trade Zone. Seller shall, and Seller shall cause Subsidiary to, use its commercially reasonable efforts to establish for Subsidiary a Foreign-Trade Subzone for the operations conducted at the SNG Plant which is within Foreign-Trade Zone No. 9 of the State of Hawaii and which is separate and independent of Foreign-Trade Subzone 9-A administered by BHP Petroleum Americas Refinery, Inc., a subsidiary of Seller (the "New Zone"). Subsidiary shall bear all costs and expenses associated with establishing the New Zone, including those associated with any necessary approvals by U.S. Customs for certification of custody transfer meters, the installation of such meters and any and all charges levied for services rendered by the U.S. Customs Service, the State of Hawaii and the Foreign-Trade Zones Board. Once the New Zone is established separate from Foreign-Trade Subzone 9-A, through the Closing Seller shall, and Seller shall cause Subsidiary to, use its commercially reasonable efforts to maintain Foreign-Trade Subzone 9-A's and the New Zone's foreign-trade zone status and prevent revocation or cessation of such status or the benefits thereof, including payment of administration fees to the State of Hawaii with respect to Foreign-Trade Subzone 9-A and the New Zone and compliance with all applicable statutes, laws, regulations and Governmental Orders (including those of the U.S. Customs Service, the State of Hawaii, the Foreign-Trade Zones Board and the City and County of Honolulu with respect to duties, quotas, recordkeeping and administration of Foreign-Trade Subzone 9-A and the New Zone).

6.13 PUHCA. Prior to the Closing, without the express written consent of Buyer, Seller agrees not to, and agrees to cause Subsidiary not to, own or operate any facilities (other than facilities owned or operated as of the Agreement Date) for the generation, transmission or distribution of electric energy for sale, or own or operate facilities (other than facilities owned or operated as of the Agreement Date) used for the distribution at retail of natural or manufactured gas for heat, light or power or engage in any other activities (other than

activities engaged in as of the Agreement Date) which would cause a change in its status, or that of any of their subsidiaries, under PUHCA.

6.14 Regulatory Filings By Subsidiary. Seller shall cause Subsidiary to prepare all proposed filings, applications, petitions, motions, orders, briefs, settlement agreements or any other proposed papers ("Proposed Filings") that may be required by applicable law to be filed with the PUC and in connection with the regulated operations of the Business or the ownership of Subsidiary's regulated assets and properties. Seller shall deliver copies of all such Proposed Filings for review by Buyer within a reasonable time prior to the filing date therefor, and shall cause Subsidiary not to file any Proposed Filing without first notifying and consulting with Buyer and taking into account any reasonable requests made by Buyer with respect thereto. Seller shall cause Subsidiary not to make any rate filing or take any other action seeking to change the rates, charges, standards of service or accounting of Subsidiary from those in effect on the Agreement Date, or seeking to effect with the PUC any agreement, commitment, arrangement or consent, whether oral or written, formal or informal, with respect thereto, without first notifying and consulting with Buyer and taking into account any reasonable requests made by Buyer with respect thereto.

6.15 Customer Notifications. Notwithstanding Section 6.8, for a period of at least two months prior to the Closing Date, Seller and Subsidiary will permit Buyer to insert preprinted single-page customer education materials into billing documentation to be delivered to customers affected by the acquisition of Subsidiary by Buyer. All reasonable costs and expenses related to such insertion and delivery (other than printing, delivery to points of mailing as directed by Subsidiary and other costs of production, which shall be borne and paid by Buyer) shall be borne and paid by Seller. Other means of notifying customers may be employed by Seller, Subsidiary or Buyer, at the expense of the initiating party, but in no event shall any notification be initiated without the prior consent of the other parties (which consent shall not be unreasonably withheld) or earlier than three months prior to the Closing Date.

6.16 Title Commitments and Surveys. Seller will provide to Buyer, within 60 days after the Agreement Date: (a) current commitments ("Title Commitments") from Chicago Title Insurance Company or its authorized agent in Hawaii, Title Guaranty of Hawaii Incorporated (the "Title Company"), to issue ALTA (1992 Rev.) owner's policies of title insurance with extended coverage containing policy limits, endorsements as reasonably requested by Buyer and other terms reasonably acceptable to Buyer, and legible photocopies of all recorded items described in such Title Commitments, committing the Title Company to issue title policies to insure good and marketable fee simple title in Buyer for the Owned Real Property listed in Schedule 6.16, subject only to the Title Company's standard printed exceptions (except for creditors' rights exceptions), Permitted Liens and the special exceptions listed in the Title Commitments (other than those which constitute Material Title Defects which Seller is obligated under this Section 6.16 to cure or cause the Title Company to endorse over), and (b) surveys (conforming to ALTA survey requirements) of each such parcel of Owned Real Property in such form as is necessary to enable the Title Company to delete the survey exception from its title policies and to satisfy the Title Company's underwriting requirements for providing title insurance with extended coverage, certified to Buyer and to the Title Company ("Surveys"). The dollar amount of such title policies shall be equal to the installed cost thereof as set forth on Subsidiary's fixed asset register as of May 31, 1996 for land and improvements. The cost

of the title policies, including endorsements, and the cost of Surveys shall be shared equally between Seller and Buyer. Buyer shall have 30 days after its receipt of both the Title Commitments and the Surveys to give written notice to Seller of its objection to any special exceptions listed in the Title Commitments for each parcel of Owned Real Property which it reasonably believes constitutes a Material Title Defect. Seller shall cure Material Title Defects or obtain a commitment from Title Company to insure over such Material Title Defects. Buyer shall bear up to $50,000 (in the aggregate) of the out-of-pocket costs and expenses (including attorneys' fees) of curing such Material Title Defects and Seller shall bear all such costs and expenses in excess of such aggregate amount. In no event shall Seller be obligated to cure Material Title Defects if the aggregate costs and expenses of all curative actions would exceed $500,000 or would be, in the good faith and reasonable judgment of Buyer, commercially unreasonable. As used in this Agreement, the term "Material Title Defect" means any special exception listed in a Title Commitment, other than a Permitted Lien, for a parcel of Owned Real Property listed in Schedule 6.16 which materially interferes with or impairs, or which is reasonably likely to materially interfere with or impair, the use or operation of such parcel for the purposes for which it is currently being used or operated by Subsidiary or which prevents or impairs, or which is reasonably likely to prevent or impair, access to such parcel.

6.17 Additional Monthly Reports. Seller shall deliver to Buyer, as soon as practicable following the end of each month, commencing with the month of December 1996 and ending with the month in which the Closing occurs, copies of the monthly financial and operating reports produced by Subsidiary in the ordinary course of business for such month. If the Closing has not occurred by August 1, 1997, Seller shall deliver to Buyer, as soon as reasonably practicable but in any event by August 23, 1997, an audited balance sheet, income statement and statement of cash flows of Subsidiary for the fiscal year ended May 31, 1997.

6.18 Transitional Services. Within 30 days after the Agreement Date, the parties jointly shall establish a transitional services team, which shall include expertise from various functional specialties associated or involved in providing billing, payroll and other services provided to Subsidiary by any automated or manual process using facilities or employees that are not located on Subsidiary's premises. Such team will be responsible for preparing as soon as reasonably practicable after the Agreement Date and at least 60 days prior to the Closing Date, and timely implementing a transitional services plan which will identify and describe substantially all of the various transitional services that Seller and its Affiliates will provide to Buyer after Closing (including towage) and various transfer of control matters, including rearrangement of bank accounts, logo removal and the obtaining of consents under immaterial contracts. Such team will also be responsible for determining the size and location of a transformer substation on Lot 2401B and overhead subtransmission lines over Lot 2401B sufficient to enable the SNG Plant to be connected to the Hawaiian Electric Company, Inc. grid and the substation for the 46 KV bus of BHP Petroleum Americas Refining Inc. located at the refinery adjacent to the SNG Plant as well as facilitating the preparation and filing before the Closing of related and appropriate recordable land documents. The terms and conditions governing the provision of such transitional services will be more fully set forth in a Transitional Services Agreement reasonably satisfactory to the parties. Buyer and Seller shall use their commercially reasonable efforts to cause their representatives on such transition team to cooperate in good faith and take all reasonable steps necessary to develop a mutually acceptable transitional services plan no later than March 31, 1997.

6.19 Casualty Loss. (a) If, between the Agreement Date and the Closing Date, any of the assets or properties of Subsidiary are destroyed or damaged in whole or in part by fire, earthquake, flood, hurricane, other casualty or other cause, then Seller shall, at Seller's election, (i) cause Subsidiary to cause such assets or properties to be repaired or replaced prior to the Closing with assets or properties of substantially the same condition and function; (ii) cause Subsidiary to deposit in a separate account an amount of cash sufficient to cause such assets or properties to be repaired or replaced (the "Casualty Account"); or (iii) enter into contractual arrangements with Subsidiary reasonably satisfactory to Buyer so that Subsidiary will receive as of the Closing substantially the same economic value as if such casualty had not occurred.

(b) Seller's obligation under Section 6.19(a) will not be limited in any respect as a result of the possibility that any such loss or damage may be reduced by recovery, settlement or otherwise under or pursuant to any insurance coverage, or pursuant to any claim, recovery, settlement or payment by or against any other third Person; provided, however, if at any time subsequent to the Closing Date the amount of such loss or damage is reduced by recovery, settlement or otherwise by Buyer under or pursuant to any insurance coverage, or pursuant to any Buyer claim, recovery, settlement or payment by or against any other third Party, the amount of such reduction, less any costs, expenses or premiums incurred in connection therein, will promptly be repaid by Buyer to Seller; and provided further, that in no event shall Subsidiary's or Buyer's ability to include the amount of any such loss or damage in any rates or charges to its customers be considered as an offset to the amount of any such loss or damage or reduce Seller's obligation under Section 6.19(a) with respect thereto. Buyer agrees to cooperate with Seller to collect the proceeds of insurance or other cash receipts so as to reduce, to the extent of available insurance or other rights of recovery, including indemnification by any third Person, the amount of any such loss or damage. In the prosecution of any such insurance claims against Subsidiary's insurers which are not Buyer's current insurers, Seller shall have the exclusive right at its expense to select counsel, to control the prosecution of such insurance claims and to make decisions concerning the settlement with insurers after consultation with Buyer. In the prosecution of any insurance claims against Subsidiary's insurers which are Buyer's then current insurers, Buyer and Seller shall jointly select counsel reasonably satisfactory to both of them and all decisions about the prosecution and settlement of such claims shall be made jointly. Each party agrees to cooperate with the other party in identifying insurance policies and related relevant information, and in providing assistance and access to personnel and records to facilitate such party's prosection of insurance claims. Neither party will take any action to hinder the other party's efforts to prosecute claims for coverage under any insurance policies.

(c) In addition to and not in lieu of the obligations of Seller set forth elsewhere in this Agreement, for a period of 24 months from and after the Closing Date, upon Buyer's written request Seller shall submit to its insurance companies claims with respect to the occurrence of any event on or prior to the Closing Date affecting Subsidiary that is covered by individual insurance policies or blanket insurance policies maintained by Seller that will not cover Subsidiary following the Closing Date, and Seller agrees to pay to Buyer the full amount of any resulting proceeds received by Seller promptly upon the receipt thereof or request that such payments to be made directly to Buyer by the insurance company in question. In this regard, Seller shall furnish to such insurance companies non-confidential and non-privileged

information in its possession that reasonably relates to such claim and shall monitor the progress of such claim so long as such activity does not interfere with the normal business operations of Seller. Buyer shall cooperate with Seller in connection with such claim, including by providing any information reasonably related to the same.

ARTICLE VII
CONDITIONS TO THE OBLIGATIONS OF BUYER

The obligations of Buyer to effect the transactions contemplated herein shall be subject to the fulfillment or satisfaction, on or before the Closing Date, of each of the following conditions:

7.1 Accuracy of Representations and Warranties. The representations and warranties of Seller contained herein shall be true and correct in all material respects at and as of the Closing Date with the same effect as though made at and as of the Closing Date, except that representations and warranties made as of, or in respect of, only a specified date or period shall be true and correct in all material respects in respect of, or as of, such date or period (provided that if (a) this preceding condition cannot be satisfied due solely to occurrences, changes or events arising or occurring after the Agreement Date that could result in Buyer Losses arising out of or resulting from such a representation or warranty not being true and correct in all material respects at and as of the Closing Date, (b) such occurrences, changes or events are not reasonably likely to result in a Material Adverse Effect and (c) Seller acknowledges in writing an obligation under Section 9.2 to indemnify the Buyer Indemnified Parties for such Buyer Losses (subject to the limitations set forth in Section 9.5), then such condition shall be deemed to be satisfied notwithstanding any such occurrence, change or event).

7.2 Performance. Seller shall have performed and complied in all material respects with all agreements and obligations required by this Agreement (other than those set forth in Sections 2.3, 2.4, 2.5, 2.6, 6.10, 6.11 and 6.19) to be performed or complied with by it on or prior to the Closing Date. Seller shall have performed and complied with all agreements and obligations required by Sections 2.3, 2.4, 2.5, 2.6, 6.10, 6.11 and 6.19 to be performed or complied with by it on or prior to the Closing Date.

7.3 Authorizations. Seller shall have or shall have caused to be delivered, made or obtained, and Buyer shall have or shall have caused to be obtained, all notices to, declarations, designations, registrations, filings or submissions with, and authorizations, approvals, orders, consents or waivers from Governmental Authorities and other Persons (copies of which shall have been provided to Buyer) listed on Schedule 7.3, and the same shall not have been withdrawn, suspended or modified. The PUC Approval shall have been obtained free of any special terms, conditions or restrictions which Buyer determines, in good faith and in its reasonable discretion, will materially and adversely affect the anticipated operational and financial benefits to Buyer of the transactions contemplated by this Agreement or the Ancillary Agreements; *provided, however*, that imposition of terms, conditions or restrictions on Buyer (including PUC access to Buyer's employees or information in the possession of Buyer) of a kind usually imposed by the PUC to regulate public utilities shall not be deemed to have such a material and adverse effect unless they affect Buyer's corporate functions (including Buyer's

ability to issue debt or equity securities, incur indebtedness, pay dividends to stockholders or sell assets not regulated). For purposes of this Section 7.3, such PUC Approval shall be deemed to have been obtained upon the grant thereof becoming a Final Order. Any waiting period (and any extension thereof) under the HSR Act applicable to the transactions contemplated hereby shall have expired or shall have been terminated.

7.4 Absence of Governmental Orders. No temporary or permanent Governmental Order shall be in effect which prohibits or makes unlawful consummation of the transactions contemplated hereby.

7.5 No Material Adverse Change. Except for changes affecting the gas or propane distribution industry generally, no Material Adverse Effect shall have occurred since May 31, 1996 (it being understood that for purposes of this Section 7.5 Buyer may, among other things, compare Subsidiary's financial condition and results of operations as of the Closing Date with Subsidiary's financial condition and results of operations as reflected in the May 31, 1996 audited financial statements included in the Financial Statements).

7.6 PUC Declaratory Rulings. Subsidiary shall have obtained a declaratory ruling or other approval from the PUC stating that the following will be terminated on or before the Closing: (a) Exhibit A to the Decision and Order No. 2762, Docket No. 1861 (Conditions for the Reorganization of the Honolulu Gas Company Limited) and (b) Exhibit A to the Decision and Order No. 10157, Docket No. 6386 (Conditions for the Approval of the Acquisition of More Than 25% of the Voting Stock of Gasco, Inc., and Enerco, Inc., by the Broken Hill Proprietary Company, Limited, and RTV Corporation), as amended by Exhibit A to the Decision and Order No. 10161 (Amendment to Decision and Order No. 10157), Docket No. 6386 (Revised Condition No. 17 for the Approval of the Acquisition of More Than 25% of the Voting Stock of Gasco, Inc., and Enerco, Inc., by the Broken Hill Proprietary Company, Limited, and RTV Corporation).

7.7 New Zone. Subsidiary shall have established the New Zone as provided in Section 6.12 on usual terms and conditions.

7.8 State Clearance Certificates. Seller shall have obtained and provided to Buyer: (a) a Tax Clearance Certificate (Form A-6) from the State of Hawaii, dated not earlier than two business days before the Closing Date; and (b) a Bulk Sales Tax Clearance (Form G-A8) from the State of Hawaii, dated not earlier than two business days before the Closing Date.

7.9 Opinion of Counsel. Seller shall have delivered to Buyer the opinion of its General Counsel, dated the Closing Date, substantially in the form attached hereto as Exhibit 7.9.

7.10 Officers' Certificates. Seller shall have furnished Buyer with such certificates of a Vice President of Seller certifying as to compliance with the conditions set forth in this Article VII as may be reasonably requested by Buyer.

7.11 Certain Agreements. Seller and its Affiliates (including Subsidiary) shall have executed the Ancillary Agreements to which it is a party and Seller shall have delivered the same to Buyer.

7.12 Material Title Defects. The aggregate estimated costs and expenses reasonably necessary to cure all Material Title Defects pursuant to Section 6.16 shall not exceed $500,000.

7.13 Environmental Permits. Each Environmental Permit listed in Disclosure Schedule Section 4.12, including the revised or additional Environmental Permits reflected in the updated Disclosure Schedule Section 4.12 delivered to Buyer pursuant to Section 4.12, shall be in full force and effect on the Closing Date.

7.14 Insurance. Each of Subsidiary's insurers under the Insurance Policies listed in Schedule 7.14 shall have notified Buyer and/or Subsidiary in writing, in form and substance reasonably acceptable to Buyer and Seller, that (a) Subsidiary will be an insured, after the Closing Date, under such Insurance Policies (subject to the limits, deductibles, insuring agreements, exclusions, terms and conditions, including the notification and reporting requirements thereof, applicable to such Insurance Policies) for loss occurrences transpiring prior to the Closing Date, but not discovered and/or reported to the insurers thereunder until after the Closing Date, and (b) the availability of such insurance coverage for such occurrences under such Insurance Policies to Buyer as successor in interest to Subsidiary as a result of the Merger (subject to the limits, deductibles, insuring agreements, exclusions, terms and conditions, including the notification and reporting requirements thereof, applicable to such Insurance Policies) will not be materially and adversely affected by the sale of the Stock or the Merger and will remain primary insurance for such occurrences notwithstanding Buyer's other insurance (it being understood and agreed that this condition shall be deemed satisfied with respect to insurance coverage which is not so available to Subsidiary or Buyer under such Insurance Policies if Seller agrees in writing to compensate Buyer for the insurance premiums Buyer actually and reasonably incurs for obtaining insurance coverage so insuring Buyer for such occurrences to the extent provided in this sentence).

ARTICLE VIII
CONDITIONS TO THE OBLIGATIONS OF SELLER

The obligations of Seller to effect the transactions contemplated herein shall be subject to the fulfillment or satisfaction, on or before the Closing Date, of each of the following conditions:

8.1 Accuracy of Representations and Warranties. The representations and warranties of Buyer contained herein shall be true and correct in all material respects at and as of the Closing Date with the same effect as though made at and as of the Closing Date.

8.2 Performance. Buyer shall have performed and complied in all material respects with all agreements and obligations required by this Agreement to be performed or complied with by it on or prior to the Closing Date.

8.3 Authorizations. Buyer shall have or shall have caused to be delivered, made or obtained, and Seller shall have or shall have caused to be obtained, all notices to, declarations, designations, registrations, filings or submissions with, and authorizations, approvals, orders, consents or waivers from Governmental Authorities and other Persons (copies of which shall have been provided to Seller) listed on Schedule 8.3, and the same shall not have been withdrawn, suspended or modified. The PUC Approval shall have been obtained free of any special terms, conditions or restrictions which Seller determines, in good faith and in its reasonable discretion, will materially and adversely affect the anticipated operational and financial benefits to Seller of the transactions contemplated by this Agreement or the Ancillary Agreements. For purposes of this Section 8.3, such PUC Approval shall be deemed to have been obtained upon the grant thereof becoming a Final Order. Any waiting period (and any extension thereof) under the HSR Act applicable to the transactions contemplated hereby shall have expired or shall have been terminated.

8.4 Absence of Governmental Orders. No temporary or permanent Governmental Order shall be in effect which prohibits or makes unlawful consummation of the transactions contemplated hereby.

8.5 Opinion of Counsel. Buyer shall have delivered to Seller the opinion of Buyer's General Counsel, dated the Closing Date, substantially in the form attached hereto as Exhibit 8.5.

8.6 Officers' Certificates. Buyer shall have furnished Seller with such certificates of its officers certifying as to compliance with the conditions set forth in this Article VIII as may be reasonably requested by Seller.

8.7 Certain Agreements. Buyer shall have executed and delivered to Seller those Ancillary Agreements to which it will be a party.

8.8 Material Title Defects. The aggregate estimated costs and expenses reasonably necessary to cure all Material Title Defects pursuant to Section 6.16 shall not exceed $500,000.

8.9 Casualty Loss. Performance of Section 6.19 by Seller shall not require Seller to incur expenses and other Liabilities aggregating more than $1,000,000 (net of insurance proceeds Subsidiary or Buyer are highly likely to recover under their policies of insurance).

ARTICLE IX
INDEMNIFICATION

9.1 Survival of Representations, Warranties and Covenants. The representations and warranties of Seller in Article IV and of Buyer in Article V shall survive for a period of 18 months from the Closing; *provided, however*, that Seller's representations and warranties contained in Sections 4.10 and 4.11 shall survive the Closing through the 60th day following the expiration of the applicable statute of limitations; and, *provided further*, that Seller's representations and warranties as to title contained in Section 4.6 shall survive the Closing indefinitely. The covenant of Seller contained in subsection 9.2(h) to indemnify the Buyer Indemnified Parties for Retained Liabilities shall survive for a period of 18 months from the Closing, after which it will be of no further force or effect; *provided, however*, that the covenant of Seller contained in clause (ii) of such subsection shall so survive for a period of 24 months from the Closing, after which it will be of no further force or effect. If written notice of a claim has been given prior to the expiration of the applicable representations and warranties or covenant by a party in whose favor such representations and warranties or covenant have been made to the party that made such representations and warranties, or agreed to such covenant, then the relevant representations and warranties or covenant shall survive as to such claim, until the claim has been finally resolved.

9.2 Indemnification by Seller. Except as otherwise limited by this Article IX, Seller shall indemnify, defend and hold harmless Buyer and its Affiliates, shareholders, officers, directors, employees, subsidiaries, successors and assigns (collectively, the "Buyer Indemnified Parties") from and against, and pay or reimburse the Buyer Indemnified Parties for, any and all losses, damages, claims, costs and expenses, interest, awards, judgments, fines, and penalties (including reasonable legal costs and expenses and environmental response costs) suffered or incurred by them (hereinafter a "Buyer Loss") arising out of or resulting from:

(a) the inaccuracy of any representation or warranty of Seller set forth in Article IV;

(b) any other breach or violation of this Agreement by Seller, including any provision contained in Article XI;

(c) any Environmental Law, Environmental Permit or Governmental Order as it relates to or arises from (*x*) Subsidiary's former or current, or Seller's future, operations on, and/or Subsidiary's former or current, or Seller's future, use, operation, ownership, lease, possession, control, occupancy or maintenance of, the Iwilei Property, whether before or after Closing; or (*y*) the condition, whether before or after Closing, of the Iwilei Property or the structures or fixtures thereon, including claims arising under the Hawaii Environmental Response Law, also known as the Hawaii State Superfund Law at Chapter 128D of the Hawaii Revised Statutes ("Hawaii State Superfund Law"), resulting from the inclusion of the Iwilei Property within the area designated by HDOH as the Honolulu Harbor State Superfund Site, including Buyer Losses relating to the Iwilei Property which arise out of:

(i) the presence of any Hazardous Material or other substances or matter in the fixtures, structures, soils, groundwater, surface water or air on, under or about or emanating from the Iwilei Property, including any such Hazardous Material or other substances emanating to adjoining or other properties;

(ii) the use, generation, production, manufacture, treatment, storage, disposal, Release, threatened Release, discharge, spillage, loss, seepage or filtration of Hazardous Material or other substances or matter, by Seller or Subsidiary or any of their employees, successors, agents, assigns or contractors from the Iwilei Property to any adjoining properties or any other properties located in the vicinity of the Iwilei Property, or on, under or about the Iwilei Property, or the presence therein or thereunder of any underground or above-ground tanks for the storage of fuel oil, gasoline and/or other petroleum products or by-products or other Hazardous Material;

(iii) the violation or noncompliance or alleged violation or noncompliance by Seller or Subsidiary or any of their employees, successors, agents, assigns or contractors of any Environmental Law, Environmental Permit or Governmental Order arising from or related to the operation of the Iwilei Property or the use, operation, ownership, lease, possession, control, occupancy, maintenance or condition of the Iwilei Property;

(iv) the failure by Seller or Subsidiary or any of their employees, successors, agents, assigns or contractors to have obtained or maintained in effect any Environmental Permit required by any Environmental Law or Governmental Order as a result of the operation of or on the Iwilei Property or the use, operation, ownership, lease, control, possession, occupancy, maintenance or condition of such property;

(v) any and all Actions, claims, demands, demand letters, requests for information, liens, notices of non-compliance or violation, consent orders or consent agreements (collectively, "Claims") arising out of the Iwilei Property or operations thereon;

(vi) any and all Claims by Governmental Authorities for enforcement, cleanup, removal, treatment, response, natural resources, remedial or other actions or damages arising out of the Iwilei Property or operations thereon;

(vii) any and all Claims by any third Person seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief arising from the Iwilei Property; and

(viii) any and all remedial work and other corrective action (including investigation or monitoring of site conditions, or any clean-up, containment, restoration or removal) taken by, or the costs of which are imposed upon, any Buyer Indemnified Party arising from the Iwilei Property;

(d) any Environmental Law, Environmental Permit or Governmental Order as it relates to or arises from Subsidiary's pre-Closing discharges of acetone through the injectant

introduced into the UIC wells at the SNG Plant (including the pre-Closing acetone discharges referenced in the HDOH July 19, 1995 letter to Subsidiary employee Karen Ishii regarding the injectant acetone);

(e) any Claims by EPA under the federal Resource Conservation and Recovery Act, 42 U.S.C. §§6901 *et seq.*, arising from Seller's failure to satisfactorily complete its corrective action obligations at the Campbell Industrial Park Property under the 1993 Consent Agreement and Final Order referenced in subsection 6.11(b), or a citizen's suit arising for the same under 42 U.S.C. §6972(a)(1)(A); *provided, however,* that such Seller indemnity does not extend to any Buyer Loss caused by the discharge of any Hazardous Materials or other substances, or by any actions or omissions, by Buyer after the Closing Date;

(f) in addition to the indemnity in subsection 9.2(e), in the event that Buyer's occupancy of the Campbell Industrial Park Property pursuant to the Isle Gas License is for 12 months or less from the Closing Date, any Environmental Law or Governmental Order as it relates to or arises from the environmental condition of such property or any use or operation at such property, including Buyer Losses relating to such property which arise out of:

(i) the presence of any Hazardous Material or other substances or matter in the fixtures, structures, soils, groundwater, surface water or air on, under or about or emanating from the Campbell Industrial Park Property, including any such Hazardous Material or other substances emanating to adjoining or other properties;

(ii) the use, generation, production, manufacture, treatment, storage, disposal, Release, threatened Release, discharge, spillage, loss, seepage or filtration of Hazardous Materials or other substances or matter, by Subsidiary or any other Person, from, on, under or about the Campbell Industrial Park Property or the presence therein or thereunder or the presence therein or thereunder of any underground or above-ground tanks for the storage of fuel oil, gasoline and/or other petroleum products or by-products or other Hazardous Material;

(iii) the violation or noncompliance or alleged violation or noncompliance by Seller or Subsidiary or any of their employees, successors, agents, assigns or contractors of any Environmental Law, Environmental Permit or Governmental Order arising from or related to the operation of the Campbell Industry Park Property or the use, operation, ownership, lease, possession, control, occupancy, maintenance or condition of any of the Campbell Industrial Park Property;

(iv) the failure by Subsidiary or any other Person to have obtained or maintained in effect any Environmental Permit required by any Environmental Law or Governmental Order as a result of the operations of or on the Campbell Industrial Park Property or the use, operation, ownership, lease, control, possession, occupancy, maintenance or condition of such property;

(v) any and all Claims arising out of the Campbell Industrial Park Property, or operations thereon;

(vi) any and all Claims by Governmental Authorities for enforcement, cleanup, removal, treatment, response, natural resources, remedial or other actions or damages arising out of the Campbell Industrial Park Property or operations thereon;

(vii) any and all Claims by any third Person seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief arising from the Campbell Industrial Park Property; and

(viii) any and all remedial work and other corrective action (including investigation or monitoring of site conditions, or any clean-up, containment, restoration or removal) taken by, or the costs of which are imposed upon, any Buyer Indemnified Party arising from the Campbell Industrial Park Property;

provided, however, that such Seller indemnity does not extend to any Buyer Loss caused by the discharge of any Hazardous Materials or other substances, or by any actions or omissions, by Buyer after the Closing Date; and

(g) any claims relating to the Pier 38 Property arising under the Hawaii State Superfund Law resulting from the inclusion of the Pier 38 Property within the area designated by the HDOH as the Honolulu Harbor State Superfund Site or claims of the EPA under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Sections 9601 *et seq.*, as amended, at the Pier 38 Property in the event that the EPA takes over from HDOH the lead regulatory enforcement role for the Honolulu Harbor Superfund Site in the course of the current ongoing HDOH regulatory effort at such Site; *provided, however*, that such Seller indemnity does not extend to any Buyer Loss caused by the discharge of any Hazardous Materials or other substances, or by any actions or omissions, by Buyer after the Closing Date; and

(h) Seller's failure to perform or satisfy any of the Retained Liabilities (it being understood and agreed that Seller, and not Subsidiary or Buyer, shall retain responsibility for and shall timely discharge all Retained Liabilities, subject to the limitations set forth in Sections 9.1. and 9.5). As used in this Agreement, "Retained Liabilities" means all Liabilities of Seller or Subsidiary arising out of or resulting from the conduct of the Business by Subsidiary during the period from March 18, 1989 through the Closing Date, or the use or ownership of the assets or properties of Subsidiary during the period from March 18, 1989 through the Closing Date, exclusive of any Liability described in subsection 9.2(c) through subsection 9.2(g) or subsection 9.3(c), but including:

(i) all Liabilities of Subsidiary for any rate refund, credit, penalty and/or interest payment with respect thereto set forth in a Final Order of the PUC;

(ii) all Liabilities of Subsidiary arising out of or related to any Action set forth on Disclosure Schedule Section 4.9 and any other Action based on facts arising out of or resulting from the conduct of the Business by Subsidiary during the period from March 18, 1989 through the Closing Date, or the use or ownership of the assets or properties of Subsidiary during the period from March 18, 1989 through the Closing

Date, regardless of whether known or unknown, asserted or unasserted, as of the Closing Date;

(iii) all Liabilities of Subsidiary arising out of or resulting from the conduct of the Business by Subsidiary during the period from March 18, 1989 through the Closing Date, or the use or ownership of the assets or properties of Subsidiary during the period from March 18, 1989 through the Closing Date in violation of applicable law, including all fines or penalties levied against Subsidiary or Buyer within 18 months after the Closing Date and arising due to any such violation;

(iv) except as otherwise provided in Article XI, all employee-related Liabilities of Seller or Subsidiary arising out of or resulting from the conduct of the Business by Subsidiary during the period from March 18, 1989 through the Closing Date and relating to any Employee Plan;

(v) all Liabilities of Subsidiary arising from the breach by Subsidiary before the Closing Date of the Collective Bargaining Agreement or other union contract to which Subsidiary was a party from March 18, 1989;

(vi) all Liabilities of Subsidiary arising from the breach by Subsidiary before the Closing Date, but after March 18, 1989, of any contract, agreement or lease;

(vii) all Liabilities of Subsidiary associated with workmen's compensation claims incurred after March 18, 1989 but not reported as of the Closing Date and workmen's compensation claims reported as of the Closing Date (and incurred after March 18, 1989) but not then due or payable; and

(viii) all borrowings of Subsidiary against corporate-owned life insurance policies.

Notwithstanding the foregoing, Retained Liabilities shall not include any Liability (1) incurred by Subsidiary with the express written consent of Buyer's Vice President-Energy which specifically refers to this subsection 9.2(h); (2) specifically included in the calculation of Adjusted Working Capital pursuant to subsection 2.2(b); or (3) for which Buyer has agreed to assume responsibility pursuant to this Agreement.

9.3 Indemnification by Buyer. Except as otherwise limited by this Article IX, Buyer shall indemnify, defend and hold harmless Seller and its Affiliates, shareholders, officers, directors, employees, subsidiaries, successors and assigns (collectively, the "Seller Indemnified Parties") from and against, and pay or reimburse the Seller Indemnified Parties for, any and all losses, damages, claims, costs and expenses, interest, awards, judgments, fines, and penalties (including reasonable legal costs and expenses and environmental response costs) actually suffered or incurred by them (hereinafter a "Seller Loss") arising out of or resulting from:

(a) the inaccuracy of any representation or warranty of Buyer set forth in Article V;

(b) any other breach or violation of this Agreement by Buyer, including any provision contained in Article XI;

(c) except for Seller's indemnification obligations in subsection 9.2(a) to the extent caused by a breach of the representations and warrants in Section 4.12 and subsection 4.25(a) (which indemnification obligations expire as provided in Section 9.1 and are limited as provided in Section 9.5) and in subsections 9.2(c) through 9.2(g) or Seller's commitments in Section 6.11, any Environmental Law, Environmental Permit or Governmental Order as it relates to or arises from (*x*) Subsidiary's or Buyer's former or current operations on, and/or Subsidiary's or Buyer's former or current use, operation, ownership, lease, possession, control, occupancy or maintenance of, any real property, whether before or after the Closing; (*y*) the condition, whether before or after the Closing, of any such real property or the structures or fixtures thereon; or (*z*) Subsidiary's or Buyer's operation of the Business, whether before or after the Closing ("Covered Environmental Losses"); which Covered Environmental Losses shall include Seller Losses arising out of or resulting from:

(i) the presence of any Hazardous Material or other substances or matter in the fixtures, structures, soils, groundwater, surface water or air on, under or about or emanating from the assets and properties currently or formerly used, operated, owned, leased, controlled, possessed, occupied or maintained by Subsidiary or Buyer (including the presence of sand blast grit at each of Subsidiary's baseyards and other facilities), and any such Hazardous Material or other substances emanating to adjoining or other properties;

(ii) the use, generation, production, manufacture, treatment, storage, disposal, Release, threatened Release, discharge, spillage, loss, seepage or filtration of Hazardous Materials or other substances or matter, by Subsidiary or Buyer or their employees, successors, agents, assigns, or contractors from, on, under or about such assets or properties or the presence therein or thereunder of any underground or above-ground tanks for the storage of fuel oil, gasoline and/or other petroleum products or by-products or other Hazardous Material;

(iii) the violation or noncompliance or alleged violation or noncompliance by Subsidiary or Buyer or their employees, successors, agents, assigns, contractors of any Environmental Law, Environmental Permit or Governmental Order arising from or related to the operation of the Business or the use, operation, ownership, lease, possession, control, occupancy, maintenance or condition of any of such assets or properties;

(iv) the failure by Subsidiary or Buyer or their employees, successors, agents, assigns, contractors to have obtained or maintained in effect any Environmental Permit required by any Environmental Law or Governmental Order as a result of the operation of the Business or the use, operation, ownership, lease, control, possession, occupancy, maintenance or condition of such assets or properties;

(v) any and all Claims arising out of any of the matters described in this subsection 9.3(c);

(vi) any and all Claims by Governmental Authorities for enforcement, cleanup, removal, treatment, response, natural resources, remedial or other actions or damages arising out of any of the matters described in this subsection 9.3(c);

(vii) any and all Claims by any third Person seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief arising from any of the matters described in this subsection 9.3(c);

(viii) any and all remedial work and other corrective action (including investigation or monitoring of site conditions, or any clean-up, containment, restoration or removal) taken by, or the costs of which are imposed upon, any Seller Indemnified Party arising from the matters described in this subsection 9.3(c);

(d) any termination of employment, after the Closing Date, of any Business Employee for any reason (including constructive dismissal); and

(e) Buyer's hiring practices and decisions followed or effected after the Closing Date or any changes to Subsidiary's hiring practices and decisions that are imposed by Buyer.

9.4 General Indemnification Provisions. (a) For the purposes of this Section 9.4 and Section 9.5, the term "Indemnitee" shall refer to the Person or Persons indemnified, or entitled, or claiming to be entitled, to be indemnified, pursuant to the provisions of Section 9.2 or 9.3, as the case may be; the term "Indemnitor" shall refer to the person having the obligation to indemnify pursuant to such provisions; and "Losses" shall refer to Seller Losses or Buyer Losses, as the case may be.

(b) Within a reasonable time following the determination thereof, an Indemnitee shall give the Indemnitor notice of any matter which an Indemnitee has determined has given or could give rise to a right of indemnification under this Agreement (regardless of whether a claim for indemnification otherwise would be prohibited by subsection 9.5(a)), stating the amount of the Loss, if known, and method of computation thereof, all with reasonable particularity and containing a reference to the provisions of this Agreement in respect of which such right of indemnification is claimed or arises. The obligations and Liabilities of an Indemnitor under this Article IX with respect to Losses arising from claims of any third party that are subject to the indemnification provided for in this Article IX ("Third Party Claims") shall be governed by and contingent upon the following additional terms and conditions: If an Indemnitee shall receive notice of any Third Party Claim, the Indemnitee shall promptly give the Indemnitor notice of such Third Party Claim and shall permit the Indemnitor, at its option, to undertake the defense of such Third Party Claim by counsel of its own choice and at its expense; *provided, however,* that the failure of the Indemnitee to notify the Indemnitor during the required notification period shall only relieve the Indemnitor from its obligation to indemnify the Indemnitee pursuant to this Article IX to the extent that the Indemnitor is materially prejudiced by such failure (whether as a result of the forfeiture of substantive rights or defenses or otherwise) . Such notice shall be given and the Indemnitor shall have the right to defend such Third Party Claim even if indemnification of the Indemnitee with respect thereto otherwise would be prohibited by subsection 9.5(a). If the Indemnitor acknowledges in writing its

obligation to indemnify the Indemnitee hereunder against any Losses that may result from such Third Party Claims (subject to the limitations set forth herein), then the Indemnitor shall be entitled, at its option, to assume and control the defense of such Third Party Claim at its expense and through counsel of its reasonable choice if it gives notice to the Indemnitee within 20 calendar days of the receipt of notice of such Third Party Claim from the Indemnitee of its intention to do so. If the Indemnitor elects to assume and control the defense of any such Third Party Claim, the Indemnitee shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise or settlement of the Third Party Claim, but the fees and expenses of such counsel will be at the expense of the Indemnitee, unless (i) the Indemnitor has agreed to pay such fees and expenses, (ii) any relief other than the payment of money damages is sought against the Indemnitee, or (iii) the Indemnitee has been advised by its counsel that there may be one or more defenses reasonably available to it which are different from or additional to those available to the Indemnitor, and in any such case that portion of the fees and expenses of such separate counsel that are reasonably related to matters covered by the indemnification provided by this Article IX will be paid by the Indemnitor. Expenses of counsel to the Indemnitee shall be reimbursed on a current basis by the Indemnitor and if there is no dispute as to the obligation of the Indemnitor to pay such amounts pursuant to this Article IX. In the event the Indemnitor exercises its right to undertake the defense against any such Third Party Claim as provided above, the Indemnitee shall cooperate with the Indemnitor in such defense and make available to the Indemnitor, at the Indemnitor's expense, all witnesses, pertinent records, materials and information in its possession or under its control relating thereto as is reasonably required by the Indemnitor. Similarly, in the event the Indemnitee is, directly or indirectly, conducting the defense against any such Third Party Claim, the Indemnitor shall cooperate with the Indemnitee in such defense and make available to it, at the Indemnitor's expense, all such witnesses, records, materials and information in its possession or under its control relating thereto as is reasonably required by the Indemnitee. No such Third Party Claim, except the settlement thereof which involves the payment of money only (by a party or parties other than the Indemnitee) and for which the Indemnitee is released by the third party claimant and is totally indemnified by the Indemnitor, may be settled by the Indemnitor without the written consent of the Indemnitee. No Third Party Claim which is being defended in good faith by the Indemnitor shall be settled by the Indemnitee without the written consent of the Indemnitor.

9.5 Limitations on Indemnification. (a) No claim or claims may be made against an Indemnitor for indemnification pursuant to subsection 9.2(a) or subsection 9.3(a), as the case may be, unless the collective Losses of the Indemnitees with respect to such subsections shall exceed in the aggregate an amount equal to $400,000, in which case the Indemnitor shall be obligated to the Indemnitee only for the amount of the Loss or Losses in excess of $400,000.

(b) In addition to the provisions and limitations as provided in (i) Section 9.1 with respect to the period of survival of representations, warranties and covenants and (ii) subsection 9.5(a) with respect to dollar amounts of Losses for which indemnification for breaches of representations and warranties is not available: (A) Seller shall not be liable for any Buyer Loss (*x*) to the extent Buyer Losses relate to breaches of Seller's representations and warranties contained in Article IV (other than subsection 4.4(a), Sections 4.10 or 4.11 or the title representations contained in Section 4.6) or to Seller's obligations under subsection 9.2(h)

with respect to Retained Liabilities and exceed (in the aggregate) an amount equal to $50,000,000 or (*y*) for which a claim for indemnification relating to such a breach or obligation is not asserted hereunder within the applicable survival period as provided in Section 9.1; and (B) Buyer shall not be liable for any Seller Loss (*x*) to the extent Seller Losses relate to breaches of Buyer's representations and warranties contained in Article V and exceed (in the aggregate) an amount equal to $50,000,000 or (*y*) for which a claim for indemnification relating to such a breach is not asserted hereunder within the applicable survival period as provided in Section 9.1

(c) Seller's obligation to indemnify the Buyer Indemnified Parties for Buyer Losses pursuant to subsection 9.2(c) through subsection 9.2(g) (a "Buyer Environmental Loss") and Buyer's obligation to indemnify the Seller Indemnified Parties for any Covered Environmental Loss pursuant to subsection 9.3(c) shall be limited to such Buyer Losses or Seller Losses, as the case may be, not covered by insurance proceeds or other cash receipts paid to a Buyer Indemnified Party or Seller Indemnified Party, as the case may be, as a reimbursement with respect to such Losses, including as a result of any indemnification received by a Buyer Indemnified Party or Seller Indemnified Party, as the case may be, from an unrelated party with respect thereto; *provided, however*, that in no event shall Buyer's ability to include any Buyer Environmental Loss in any rates or charges to its customers be considered as an offset to any Buyer Environmental Loss or reduce Seller's indemnification obligation with respect thereto. Each party agrees that, when it is the Indemnitor, it will make indemnity payments to the Indemnitee on a current basis for the full amount of the Buyer Environmental Loss or the Covered Environmental Loss, as the case may be, provided there is no dispute as to the obligation of the Indemnitor to pay such amounts pursuant to this Article IX. If the amount of any Buyer Environmental Loss or Covered Environmental Loss, as the case may be, at any time subsequent to the making of any indemnification payment by the appropriate Indemnitor in respect thereof is reduced by recovery, settlement or otherwise under or pursuant to any insurance coverage, or pursuant to any claim, recovery, settlement or payment by or against a third Person, the amount of any such reduction, less any reasonable costs, expenses or premiums incurred in connection therewith, will promptly be repaid by the Indemnitee to the Indemnitor. The parties' intent with respect to the foregoing is that to the extent any Buyer Environmental Loss or Covered Environmental Loss, as the case may be, may be reduced by recovery, settlement or otherwise under or pursuant to any insurance coverage, or pursuant to any claim, recovery, settlement or payment by or against any other third Person, such insurance coverage or other third Person obligations shall be primary notwithstanding the Indemnitor's prior indemnity payments. In addition, to the extent requested by an Indemnitor, each party agrees, as the Indemnitee, to negotiate with the Indemnitor in good faith the terms and conditions of *bona fide* loan arrangements whereby the Indemnitor would make current loan advances to the Indemnitee in lieu of making the required current indemnity payments to the Indemnitee, it being understood that an Indemnitee shall not be required to enter into such loan arrangements if it would incur adverse financial or tax consequences as a result. Each party agrees to use its commercially reasonable efforts to collect the proceeds of insurance or other cash receipts so as to reduce, to the extent of available insurance or other rights of recovery, including indemnification by any third Person, the Buyer Environmental Losses or Covered Environmental Losses, as the case may be, and the related Indemnitor's indemnification (including defense) obligations under this Agreement. In the prosecution of any such insurance claims against Subsidiary's insurers which are not Buyer's current insurers, Seller shall have the exclusive right

at its expense to select counsel, to control the prosecution of such insurance claims, and to make decisions concerning the settlement with insurers after consultation with Buyer. In the prosecution of any insurance claims against Subsidiary's insurers which are Buyer's then current insurers, Buyer and Seller shall jointly select counsel reasonably satisfactory to both of them and all decisions about the prosecution and settlement of such claims shall be made jointly. Each party agrees to cooperate with the other party in identifying insurance policies and related relevant information, and in providing assistance and access to personnel and records to facilitate such party's prosecution of insurance claims, it being understood and agreed that Seller will bear the expense of locating Subsidiary's insurance policies for all periods prior to the Closing Date. Neither party will take any action to hinder the other party's efforts to prosecute claims for coverage under any insurance policies.

9.6 Waiver and Release. (a) Except for Buyer's rights as expressly provided elsewhere in this Agreement, Buyer, on behalf of itself, any Buyer Indemnified Party and Subsidiary, hereby forever waives, relieves, releases and discharges the Seller Indemnified Parties and their successors and assigns from any and all rights, Liabilities, Actions (including future Actions) and Buyer Losses, whether known or unknown at the Closing Date, which any Buyer Indemnified Party or Subsidiary has or incurs, or may in the future have or incur, arising out of or related to any of the matters described subsection 9.3(c) for which Buyer has agreed to indemnify the Seller Indemnified Parties pursuant to such subsection.

(b) Except for Seller's rights as expressly provided elsewhere in this Agreement, Seller, on behalf of itself and each other Seller Indemnified Party, hereby forever waives, relieves, releases and discharges the Buyer Indemnified Parties and their successors and assigns from any and all rights, Liabilities, Actions (including future Actions) and Seller Losses, whether known or unknown at the Closing Date, which any Seller Indemnified Party has or incurs, or may in the future have or incur, arising out of or related to any of the matters described subsections 9.2(c) through 9.2(g) for which Seller has agreed to indemnify the Buyer Indemnified Parties pursuant to such subsections.

(c) The parties do not intend that this Section 9.6 will, in any way, affect the right of either party to recover proceeds from any insurance or from any third Person.

ARTICLE X
TAX MATTERS

10.1 Indemnification for Taxes. (a) Seller shall be responsible for, and shall indemnify Buyer against, all Taxes imposed on Subsidiary (including any Taxes imposed on Subsidiary by reason of its being severally liable for the entire Taxes of the Seller's Group pursuant to Income Tax Regulation § 1.1502-6 or any analogous state, local or foreign Tax statute, law, regulation or Governmental Order), and all Liabilities, losses, costs, fines, penalties, damages (actual, punitive or other), reasonable attorneys' fees, and expenses arising therefrom, relating to (i) Pre-Closing Periods (as defined in subsection 10.2(b)) and (ii) the portion of the Taxes for any Straddle Period (as defined in subsection 10.2(b)) allocable to Seller under subsection 10.2(d); *provided,* that Seller shall not be responsible for, and shall not be required to indemnify Buyer against, any Taxes to the extent that such Taxes do not exceed the

reserve for Taxes, if any, on the accounting records of Subsidiary as of the Closing Date (but only to the extent such reserve has not been previously paid or taken into account pursuant to this Agreement). "Seller's Group" shall mean any affiliated group (as defined in Section 1504(a) of the Code, without regard to the limitations contained in Section 1504(b) of the Code) that includes the Seller or any predecessor of Seller.

(b) Buyer shall be responsible for and shall indemnify Seller against all Taxes imposed on Subsidiary, and all Liabilities, losses, costs, fines, penalties, damages (actual, punitive, or other), reasonable attorneys' fees and expenses arising therefrom, relating to (i) taxable periods beginning after the Closing Date or (ii) the portion of the Taxes for any Straddle Period which are allocable to Buyer under subsection 10.2(d); *provided,* that in the case of a Straddle Period, Buyer shall be responsible for such Liabilities and expenses only to the extent that Liabilities and expenses relate to Taxes that would be allocable to Buyer pursuant to subsection 10.2(d).

(c) Each party shall promptly notify the other party of the commencement of any demand, claim, audit, examination, Action or other proposed change or adjustment by any Taxing Authority concerning any Tax which is the other party's responsibility pursuant to subsection 10.1(a) or subsection 10.1(b), as the case may be (each a "Tax Claim"). Such notice shall contain factual information describing the asserted Tax Claim in reasonable detail and shall include copies of any notice or other document received from any Taxing Authority in respect of any such asserted Tax Claim.

(d) Seller, at its own expense, shall have the sole right to represent Subsidiary's interests in any Tax Claim relating to any taxable period of Subsidiary ending on or prior to the Closing Date and to employ counsel of its choice. Buyer shall have the right to participate in such Action at its own expense. Seller shall not consent to any settlement that reasonably would be expected to have an adverse effect on the Taxes of Subsidiary in any period after the Closing Date without Buyer's consent, which consent shall not be unreasonably withheld. Buyer's consent shall in no way reduce any indemnification due to Buyer under subsection 10.1(a). If Seller elects to control the defense, compromise or settlement of any Tax Claim, Seller shall keep Buyer informed of the progress and disposition of such Tax Claim. Buyer shall handle any Tax matters of Subsidiary for periods ending on or prior to the Closing Date which Seller elects in writing not to control.

(e) With respect to any taxable period of Subsidiary beginning before and ending after the Closing Date, Buyer shall control, and Seller, at its own expense, shall have the right to participate in, the defense and settlement of any Tax Claim and each party shall cooperate with the other party at its own expense and there shall be no settlement or closing or other agreement with respect thereto without the consent of the other party, which consent shall not be unreasonably withheld; *provided,* that if either party shall refuse to consent to any settlement, closing or other agreement with respect to any such Claim that the other party proposed to accept (a "Proposed Settlement"), then (i) the Liability with respect to the subject matter of the Proposed Settlement shall be limited to the amount that such Liability would have been if the Proposed Settlement had been accepted, and (ii) the other party shall be responsible for all Liabilities and expenses incurred or imposed thereafter in connection with the contest of such Tax Claim, except to the extent that the final settlement imposes less Liability on the party

who proposed to accept the Proposed Settlement than the Proposed Settlement would have imposed.

10.2 Other Tax Matters. (a) Any tax sharing agreement between Subsidiary and BHP Operations Inc. hereby is terminated as of the Closing Date and all rights and obligations of Subsidiary with respect to Taxes shall be as provided herein.

(b) Tax Returns (each a "Pre-Closing Return") which are required to be filed by or with respect to Subsidiary for a taxable period which ends on or before the Closing Date (a "Pre-Closing Period") shall be prepared and filed by Seller, which shall include the preparation and filing of the consolidated federal and state income Tax Returns of the Seller's Group which includes Subsidiary for the period up to and including the Closing Date. All such Tax Returns shall be filed on a basis consistent with prior Tax Returns filed with respect to Subsidiary. All Tax Returns which are required to be filed by or with respect to Subsidiary for a taxable period that ends after the Closing Date, including any Tax Return (a "Straddle Return") for a period beginning prior to the Closing Date and ending after the Closing Date (a "Straddle Period"), shall be prepared and filed by Buyer. Buyer shall timely pay or cause to be paid all Taxes shown on such Tax Returns.

(c) Seller agrees to provide Buyer and Buyer agrees to provide Seller with such cooperation and information as the other shall reasonably request in connection with the preparation or filing of any Tax Return required under this Agreement. Subsidiary will furnish Tax information to Seller for inclusion in Tax Returns to be filed by Seller in accordance with Subsidiary's past custom and practice. With respect to any Pre-Closing Return required to be filed after the Closing Date, other than any consolidated federal income Tax Return of Seller's Group which includes Subsidiary, Seller shall furnish a copy of such Pre-Closing Return to Buyer at least 15 days prior to the filing of such return. Buyer agrees that it will not unreasonably fail to sign any such Pre-Closing Return.

(d) With respect to any Straddle Period, to the extent permitted by applicable law, Subsidiary shall elect to treat the Closing Date as the last day of the taxable period and the Tax Return for such period will be treated hereunder as a Pre-Closing Return. If applicable law, regulation or Governmental Order will not permit the Closing Date to be the last day of a period, the Tax attributable to the operations of Subsidiary for the portion of the period up to and including the Closing Date shall be (i) in the case of real or personal property taxes or a flat minimum dollar amount tax, the total amount of such fraction, the numerator of which is the number of days in the partial period through and including the Closing Date and the denominator of which is the total number of days in such Straddle Period, (ii) in the case of all Taxes based on or in respect of income, the Tax computed on the basis of the taxable income or loss of Subsidiary for such partial period as determined from its Books and Records, and (iii) in the case of all other Taxes, on the basis of the actual activities of Subsidiary for such partial period as determined from its Books and Records.

(e) With respect to any Tax Return for any Straddle Period, Buyer shall deliver, at least 30 business days prior to the due date for filing such Tax Return (including any extension) to Seller a statement setting forth the amount of Tax for which Seller is responsible as determined under subsection 10.2(d) and copies of such Tax Return. Seller shall have the

right to review such Tax Return and the allocation of Tax Liability and to suggest to Buyer any reasonable changes to such Tax Returns no later than 15 business days prior to the date for the filing of such Tax Return. Seller and Buyer agree to consult and resolve in good faith any issue arising as a result of the review of such Tax Return and allocation of Tax Liability and mutually to consent to the filing as promptly as possible of such Tax Return. Not later than 15 business days before the due date for the payment of Taxes with respect to such Tax Return, Seller shall pay to Buyer an amount equal to the Taxes as agreed to by Buyer and Seller as being allocable to Seller pursuant to subsection 10.2(d). Seller shall be entitled to reduce its obligation to pay such Straddle Period Taxes by the amount of any estimated Taxes paid with respect to such Tax Liabilities by or on behalf of Subsidiary on or before the Closing Date.

(f) Seller shall have the right to all refunds of Taxes (including interest thereon) which relate to Taxes of Subsidiary for Pre-Closing Periods and, to the extent provided in the following sentence, for Straddle Periods. Buyer shall pay over to Seller any such refunds immediately upon receipt thereof, net of any Taxes imposed on Buyer or Subsidiary by reason of the receipt of such refund. To the extent any refund of Taxes is made with respect to a Straddle Period, such refund shall be apportioned between Buyer and Seller based on the appropriate allocation method set forth in clauses (i), (ii) or (iii) of subsection 10.2(d).

(g) Buyer and Seller agree to consult and resolve in good faith any issues arising in connection with the preparation or review of any Tax Return or the calculation of any Tax described in this Section 10.2. If Buyer and Seller are unable to resolve any dispute at least 10 business days prior to the due date for the filing of the Tax Return in question (including any extension thereof), Buyer and Seller shall jointly request a firm of nationally recognized independent certified public accountants mutually acceptable to Buyer and Seller to resolve any issue in dispute as promptly as possible.

(h) It is understood by the parties hereto that Buyer shall pay, or cause to be paid, and shall indemnify Seller and its Affiliates against and hold them harmless from any Liability for Taxes arising from any actions taken by Buyer or any Affiliate of Buyer after the Closing Date, including the Merger and any sale of assets after the Closing Date. Buyer agrees that the Merger will not occur on the Closing Date and further agrees that it will not otherwise cause Subsidiary to transfer any assets on the Closing Date other than in the ordinary course of Subsidiary's business.

(i) Both Seller and Buyer will make a timely and effective election under Section 338(h)(10) of the Code (and any comparable provision of state or local law with respect to the purchase by Buyer of the Stock hereunder (collectively, together with the elections under Section 338(g) of the Code and any comparable provision of state or local law, the "Section 338(h)(10) Elections"). To facilitate such election, within 120 days after the Closing Date, Buyer will deliver to Seller a completed Internal Revenue Service Form 8023 and the required schedules thereto and any similar forms under applicable state or local law (the "Forms") with respect to Buyer's purchase of the Stock, which Forms shall have been duly executed by an authorized Person for Buyer. Provided that the information on such Forms is, in the reasonable determination of Seller, correct and complete in all material respects, Seller will cause such Forms to be duly executed by an authorized Person for Seller and deliver such Forms to Buyer within 30 days after Seller's receipt of such Forms. Seller and Buyer shall

cooperate fully with each other and make available to each other such Tax data and other information as may be reasonably required by Seller or Buyer in order to prepare and timely file the Forms and any other required statements or schedules. In the event that Buyer and Seller are unable to resolve any disagreements regarding the allocation of the "modified aggregate deemed sales price" (as defined under applicable Treasury Regulations) among the assets or other aspects of the Forms within 30 days after notice of such disagreement, the matter in dispute shall be resolved as soon as practicable by a "Big Six" independent accounting firm mutually satisfactory to the parties (but in no event longer than 30 days), which resolution shall be binding and conclusive upon Buyer and Seller without further appeal therefrom. Buyer and Seller shall bear equally the fees and expenses of such firm. Buyer will timely file the Forms, and any required supplements thereto, in the manner prescribed by Treasury Regulation 1.338(h)(10)-1(d) or the corresponding provisions of applicable state or local law, and will provide written evidence to Seller that it has done so. Buyer and Seller agree that neither of them will take, or permit any of their Affiliates to take, any action to modify or revoke the elections contained in or the content of any Forms without the express written consent of the other. Seller hereby agrees to protect, defend, indemnify, and hold harmless Buyer and Subsidiary from and against, and agrees to pay, all Taxes imposed and expenses incurred which may arise out of any Taxes resulting from the Section 338(h)(10) Elections, including any Taxes and expenses which may be due on the sale of the Stock of Subsidiary, which sale is determined to be taxable to Seller by a Taxing Authority which does not recognize an election under Section 338(h)(10) of the Code.

(j) If, after the Closing Date, Seller or any Affiliate receives or is credited with a refund of any Tax attributable to the utilization or carryback of any Tax of Subsidiary arising after the Closing Date, Seller shall pay to Buyer an amount equal to the amount of such refund together with any interest received from or credited thereon by the applicable Taxing Authority, net of any Taxes imposed upon Seller or any Affiliate by reason of the receipt of such refund or credit.

ARTICLE XI
EMPLOYEES AND EMPLOYEE BENEFIT PLANS

11.1 Employment. (a) As of the Closing Date, Buyer shall cause Subsidiary to continue to employ all Business Employees (other than any Union or Non-Union Employees receiving long term disability benefits from Seller, Subsidiary or Seller's Union Pension Plan and any employees identified by Buyer in accordance with subsection 11.1(b)) who are employees of Subsidiary as of the Closing Date ("Current Employees") at a base rate of compensation at least equal to the Current Employee's base rate of compensation as disclosed in Disclosure Schedule Section 4.10 (as updated pursuant to Section 4.10) on the Closing Date (the "Base Salary Rate"). The terms of such employment shall include, but shall not be limited to, the position, title and level of responsibility that each Current Employee possesses immediately prior to the Closing Date. Each Current Employee who continues as an employee of Subsidiary immediately after the Closing shall be referred to as a "Transferred Employee." A Transferred Employee who is covered by the Collective Bargaining Agreement is a Union Transferred Employee. All other Transferred Employees are Non-Union Transferred Employees. As of the Closing Date, Buyer agrees that the compensation packages and benefit

plans and programs it has established for the Transferred Employees will be in the aggregate comparable to those provided by Seller and Subsidiary prior to the Closing Date and shall treat all service and compensation with Seller or Subsidiary as service and compensation with Buyer. Such benefits shall be substantially equivalent to those provided by Buyer to its other similarly situated employees, and Buyer agrees that Transferred Employees will not be treated in a disparate manner from Buyer's other similarly situated employees with regard to compensation and benefits.

(b) From and after the Agreement Date and for a period of 18 months following the Closing Date, Seller shall not employ, or offer to employ, any Business Employee (other than those listed on Schedule 11.1(b)), unless such Person's employment by Subsidiary or Buyer has terminated or Buyer otherwise consents in writing to the making of such offer. Seller agrees that it will ensure that each of the employees of Subsidiary (not to exceed five) who are identified for Seller by Buyer within 120 days after the Agreement Date will cease to be employees of Subsidiary prior to the Closing Date.

11.2 Employee Benefit Plans. (a) Effective as of the Closing Date, Non-Union Transferred Employees shall cease to accrue benefits under Seller's Non-Union Pension Plan. As soon as practicable after, but not later than 30 days following, the Closing Date, Buyer shall enroll Non-Union Transferred Employees in Buyer's Non-Union Pension Plan to provide benefits for the Non-Union Transferred Employees from and after the Closing Date. Buyer shall amend its Non-Union Pension Plan to recognize the service of a Non-Union Transferred Employee that is recognized under Seller's Non-Union Pension Plan, including service performed by such Transferred Employee before the Closing Date with Seller or Subsidiary for purposes of participation, vesting, eligibility for benefits, subsidized benefits and optional forms of benefit, and service with Buyer or Subsidiary on and after the Closing Date for all purposes under the Buyer's Non-Union Pension Plan. In addition to the benefit provided under the preceding sentence, Buyer agrees to amend Buyer's Non-Union Pension Plan to provide that the accrued benefits as of the Closing Date of Non-Union Transferred Employees under the Buyer's Non-Union Pension Plan shall be no less than the accrued benefits as of the Closing Date of Non-Union Transferred Employees under Seller's Non-Union Pension Plan, including all forms of benefit and early retirement subsidies as defined in Seller's Non-Union Pension Plan as of the Closing Date, and using the factors and assumptions specified by Seller's Non-Union Pension Plan based on Non-Union Transferred Employee's service and average compensation as of the Closing Date, multiplied by the greater of one or a fraction, the numerator of which is the Non-Union Transferred Employee's average earnings determined under Buyer's Pension Plan, but using no more than a 36-month period, and the denominator of which is the highest average earnings as of the Closing Date as determined under Seller's Non-Union Pension Plan ("Accrued Benefit"). Such Accrued Benefit shall include all forms of benefit and early retirement subsidies as defined in Seller's Non-Union Pension Plan as of the Closing Date. Nothing herein shall be construed to prevent Buyer from adopting and applying the interest rates and mortality table permitted by the terms of the Uruguay Rounds Treaty, or from otherwise amending or dealing with its Non-Union Pension Plan in any way permitted by applicable law.

(b) Buyer shall cause Buyer's Non-Union Pension Plan to assume the liability with respect to the Accrued Benefits of Non-Union Transferred Employees hereinbefore defined

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that would have been paid or payable (but for the transfer of assets and liabilities pursuant to this Section 11.2) with respect to the Transferred Employees under the terms of Seller's Non-Union Pension Plan. Thereafter, except as provided in Section 9.2 (as limited by Sections 9.1 and 9.5), neither Seller nor Seller's Non-Union Pension Plan shall have any Liability with respect to the pension benefits of Non-Union Transferred Employees.

(c) (i) Seller's and Buyer's Actuaries shall determine as hereinafter provided, using actuarial assumptions hereinafter provided, the projected benefit obligation associated with the liability being assumed in subsection 11.2(b), determined as of the Closing Date in accordance with the statement of Financial Accounting Standards No. 87 ("FAS 87"), including the value of all optional forms of benefits, early retirement subsidies, and other protected benefits provided in Seller's Non-Union Pension Plan to which Non-Union Transferred Employees may become entitled while employed by the Buyer, calculated on an on-going plan basis using the following assumptions:

(A) an assumed discount rate equal to the Moody's Seasoned AA Bond interest rate for the month in which the Closing Date occurs;

(B) the 1983 GAM Mortality Table blended for males and females, set back two years;

(C) assuming all Non-Union Transferred Employees retire at the latest at age 62;

(D) assuming an annual salary scale equal to 5%; and

(E) all other relevant assumptions used as of the Closing Date in Seller's determination of fiscal year 1995 pension expense for the Seller's Non-Union Pension Plan in accordance with FAS 87, as identified on a schedule to be prepared by Seller.

(ii) The resulting amount shall be referred to as the Non-Union Transfer Amount. In no event shall the value of the Non-Union Transfer Amount be less than the amount required to be transferred by Section 414(l) of the Code and regulations thereunder.

(iii) An Actuary selected by Seller ("Seller's Actuary") shall provide its determination of the Non-Union Transfer Amount and a computer file containing all of the employee data used by Seller's Actuary to calculate the Non-Union Transfer Amount to an Actuary selected by Buyer ("Buyer's Actuary") not later than 90 days following the Closing Date. For the 90-day period following the date that Seller's Actuary provides its determination to Buyer's Actuary, Buyer's Actuary shall have the right to audit and review the determination of Seller's Actuary. If Buyer's Actuary is unable to agree with Seller's Actuary on the amount of the transfer within 90 days after Seller informs Buyer of the amount to be transferred, Seller and Buyer shall jointly select a third Actuary, whose determination shall be binding on Seller and Buyer. Each of Seller and Buyer shall bear the fees, costs, and expenses of their respective Actuaries, and the fees, costs, and expenses of said third Actuary shall be borne one-half by Seller and one-half by Buyer. As soon as practicable after such Non-Union Transfer Amount

has been so determined, but in no event later than 30 days prior to actual transfer, Seller and Buyer shall respectively ensure that Internal Revenue Form 5310A is filed forthwith with the IRS, if such filing is required.

(d) Not later than 30 days after the determination required by subsection 11.2(c), Seller shall cause the trustees of Seller's Non-Union Pension Plan to transfer to Buyer's Non-Union Pension Plan an amount in cash equal to the Non-Union Transfer Amount, plus interest calculated from the Closing Date through and including the actual day such amounts are transferred, at the expected rate of return assumed by Buyer in its 1996 determination of pension expense with respect to the Buyer's Pension Plan in accordance with FAS 87; less the amount of any benefit payment made to Non-Union Transferred Employees prior to the transfer plus interest on such amounts from the date of distribution of such amounts to the date of asset transfer at the same rate provided in this subsection 11.2(d). If for any reason the full Non-Union Transfer Amount cannot be transferred from Seller's Non-Union Pension Plan, Seller shall remit to Buyer in cash the difference between the Non-Union Transfer Amount calculated in accordance with subsection 11.2(c) above and the amount actually transferred from the Seller's Non-Union Pension Plan to the Buyer's Non-Union Pension Plan. If for any reason more than the full Non-Union Transfer Amount must be transferred from Seller's Non-Union Pension Plan, Buyer shall remit to Seller in cash the difference between the Non-Union Transfer Amount calculated in accordance with subsection 11.2(c) above and the amount actually transferred from the Seller's Non-Union Pension Plan to the Buyer's Non-Union Pension Plan.

(e) (i) Effective as of the Closing Date, Buyer shall cause Subsidiary to continue to sponsor Seller's Union Pension Plan; *provided, however*, that nothing herein shall prohibit Buyer from amending, modifying or otherwise dealing with such plan, subject to any applicable collective bargaining obligations or requirements of applicable law. Thereafter, except as provided in subsection 9.2(h) (which obligations of Seller expire as provided in Section 9.1 and are limited as provided in Section 9.5), Seller shall have no Liability with respect to the pension benefits of Union Transferred Employees. Buyer shall take all actions necessary for Buyer to be a successor employer and to assume all Liabilities of Subsidiary under the Collective Bargaining Agreement, effective as of the Closing Date.

(ii) A prorated portion of the maximum deductible contribution for the 1997 plan year shall be made to Seller's Union Pension Plan no later than 30 days following the Closing Date, *provided, however,* that such contribution shall not exceed the amount, if any, necessary to cause the fair market value of the assets of such Plan on the Closing Date to be at least equal to the projected benefit obligation under such Plan determined as of the Closing Date in accordance with the assumptions set forth in subsection 11.2(c), except that instead of the assumptions referred to in subsection 11.2(c)(i)(E), all other relevant assumptions used shall be those contained in the January 1, 1996 actuarial valuation for funding purposes under the Code for such Plan. The prorated portion of such contribution shall be the maximum deductible contribution for the 1997 plan year under Seller's Union Pension Plan multiplied by a fraction, the numerator of which shall be the number of days in 1997 preceding the Closing Date and the denominator of which shall be 365.

(f) (i) As soon as practicable after the Closing Date, Buyer shall enroll Non-Union Transferred Employees (who elect to participate or who roll over an account balance

to Buyer's 401(k) Plan as provided herein) into Buyer's 401(k) Plan to provide benefits from and after the Closing Date to the Transferred Employees. Service of a Transferred Employee which is recognized by Seller's Retirement Savings Plan shall be recognized as service with Buyer by Buyer's 401(k) Plan.

(ii) As soon as practicable following the Closing Date, Seller shall cause the Seller's Retirement Savings Plan to permit a distribution to participants who are Transferred Employees in accordance with Code Section 401(k)(10) and the regulations thereunder. Buyer shall cause Buyer's 401(k) Plan to accept rollovers (including direct rollovers and rollovers of participant loans) of amounts so distributable from Seller's Retirement Savings Plan. Buyer shall not be obligated to service the loan balances of any Transferred Employees who maintain account balances under the Seller's Retirement Savings Plan.

(g) Prior to the Closing Date, Buyer and Seller shall provide each other with an IRS determination letter relating to the tax qualified status under Sections 401(a) and 501(a) of the Code of their respective tax-qualified plans (described above) and related trusts. In the absence of such determination letters, Buyer or Seller (as the case may be) shall, within the applicable remedial amendment period, apply for a favorable determination letter regarding the plan's qualification under Section 401(a) of the Code and shall take all actions necessary in order to obtain such letter, including making all necessary or appropriate changes to the terms of the plan.

(h) Effective as of the Closing Date, Buyer shall, with respect to Non-Union Transferred Employees, designate one or more plans to provide preretirement medical, dental, prescription drug, and health care flexible spending account benefits (the "Buyer's Medical Plan") to Non-Union Transferred Employees and their eligible dependents. On the Closing Date, Buyer shall allow all Non-Union Transferred Employees and their eligible dependents to enroll, without any waiting period, in Buyer's Medical Plan. For Non-Union Transferred Employees who elect to enroll in Buyer's Medical Plan, Buyer and Buyer's Medical Plan shall be responsible for all the preretirement medical, dental, prescription drug, and health care flexible spending account expenses incurred by Non-Union Transferred Employees and their eligible dependents on and after the Closing Date. With respect to Non-Union Transferred Employees, Buyer's Medical Plan providing medical and prescription drug benefits shall waive any restrictions and limitations for pre-existing conditions. Non-Union Transferred Employees' service recognized by Seller shall be recognized by Buyer's Medical Plans. Seller and Seller's Medical Plan shall only be responsible for medical, dental, and prescription drug expenses of Transferred Employees and their dependents to the extent such expenses are covered under the terms of Seller's Medical Plan and are incurred prior to the Closing Date. Buyer's Medical Plan shall take into account expenses incurred in Seller's Medical Plan during the Plan Year in which the Closing Date occurs, for purposes of determining deductibles and out-of-pocket limits under Buyer's Medical Plan for the remainder of the plan year under Buyer's Medical Plan. Seller shall provide Buyer the amount of such expenses within 30 days after the Closing Date. Seller shall cause the balance (the liability and any associated cash withheld from participants' paychecks) in the Seller's flexible spending account and dependent care assistance account plans attributable to Transferred Employees as of the Closing Date to be transferred to Buyer's flexible spending account and dependent care assistance account plan for the year in which the Closing Date occurs.

(i) Effective as of the Closing Date, Buyer shall allow Non-Union Transferred Employees to enroll in its plans providing long term and short term disability benefits. Service of Non-Union Transferred Employees recognized by Seller under its plans that provided them long term and short term disability benefits shall be recognized by Buyer under it's plans providing such disability benefits. Buyer and its plans shall assume all responsibility for accident and sickness, worker's compensation, short term and long term disability claims incurred by any Transferred Employee on and after the Closing Date; provided that claims under Buyer's long term disability plan shall be covered only after the employee satisfies the "actively at work" requirement under Buyer's long-term disability plan, unless otherwise covered under the Seller's Union Pension Plan. Seller shall be responsible for workers compensation, and short term and long term disability claims incurred by any Transferred Employee prior to the Closing Date, regardless of when such claims are made, except with respect to disability benefits payable to Union Employees from Seller's Union Pension Plan.

(j) Effective as of the Closing Date, Buyer shall allow Non-Union Transferred Employees to enroll into its plans providing life insurance, accidental death and dismemberment, and travel accident coverage. Service of Non-Union Transferred Employees recognized by Seller under its comparable plans shall be recognized by Buyer under its plans.

(k) Seller shall retain its Liability and that of its Subsidiary to the Transferred Employees under the BHP Supplemental Plan, and shall indemnify Buyer from any Buyer Losses relating to such plan in accordance with as provided in subsection 9.2(b).

(l) Service of Transferred Employees recognized by Seller or Subsidiary shall be recognized by Buyer for the calculation of severance benefits upon termination of employment with Buyer, Subsidiary or an Affiliate thereof. Buyer shall provide any Non-Union Transferred Employee who is terminated by Buyer, Subsidiary or an Affiliate thereof prior to the first anniversary of the Closing Date with severance benefits at least equal to those set forth in the severance plan sponsored by Subsidiary as of the Closing Date. Seller shall indemnify Buyer in accordance with subsection 9.2(b) for the amount by which any severance benefits paid in accordance with the preceding sentence exceed the amount of severance benefits that would otherwise have been paid to any Transferred Employee under Buyer's informal severance practice in effect as of the Agreement Date (pursuant to which the severance benefit equals two weeks of pay per year of service, with a minimum severance benefit equal to one month of pay and a maximum severance benefit equal to 12 months' of pay), assuming that the Transferred Employee is eligible to participate in Buyer's severance plan and counting all of such Transferred Employee's service and compensation with Seller or Subsidiary as service and compensation with Buyer.

(m) Seller shall prepare, or cause Subsidiary to prepare, and distribute to all Transferred Employees an accurate and complete statement of their (i) accrued benefits under Seller's Non-Union and Union Pension Plans as of the Closing Date, and (ii) any balances standing to the credit of Transferred Employees under Seller's or Subsidiary's flexible spending account and dependent care assistance plans, including amounts being transferred to Buyer's plans, and shall provide Buyer with a true and complete copy of the same. Such statements shall be sufficiently detailed to readily permit Buyer and Transferred Employees to determine the

accuracy thereof. Prior to the Closing Date, Buyer shall not issue any communications, written or oral, to the employees of Seller or Subsidiary without the prior written consent of Seller.

(n) Seller shall retain all Liability under any retiree medical or retiree life plan maintained, or contributed to, by Seller or Subsidiary with respect to any retiree, former employee or any other employee of Subsidiary who is not a Transferred Employee, including any Liability with respect to such employee arising under the Collective Bargaining Agreement. Seller shall indemnify Buyer as provided in subsection 9.2(b) for any Buyer Loss resulting from any such Liability. Seller will take whatever action is necessary to ensure that retiree medical benefits from Seller's or Subsidiary's medical plan will not be available as of the Closing Date to Non-Union Transferred Employees.

11.3 Plant Closing Notice. Upon not less than 60 days' written notice from Buyer of Buyer's then present intention to terminate employees of Subsidiary after the Closing, Seller shall give or cause to be given any notice required to be given by Seller or Subsidiary under Chapter 394B, Hawaii Revised Statutes, as amended. Buyer shall have the right to review and approve such notice prior to Seller's release of the same. Seller shall not be obligated to provide any such notice if in Seller's reasonable opinion, after consultation with counsel and with Buyer, such action (including the content of such notice) reasonably could result in Seller's or Subsidiary's violation of any law, statute, regulation or Governmental Order.

ARTICLE XII
TERMINATION

12.1 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by the mutual written consent of Buyer and Seller; or

(b) by either Buyer or Seller, if the Closing shall not have occurred by September 30, 1997 (or December 31, 1997 if by September 30, 1997, all the conditions set forth in Articles VII and VIII, other than receipt by Buyer and Seller of the PUC Approval and expiration of the applicable waiting period under the HSR Act, have been satisfied or waived); *provided, however*, that the right to terminate this Agreement pursuant to this subsection 12.1(b) shall not be available to any party or parties whose failure to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur prior to such date; or

(c) by Buyer, as a result of the breach in any material respect of any of the representations and warranties of Seller contained in Article IV or the failure by Seller to perform and comply in any material respect with any of the agreements and obligations required by this Agreement to be performed or complied with by Seller, provided that such breach or failure is not cured within 30 days of Seller's receipt of a written notice from Buyer that such a breach or failure has occurred (it being understood and agreed that Seller will be deemed to have cured any such breach of a representation or warranty if such breach (i) was not intended to defraud Buyer, (ii) could result in Buyer Losses for which Seller would be liable for

indemnification pursuant to Section 9.2 and Seller acknowledges in writing its obligation under such Section 9.2 to indemnify the Buyer Indemnified Parties for such Buyer Losses (subject to the limitations set forth in Section 9.5), and (iii) is not reasonably likely to result in a Material Adverse Effect or would not be deemed by a reasonable prospective acquiror of Subsidiary to be material in its decision to acquire Subsidiary); or

(d) by Seller, as a result of the breach in any material respect of any of the representations and warranties of Buyer contained in Article V or the failure by Buyer to perform and comply in any material respect with any of the agreements and obligations required by this Agreement to be performed or complied with by Buyer, provided that such breach or failure is not cured within 30 days of Buyer's receipt of a written notice from such parties' that such a breach or failure has occurred; or

(e) by Seller, if performance by it of Section 6.19 would require Seller to incur aggregate expenses and other Liabilities in excess of $1,000,000 (net of insurance proceeds Subsidiary or Buyer are highly likely to recover under their policies of insurance).

12.2 Written Notice. In order to terminate this Agreement pursuant to Section 12.1, the party so acting shall give written notice of such termination to the other party, specifying the grounds thereof.

12.3 Effect of Termination. In the event of the termination of this Agreement in accordance with subsection 12.1(a) or 12.1(b), this Agreement (other than Sections 6.8 and 13.1, which shall survive the termination hereof) shall become void and have no effect, with no liability on the part of any party or its Affiliates, directors, officers, employees, shareholders or agents in respect thereof. In the event of a termination by Buyer pursuant to subsection 12.1(c) or by Seller pursuant to subsection 12.1(d), nothing contained herein shall be deemed to prohibit either party from pursuing any remedy available at law or in equity.

12.4 Waiver. At any time prior to the Closing, Buyer and Seller may (a) extend the time for the performance of any of the obligations or other acts of the other party hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto or (c) waive compliance with any of the agreements or conditions contained herein.

ARTICLE XIII
GENERAL PROVISIONS

13.1 Expenses, Taxes, Etc. Except as otherwise provided herein, each party will pay all fees and expenses incurred by it in connection with this Agreement and the transactions contemplated hereby; *provided, however*, that all sales, use, documentary, stamp and excise Taxes and all transfer, filing, recordation and similar Taxes and fees (including all real estate transfer Taxes and conveyance and recording fees, if any) incurred by any party or Subsidiary in connection with this Agreement and the transactions contemplated hereby will be borne equally by Buyer and Seller; and *provided, further*, that all sales, use, documentary, stamp and excise Taxes and all transfer, filing, recordation and similar Taxes and fees (including all

real estate transfer Taxes and conveyance and recording fees, if any) incurred by any party or Subsidiary in connection with or as a result of the Merger will be borne solely by Buyer.

13.2 Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered or mailed if delivered personally or by recognized overnight delivery service or mailed by registered or certified mail (postage prepaid, return receipt requested), or sent by facsimile transmission (confirmation received) to the parties at the following addresses and facsimile transmission numbers (or at such other address or number for a party as shall be specified by like notice), except that notices after the giving of which there is a designated period within which to perform an act and notices of changes of address or number shall be effective only upon receipt:

(a) if to Seller:

BHP Hawaii Inc.
733 Bishop Street
P. O. Box 3379
Honolulu, Hawaii 96842
Attention: Mr. Henry G. Neal
Telecopy No.: (808) 547-3091
Telephone No.: (808) 547-3111

with a copy to:

Orrick, Herrington & Sutcliffe LLP
Old Federal Reserve Bank Building
400 Sansome Street
San Francisco, California 94111
Attention: Richard V. Smith, Esq.
Telecopy No.: (415) 773-5759
Telephone No.: (415) 392-1122

(b) if to Buyer:

Citizens Utilities Company
1233 Westbank Expressway
Harvey, LA 70058
Attention: Vice President, Energy Sector
Telecopy No.: (504) 374-7687
Telephone No.: (504) 374-7210

and

Citizens Utilities Company
Three High Ridge Park
Stamford, CT 06905

Attention: General Counsel
Telecopy No.: (203) 329-4651
Telephone No.: (203) 329-5047

with a copy to:

Jeffry L. Hardin, Esq.
Fleischman and Walsh, LLP
1400 Sixteenth Street, NW
Washington, D.C. 20036
Telecopy No.: (202) 265-5706
Telephone No.: (202) 939-7914

13.3 Disclosure Schedule. The Disclosure Schedule shall be divided into sections corresponding to the sections and subsections of this Agreement. Disclosure of any matter in the Disclosure Schedule shall not be deemed to imply that such matter is or is not material. Disclosure of any matter in the Disclosure Schedule shall not constitute an admission or raise any inference that such matter constitutes a violation of law or an admission of Liability or facts supporting Liability.

13.4 Interpretation. (a) When a reference is made in this Agreement to Sections, subsections, Schedules or Exhibits, such reference shall be to a Section, subsection, Schedule or Exhibit to this Agreement unless otherwise indicated. The words "include," "includes" and "including" when used herein shall be deemed in each case to be followed by the words "without limitation." The table of contents and the headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "herein" and "hereby" and similar references mean, except where a specific Section or Article reference is expressly indicated, the entire Agreement rather than any specific Section or Article. Except as otherwise expressly provided herein, all monetary amounts referenced in this Agreement shall mean U.S. dollars.

(b) Any references in this Agreement to the "knowledge" of Seller or to matters "known" to Seller, shall mean the actual knowledge without inquiry or investigation of only the Persons listed on Schedule 13.4(a). Any references in this Agreement to the "best knowledge" or "knowledge" of Buyer shall mean the actual knowledge without inquiry or investigation of only the Persons listed on Schedule 13.4(b). Anything herein to the contrary notwithstanding, no Person listed on any of such schedules shall have any personal Liability with respect to any of the matters set forth in this Agreement or any representation or warranty herein being or becoming untrue, inaccurate or incomplete.

13.5 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in

an acceptable manner to the end that transactions contemplated hereby are fulfilled to the greatest extent possible.

13.6 Assignment. This Agreement may not be assigned by operation of law or otherwise.

13.7 No Third-Party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing herein expressed or implied shall give or be construed to give to any Person, other than the parties hereto and such assigns, any legal or equitable rights hereunder.

13.8 Amendment. This Agreement may not be amended or modified except by an instrument in writing signed by Seller and Buyer.

13.9 No Other Remedies. Except as provided in Sections 6.6, 6.9, 12.3, 13.13 and 13.16, any and all remedies herein expressly conferred upon a party hereby are deemed exclusive of any other remedy conferred hereby or by law or equity on such party. In particular, except as provided in Sections 6.6 and 6.9, the remedies provided by Article IX for Losses shall be exclusive of any other rights or remedies available to a party against the other party, either at law or in equity, in relation to any breach, default or nonperformance of any representation, warranty, covenant, agreement or undertaking made or entered into by such other party pursuant to this Agreement or the transactions contemplated hereby. Notwithstanding any provision hereof, neither party shall be liable hereunder to any Buyer Indemnified Party or Seller Indemnified Party for any incidental or consequential damages, or loss of profits, or opportunities, or any exemplary or punitive damages, regardless of the circumstances from which such damages arose.

13.10 Further Assurances. Each party agrees to cooperate fully with the other parties and to execute such further instruments, documents and agreements and to give such further written assurances as may be reasonably requested by any other party to evidence and reflect the transactions described herein and contemplated hereby and to carry into effect the intents and purposes of this Agreement.

13.11 Mutual Drafting. This Agreement is the joint product of Buyer and Seller and each provision hereof has been subject to the mutual consultation, negotiation and agreement of Buyer and Seller and shall not be construed for or against any party hereto.

13.12 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Hawaii (without giving effect to its choice of law principles).

13.13 Dispute Resolution. Except as otherwise provided in Sections 6.6, 6.9, 12.3 and 13.16 and subsections 2.2(b) and 10.2(i), any dispute, controversy or claim between the parties relating to, arising out of or in connection with this Agreement (or any subsequent agreements or amendments thereto), including as to its existence, enforceability, validity, interpretation, performance or breach or as to indemnification or damages, including claims in tort, whether arising before or after the termination of this Agreement (any such dispute,

controversy or claim being herein referred to as a "Dispute"), shall be settled without litigation and only by use of the following alternative dispute resolution procedure:

(a) At the written request of a party, each party shall appoint a knowledgeable, responsible representative to meet and negotiate in good faith to resolve any Dispute. The discussions shall be left to the discretion of the representatives. Upon agreement, the representatives may utilize other alternative dispute resolution procedures such as mediation to assist in the negotiations. Discussions and correspondence among the parties' representatives for purposes of these negotiations shall be treated as confidential information developed for the purposes of settlement, exempt from discovery and production, and without the concurrence of both parties shall not be admissible in the arbitration described below or in any lawsuit. Documents identified in or provided with such communications, which are not prepared for purposes of the negotiations, are not so exempted and may, if otherwise admissible, be admitted in the arbitration.

(b) If negotiations between the representatives of the parties do not resolve the Dispute within 60 days of the initial written request, the Dispute shall be submitted to binding arbitration by a single arbitrator pursuant to the Commercial Arbitration Rules, as then amended and in effect, of the American Arbitration Association (the "Rules"). Either party may demand such arbitration in accordance with the procedures set out in the Rules. The arbitration shall take place in Honolulu, Hawaii. The arbitration hearing shall be commenced within 60 days of such party's demand for arbitration. The arbitrator shall control the scheduling (so as to process the matter expeditiously) and any discovery. The parties may submit written briefs. At the arbitration hearing, each party may make written and oral presentations to the arbitrator, present testimony and written evidence and examine witnesses. No party shall be eligible to receive, and the arbitrator shall not have the authority to award, exemplary or punitive damages. The arbitrator shall rule on the Dispute by issuing a written opinion within 30 days after the close of hearings. The arbitrator's decision shall be binding and final. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction.

(c) Each party will bear its own costs and expenses in submitting and presenting its position with respect to any Dispute to the arbitrator; *provided, however*, that if the arbitrator determines that the position taken in the Dispute by the non-prevailing party taken as a whole is unreasonable, the arbitrator may order the non-prevailing party to bear such fees and expenses, and reimburse the prevailing party for all or such portion of its reasonable costs and expenses in submitting and presenting its position, as the arbitrator shall reasonably determine to be fair under the circumstances. Each party to the arbitration shall pay one-half of the fees and expenses of the arbitrator and the American Arbitration Association.

(d) Notwithstanding any other provision of this Agreement, either party may commence an Action to compel compliance with this Section 13.13.

13.14 Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

13.15 Entire Agreement. This Agreement, together with all Schedules and Exhibits hereto, and the documents and instruments and other agreements among the parties delivered pursuant hereto, including the Ancillary Agreements, constitute the entire agreement and supersede all prior agreements and undertakings, both written and oral, other than the Confidentiality Agreement, among Seller and Buyer with respect to the subject matter hereof and are not intended to confer upon any other Person any rights or remedies hereunder, except as otherwise expressly provided herein.

13.16 Specific Performance. The parties hereto agree that irreparable damage would occur to either party in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that either party shall be entitled to an injunction or injunctions to prevent breaches of this Agreement by the other and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which either party is entitled at law or in equity.

IN WITNESS WHEREOF, Seller and Buyer have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

BHP HAWAII INC.,
a Hawaii corporation

By /s/ Henry G. Neal
Name: Henry G. Neal
Title: President

CITIZENS UTILITIES COMPANY,
a Delaware corporation

By /s/ J. Michael Love
Name: J. Michael Love
Title: Vice President Corporate Planning

EXHIBIT 1.1(a)

PETROLEUM FEEDSTOCK AGREEMENT

This PETROLEUM FEEDSTOCK AGREEMENT (this "Agreement"), dated as of _____, __, 199_, by and between BHP Petroleum Americas Refining Inc., a Hawaii corporation ("BHP Refining"), and Citizens Utilities Company, a Delaware corporation ("Citizens").

RECITALS

A. BHP Hawaii Inc., a Hawaii corporation, and Citizens have entered into a Stock Sale Agreement, dated as of January 9, 1997 (the "Acquisition Agreement"), providing for the sale by BHP Hawaii Inc., the parent of BHP Refining, to Citizens of all of the outstanding capital stock of Gasco, Inc., a Hawaii corporation.

B. BHP Refining wishes to supply petroleum feedstock to the synthetic natural gas plant operated by Citizens (the "SNG Plant") from the petroleum refinery owned and operated by BHP Refining (the "Refinery"), and Citizens wishes to obtain a long term supply of petroleum feedstock for the SNG Plant from the Refinery, effective upon the Closing Date and on the terms and subject to the conditions set forth herein.

C. BHP Refining and Citizens wish to make arrangements for the supply of certain other materials and services between the SNG Plant and the Refinery after the Closing Date.

AGREEMENT

In consideration of the premises and the respective covenants and obligations set forth herein the parties agree as follows:

1. Term. The term of this Agreement shall commence on _____, 199_ (the "Closing Date") and terminate on the date which is ten (10) years after the Closing Date, and shall automatically be extended for one (1) ten-year term unless cancelled by either party by giving written notice to the other of such cancellation not less than ninety (90) days prior to the end of the initial term.

2. Feedstock Quality. BHP Refining shall provide Naphtha, SNG Feed, and Enrichment LPG to Citizens exclusively for Citizens' production of synthetic natural gas at the SNG Plant, (collectively, the "Feedstock"), with the specifications set forth on Exhibit A attached hereto and incorporated herein by this reference (individually and collectively, the "Specifications").

3. Feedstock Price. The price per therm of Feedstock shall be calculated pursuant to the formula set forth in Exhibit B attached hereto and incorporated herein by this reference (the "Feedstock Pricing Formula"); ***provided, that:*** (i) on each anniversary of the Closing Date and at any time that, pursuant to the formula on Exhibit B, the average crude index factor for the previous two months minus $12.12 is greater than $5/bbl or less than $-5/bbl, the parties shall review and revise the Feedstock Pricing Formula as may be mutually agreed, and (ii) the Feedstock Pricing Formula shall be amended to include any increase in compliance costs or expenses incurred by the Refinery as a result of new legal or regulatory requirements imposed on, or affecting, the production, transport, delivery or sale of the Feedstock, or the source material(s) thereof. Upon request, BHP Refining shall provide documentation to support the price per therm calculations used for invoicing.

4. BTU/Quality/Quality/Measurement.

(a) SNG Feed and Enrichment LPG

(1) BTU/Quality. Citizens shall take duplicate samples of the SNG Feed and Enrichment LPG three (3) times each week from the SNG Plant's feed lines. Citizens and BHP Refining shall mutually agree to the sampling procedures and times at which such samplings shall occur. BHP Refining shall have the right to have a representative present at each sampling event. After the duplicate samples are taken, one set of such samples will be immediately transferred to BHP Refining for analysis using standard BHP Refining test methods for BTU content and product specifications. BHP Refining will use these results to calculate the BTU content for billing purposes. BHP Refining will retain the analytic results for a three (3) month period and will make such results available for Citizens' review upon request during that period. If over a one (1) month billing period, the average of Citizens' analytic results for BTU content of either the SNG Feed or Enrichment LPG samples vary by greater than 3% from the average of BHP Refining's analytic results, then, upon written notice from Citizens, the parties shall review all pertinent data and information relating to the BTU measurements and shall negotiate in good faith and make appropriate adjustments, if necessary, for the SNG Feed and/or Enrichment LPG delivered during the one (1) month billing period.

(2) Quantity. All measurements of SNG Feed and Enrichment LPG delivered shall be made by BHP Refining meters.

(b) Naphtha.

(1) BTU/Quality. BHP Refining will take a composite sample from the Naphtha tank used to provide Citizens with its Naphtha requirements each time Naphtha is batch loaded into the tank. Each composite sample will be analyzed, using standard BHP Refining test methods, for BTU content and product specifications, with the exception of total chlorides and metals (*i.e.*, lead, arsenic, iron and vanadium). The latter shall be analyzed once each calendar quarter. The C/H ratio specification shall be mathematically calculated using the product specification results for each composite sample. BHP Refining will retain the analytic results for a three (3) month period and will make such results available for Citizens' review upon request during that period. At Citizens' request, a duplicate sample will be taken and made available to Citizens.

(2) Quantity. All measurements of Naphtha delivered shall be made by BHP Refining meters.

(c) Volume Corrections/Materially Off-Specification Feedstock. The net volume of Feedstock delivered shall be determined by adjusting the volume measurement obtained from meters to 60 degrees Fahrenheit, in accordance with Standard Abridged Volume Correction Table for Petroleum Oils ASTM-1P, and the latest revision thereof after deducting the amount consumed by Citizens' interruptible customers pursuant to the Interruptible Supply Agreement (Schedule 91/92) between BHP Refining and Citizens dated the date hereof. As soon as either party becomes aware that the Feedstock is materially off-specification such that significant costs are likely to be incurred that would not otherwise have been required had such Feedstock conformed with the Product Specifications provided for herein, then that party shall immediately notify the other of the situation and take all necessary steps to mitigate any resulting costs or damages. Upon receipt of notice, the parties shall review all pertinent data and information relating to such nonconformance and shall, in good faith, negotiate any appropriate adjustments, if necessary. Notwithstanding the foregoing, neither party shall be liable to the other for any indirect or consequential damages.

(d) Meter Calibrations. Citizens shall be kept advised of any repairs, calibrations or adjustments of BHP Refining's meter equipment. Meters shall be calibrated at least annually. Citizens may witness such meter calibrations, and BHP Refining shall provide three (3) days notice of meter calibrations. Meter readings shall be done by employees or agents of BHP Refining. All records and readings pertaining to the meters shall remain the property of BHP Refining and shall be kept on file by BHP Refining for a period of one (1) year. Upon request of Citizens, BHP Refining shall make available to Citizens during normal business hours, copies of such reports and readings, together with a record of repairs, calibrations or adjustments made, and calculations thereof, for Citizens' inspection and verification, subject to return within twenty (20) days.

(e) Meter Accuracy. Each party at any time shall have the right to challenge the accuracy of said meter and when challenged, the meter shall be tested promptly for sufficiency and accuracy by a procedure and allocation of testing costs acceptable to both Citizens and BHP Refining. If the meter is found on any such test to be inaccurate more than plus or minus one and one-half (1½%) percent, then the quantities indicated in all invoices for Feedstock delivered since the date of the last test or calibration shall be adjusted by one-half of the determined inaccuracy. The meter factor determined by such test shall remain in effect until the time of BHP Refining's next meter calibration.

5. Delivery. The Feedstock shall be delivered via pipeline from BHP Refining's Barbers Point Refinery into the SNG Plant. BHP will use reasonable commercial efforts to supply the Feedstock in ratable quantities or, with the mutual agreement of both parties, in a manner as shall be requested by Citizens.

6. Feedstock Quantity. Citizens shall have the right of first refusal with respect to produced volumes of SNG Feed and Naphtha, and Enrichment LPG in the following amounts:

(i) up to 2,700,000 therms per month in the form of SNG Feed, Naphtha or a combination of the two, at the discretion of BHP Refining; ***provided however,*** that approximately 300,000 therms per month of such 2,700,000 therms shall be provided in the form of Naphtha on a ratable basis, through existing piping for SNG Plant fuel, and

(ii) up to 600,000 therms per month in the form of Enrichment LPG.

7. Quantity Commitment and Alternative Supply. Except as provided in Section 12(a), Citizens shall purchase all of its SNG Feed from BHP Refining, to the extent it is available; ***provided that,*** if Citizens receives a bona fide offer from an unrelated third party then willing and logistically able to sell feedstock which is substantially the same as the Feedstock at a lower price in the same quantities on an as-delivered basis for a period not less than the remaining term of this Agreement and commencing within thirty (30) days of the date of such bona fide offer, Citizens shall provide to BHP Refining evidence satisfactory to BHP Refining of such offer and price, and BHP Refining shall have thirty (30) days after receipt of such notice to elect to meet such lower price. If BHP Refining elects to meet such price, Citizens shall purchase its feedstock from BHP Refining. If BHP Refining elects not to meet such price, this Agreement shall terminate.

8. Emergency and Other Special Services.

(a) Use of Refinery Flare System. During the period this Agreement is in effect, Citizens shall have the right to share use of the flare system owned by BHP Refining and located on Refinery property, subject to the following conditions:

(i) Citizens shall provide two (2) days' prior written notice of any planned use of the flare, except for emergency use under upset conditions, in which case notice must be given as soon as possible;

(ii) BHP Refining shall make commercially reasonable efforts to accommodate Citizens' planned or upset use of the flare, but in the event of conflicting needs to use the flare, BHP Refining's needs will have priority;

(iii) BHP Refining maintains the flare system for its own use. Citizens acknowledges and agrees that the flare is being provided in an "as is" condition and that BHP Refining does not warrant the condition or maintenance of the flare system for Citizens' use;

(iv) BHP Refining shall provide Citizens with one (1) year notice of any plan to abandon said flare system without replacement, and, provided that the parties can reach agreement on mutually acceptable terms, Citizens shall have the right to acquire said flare on terms to be negotiated at that time.

(v) Citizens' entry onto BHP Refining's premises and the use

of the flare is at Citizens' risk and BHP Refining shall not be liable to Citizens, its employees, contractors or agents for personal injury, property damage, costs, losses or liabilities arising from such entry or use, except to the extent caused by BHP

Refining's gross negligence or intentional misconduct, and Citizens will indemnify BHP Refining for any such injury, damage, costs, losses or liabilities to Citizens or its employees, contractors or agents; and

(vi) Citizens will defend, indemnify and hold harmless BHP Refining for any environmental liabilities, costs, claims, or penalties attributable to Citizens' use of the flare. BHP Refining shall maintain required air permits, if any, related to the operation of the flare.

(b) Use of Radio Repeater. During the period this Agreement is in effect and while BHP Refining continues to operate the radio repeater equipment, Citizens shall have the right to use the BHP Refining radio repeater for communications purposes; ***provided that,*** Citizens shall only use radios with a single crystal which are tuned to a frequency different than the frequency used by BHP Refining. BHP Refining shall maintain required licenses and permits, if any, related to the operation of the radio repeater.

(c) Emergency Supplies. In the event of emergency needs, the parties, upon receipt of notice, shall use reasonable commercial efforts to provide each other with the following on an emergency, as needed, as available basis, at a price equal to the cost to the supplying party plus 10%, or the applicable tariff, if any:

(1) Steam, in volumes and at pressures appropriate for the receiving facility;

(2) Fuel gas, to start up boilers, etc. (fuel gas shall be provided prior to any deliveries of products to Citizens' interruptible customers);

(3) Demineralized water; and

(4) Hydrogen with the specifications set forth on Exhibit A.

(d) Perimeter Lighting. With respect to the perimeter lighting system that is currently owned by BHP Refining and located at the Refinery and the SNG Plant (the "Perimeter Lighting"), during the period this Agreement is in effect, BHP Refining shall continue to own, operate and maintain the Perimeter Lighting in accordance with its operating practice, which may change from time to time at the sole discretion of BHP Refining.

(e) Fire Water System. During the period this Agreement is in effect, with respect to the fire water system that is currently owned by BHP Refining and located at the Refinery and the SNG Plant (the "Fire Water System"), the parties hereby agree that each shall be solely responsible for performing necessary maintenance and repairs to and conducting testing and inspection of the portions of the Fire Water System located within their respective properties as necessary to keep or bring the Fire Water System in compliance with applicable fire and life safety regulations, and any mutually agreed upon safety or maintenance standards that have been established and put into effect by the parties. The parties shall promptly notify each other of any problems discovered within their

respective portions of the Fire Water System which might affect the use and operation of the entire Fire Water System. Each party shall have the right to access the other party's facility for the purpose of inspecting, testing or verifying proper maintenance and repair of the Fire Water System upon one (1) day notice, or in the case of emergency without notice. Citizens shall cooperate with any system-wide testing or inspection conducted by BHP Refining. Citizens expressly acknowledges that BHP Refining shall have no liability to Citizens for any damages resulting from any failure of the Fire Water System unless caused by the gross negligence of BHP Refining.

9. Payments. BHP Refining or Citizens, as the case may be, shall provide invoices as of the 15th and the last day of each month. The other party shall pay such invoices within five (5) business days of receipt by wire transfer to: BHP Refining's Account No. 40643342 at Citibank, New York, ABA No. 021000089 or to such other account as BHP Refining shall direct on at least five (5) business days prior written notice to Citizens; or to Citizens' Account No._____ at _____Bank, ABA No._____ or to such other account as Citizens shall direct on at least five (5) business days prior written notice to BHP Refining, as applicable.

10. Resale. Resale of Feedstock and other materials purchased pursuant to this Agreement is prohibited.

11. Force Majeure. (a) As used in this Agreement, an event or act of "force majeure" is defined as including: act of God, fire, riot, accident, war, act of any government, partial or total interruption or loss, or shortage of transportation facilities or supplies, shortage of feedstock or other substances due to shortage in the supply of available crude oil, natural gas or other substances, curtailment of business (including unscheduled shutdowns of any manufacturing facility or any part thereof for any reason whatsoever), or by other causes beyond the reasonable control of the parties, whether similar or not to the events, acts or causes specified.

(b) Citizens' obligations under this Agreement shall be suspended for any period in which an event or act of force majeure exists as to Citizens. However, nothing herein excuses Citizens from making payments on money obligations already incurred under this Agreement. BHP Refining's obligations under this Agreement shall be suspended for any period in which an event or act of force majeure exists as to BHP Refining.

(c) The party claiming force majeure agrees to give the other party notice of an act or event of force majeure as soon as practicable after the occurrence and a confirmation in writing as soon as practicable thereafter. The party claiming benefit of this provision shall attempt in good faith to resume performance as soon as reasonably possible; ***provided that***, no party shall be obligated to settle a dispute or otherwise take any action which is not commercially reasonable to terminate an event of force majeure. There shall be no charge for supplies not in fact delivered or services not performed during an act or event of force majeure.

(d) The party claiming excuse of performance by force majeure shall give the other party prompt notice after the act or event of force majeure has terminated.

Upon termination of the event or act of force majeure, performance hereunder shall be resumed.

12. Inability to Supply or Take Feedstock.

(a) If BHP Refining is unable to supply Feedstock, Citizens may procure such feedstock from another supplier. If the reason for non-supply is other than because of an event of force majeure, and the price of the replacement feedstock exceeds the price of the Feedstock hereunder, BHP Refining shall pay Citizens an amount equal to the difference, if any, between the price paid by Citizens to the other supplier and the price that Citizens would have paid hereunder.

(b) If Citizens is unable to accept delivery of a "Minimum" amount of Feedstock (as defined below) during a calendar month other than because of an event of force majeure, Citizens shall nevertheless pay BHP Refining an amount equal to the value of the Minimum, ***provided however,*** that in lieu of such payment by Citizens, BHP Refining may sell such Feedstock to other parties. In such event, if the sale price is less than the price of the Feedstock hereunder, Citizens shall pay BHP Refining an amount equal to the difference, if any, between the price paid to BHP Refining by such other parties and the price BHP Refining would have received from Citizens hereunder. In the event that BHP Refining has not identified a third party purchaser for the Feedstock, Citizens shall have the right to do so on or before five (5) days prior to the date the Feedstock would otherwise have been delivered to the SNG Plant; ***provided that,*** Citizens shall not designate any existing customer of BHP Refining or prospective customers of BHP Refining that are being actively pursued to purchase products that are equivalent or similar in use to the Feedstock. To the extent that no other purchaser offering equivalent or better terms is available and the purchaser identified by Citizens is a bona fide purchaser willing to pay upon delivery and to accept delivery at the Refinery by the date the Feedstock would otherwise have been delivered to the SNG Plant, BHP Refining shall sell the Feedstock to such purchaser. In any case, if the sale price to any such purchaser is less than the price of Feedstock hereunder, Citizens shall pay BHP Refining an amount equal to the difference, if any, between the price paid to BHP Refining by such party and the price BHP Refining would have received from Citizens hereunder. For the purposes of this section, the "Minimum" shall mean the quantity of Feedstock equal to seventy-five (75%) of the average monthly quantity of Feedstock purchased by Citizens in the last 12 months in which a force majeure condition was not in effect for either party at any time during such months.

(c) Amounts payable under this Section 12 shall be paid within five (5) business days after receipt of invoice. Each party will use best efforts to minimize the liability of the other party through cooperation, exchange, or other means; provided however that BHP Refining will not be expected to take action in a manner that has the potential to adversely affect its general business interests, including existing customer relationships, ongoing sales and marketing activities, and general financial performance.

13. Risk of Loss/Title. Risk of loss and title to Feedstock and other substances provided hereunder will pass at the property line between the Refinery and the SNG Plant. Citizens and BHP Refining agree that each party's ownership and responsibility for maintenance and repair of the pipelines associated with the Feedstock and other substances

addressed by this Agreement shall divide at the property line, with each party holding ownership and responsibility for maintenance and repair of the pipelines on its property.

14. Disputes. If a party, within fifteen (15) days after receipt or delivery of an invoice, disputes any charge set forth therein, such party shall notify the other party in writing. The parties shall use reasonable commercial efforts to promptly resolve any such dispute. If either party determines that the dispute cannot be resolved in a mutually agreeable manner, the dispute shall be submitted within five (5) days of notification to the other party to an independent public accountant mutually acceptable to the parties (the "Accountant"), or, if more appropriate, to another expert mutually agreeable to both parties (the "Expert"). The Accountant or Expert shall make such investigation of the charges as it deems necessary and shall finally determine the amount of the charges. The cost of the Accountant or Expert shall be borne by the invoiced party if the charges are determined to be correct and shall be borne by the invoicing party if the charges are determined to be incorrect. Notwithstanding the foregoing, Citizens shall pay any disputed charges in accordance with the payment schedule set forth in Section 9 above, with appropriate adjustments, if necessary, to be made by the parties following a final determination of the dispute under this Section 14.

15. Foreign Trade Zone. BHP Refining and Citizens shall each use commercially reasonable efforts to maintain Foreign-Trade Subzone status for its respective Foreign-Trade Subzone and prevent revocation or cessation of such status or the benefits thereof, including payment of administrative fees to the State of Hawaii and compliance with all applicable statutes, laws, regulations and governmental orders (including those of the U.S. Customs Service, the State of Hawaii, the Foreign-Trade Zones Board and the City and County of Honolulu with respect to duties, quotas, recordkeeping and administration of its respective Foreign-Trade Subzone). Notwithstanding the foregoing, neither BHP Refining nor Citizens shall be obligated to maintain Foreign-Trade Subzone status if material changes, whether with respect to applicable law, statutes, regulations, or relating to the operation of each party's business, make it commercially unreasonable for such party to maintain such status.

16. Compliance with Law. The parties shall conduct all operations hereunder in compliance with all applicable laws, ordinances, and regulations of governmental authorities. In the performance of this Agreement each party is independently engaged as a separate business from the other party, and nothing herein contained shall be construed as reserving to either party any right to control the other party with respect to its physical conduct in the performance of this Agreement. It is further understood and agreed that neither BHP Refining nor Citizens reserves any right to exercise control over any of the other party's employees and that all employees of Citizens shall be entirely under the control and direction of Citizens and the employees of BHP Refining shall be entirely under the control and direction of BHP Refining, each of which shall be responsible for their own employees' actions and omissions.

17. Taxes. Any tax, tariff, duty, toll, fee, impost, charge or other exaction, or the amount equivalent thereto, and any increase thereof, now or hereafter imposed, levied or assessed by any governmental authority upon, measured by, incident to or as a result of the matters covered by this Agreement, or the transportation, importation, production, manufacture, delivery, use or ownership of the Feedstock, and other materials to be provided

hereunder, or the source materials thereof, whether payable by Citizens or BHP Refining shall be borne by Citizens.

18. Insurance. BHP Refining and Citizens undertake and agree, at their own expense, during the term hereof, to maintain in full force and effect, with reputable and responsible insurance companies or associations, insurance in amounts sufficient for their own business and assets and in such amounts and covering such risks as are usually carried by companies engaged in similar businesses with similar properties and operations, including without limitation, workman's compensation insurance with statutory limits of coverage, covering all persons employed by and working for each party in connection with the performance of this Agreement, comprehensive or commercial general liability, fire, and theft. Upon request each party shall furnish the other with satisfactory evidence of the maintenance of such insurance.

19. Indemnification. Except as otherwise provided herein, the parties shall indemnify, defend and hold each other harmless from and against any and all expense (including reasonable attorneys' fees and costs), liability and claims of whatsoever kind and nature for damage to property, or for injury to or death of any person directly or indirectly arising or alleged to arise out of any negligent act or omission of such party or its agents or employees in the performance of this Agreement, except to the extent that the negligence or the willful misconduct of the other party, its agents or employees is determined to be the cause of any such damages and injuries. IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES OR LOSS OF PROFITS OR OPPORTUNITIES, OR ANY EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF THIS AGREEMENT, REGARDLESS OF WHETHER BASED ON CONTRACT, TORT (INCLUDING NEGLIGENCE OR STRICT LIABILITY) WARRANTY, OR ANY OTHER BASIS FOR CAUSE OF ACTION.

20. Confidentiality. The parties agree to keep confidential any and all information and data received or generated pursuant to this Agreement except for information and data which is generally available to the public from sources other than government and regulatory agencies. Notwithstanding the foregoing, the parties may make such disclosures which are required by law or other governmental authority.

21. Termination. (a) BHP Refining may suspend deliveries or, at its option, terminate this Agreement if: (i) Citizens fails to make any payment on or before fifteen (15) days after the due date; or (ii) Citizens becomes insolvent, becomes subject to any bankruptcy or reorganization proceedings, whether voluntary or involuntary, or is placed in a receivership. Notwithstanding the foregoing, neither a suspension nor a termination by BHP Refining shall affect the obligations of Citizens to make payments due hereunder.

(b) Citizens may terminate this Agreement if: (i) BHP Refining fails to make any payment on or before fifteen (15) days after the due date; or (ii) BHP Refining becomes insolvent, becomes subject to any bankruptcy or reorganization proceedings, whether voluntary or involuntary, or is placed in a receivership. Notwithstanding the foregoing, a termination by Citizens shall not affect the obligations of BHP Refining to make payments due hereunder.

(c) For either party to exercise its termination rights pursuant to this Agreement, the party desiring the termination must provide notice of its intent to terminate the Agreement. The party so notified has ten (10) days to cure the reason given for the termination. If the reason is not cured then the Agreement shall terminate.

22. Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered or mailed if delivered personally or mailed by registered or certified mail (postage prepaid, return receipt requested), or sent by facsimile transmission, (confirmation received) to the parties at the following addresses and facsimile transmission numbers (or at such other address or number for a party as shall be specified by like notice), except that notices after the giving of which there is a designated period within which to perform an act and notices of changes of address or number shall be effective only upon receipt:

If to BHP Refining:

BHP Petroleum Americans Refining, Inc.
P.O. Box 3379
Honolulu, Hawaii 96842
Attention: Vice President Marketing
Telecopier: (808) 547-3796

If to Citizens:

Citizens Utility Company
P.O. Box 433
Harvey, LA 70058
Attention: Vice President Energy Supply
Telecopier: (504) 374-7685

23. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Hawaii, without regard to any conflict of law principle thereof.

24. Arbitration. Except as set forth in Section 14 or elsewhere herein, any dispute, controversy or claim between the parties relating to, arising out of or in connection with this Agreement (or any subsequent agreements or amendments thereto), including as to its existence, enforceability, validity, interpretation, performance or breach or as to indemnification or damages, including claims in tort, whether arising before or after the termination of this Agreement (any such dispute, controversy or claim being herein referred to as a "Dispute"), shall be settled without litigation and only by use of the following alternative dispute resolution procedure:

(a) At the written request of a party, each party shall appoint a knowledgeable, responsible representative to meet and negotiate in good faith to resolve any Dispute. The discussions shall be left to the discretion of the representatives. Upon agreement, the representatives may utilize other alternative dispute resolution procedures such as mediation to assist in the negotiations. Discussions and correspondence among the parties'

representatives for purposes of these negotiations shall be treated as confidential information developed for the purposes of settlement, exempt from discovery and production, and without the concurrence of both parties shall not be admissible in the arbitration described below or in any lawsuit. Documents identified in or provided with such communications, which are not prepared for purposes of the negotiations, are not so exempted and may, if otherwise admissible, be admitted in the arbitration.

(b) If negotiations between the representatives of the parties do not resolve the Dispute within sixty (60) days of the initial written request, the Dispute shall be submitted to binding arbitration by a single arbitrator pursuant to the Commercial Arbitration Rules, as then amended and in effect, of the American Arbitration Association (the "Rules"). Either party may demand such arbitration in accordance with the procedures set out in the Rules. The arbitration shall take place in Honolulu, Hawaii. The arbitration hearing shall be commenced within sixty (60) days of such party's demand for arbitration. The arbitrator shall control the scheduling (so as to process the matter expeditiously) and any discovery. The parties may submit written briefs. At the arbitration hearing, each party may make written and oral presentations to the arbitrator, present testimony and written evidence and examine witnesses. The arbitrator shall have the authority to award equitable remedies (but only after the party seeking the same shall establish that it would be entitled to such remedies under applicable law), including injunctive relief and specific performance. No party shall be eligible to receive, and the arbitrator shall not have the authority to award, exemplary or punitive damages. The arbitrator shall rule on the Dispute by issuing a written opinion within thirty (30) days after the close of hearings. The arbitrator's decision shall be binding and final. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction.

(c) Each party will bear its own costs and expenses in submitting and presenting its position with respect to any Dispute to the arbitrator; *provided, however,* that if the arbitrator determines that the position taken in the Dispute by the non-prevailing party taken as a whole is unreasonable, the arbitrator may order the non-prevailing party to bear such fees and expenses, and reimburse the prevailing party for all or such portion of its reasonable costs and expenses in submitting and presenting its position, as the arbitrator shall reasonably determine to be fair under the circumstances. Each party to the arbitration shall pay one-half of the fees and expenses of the arbitrator and the American Arbitration Association.

(d) If (i) BHP Refining is unable to supply Feedstock of a quality enabling Citizens to manufacture synthetic natural gas and, as a result, BHP Refining is in material breach of this Agreement, (ii) Citizens is unable to procure such feedstock in a timely manner from another supplier, (iii) as a result of such clauses (i) and (ii) Citizens is unable to or likely to become unable to fulfil any material obligation imposed upon it, either by Hawaii law or Hawaii's Public Utilities Commission, as a regulated public utility to provide synthetic natural gas to the residents of the Island of Oahu, and (iv) Citizens otherwise is not then in breach of this Agreement, then Citizens may institute expedited arbitration under the Rules as then in effect.

25. Mutual Drafting. This Agreement is the joint product of the parties hereto and each provision hereof has been subject to the mutual consultation, negotiation and agreement of each of the parties and shall not be construed for or against any party hereto.

26. Interpretation. References herein to Sections or Exhibits shall be to a Section or Exhibit to this Agreement unless otherwise indicated. The words "include," "including" and "includes" when used herein shall be deemed in each case to be followed by the words "without limitation." The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Terms used herein and not defined herein shall have the meanings assigned to them in the Acquisition Agreement.

27. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the greatest extent possible.

28. Assignment. Neither party shall assign, or transfer, or delegate the performance of its rights or obligations hereunder without the prior written consent of the other party; ***provided however,*** that BHP Refining may make such an assignment, transfer or delegation to any direct or indirect subsidiary of Broken Hill Proprietary Company Limited (or any successor thereto), and that Citizens may make such an assignment, transfer or delegation to any direct or indirect subsidiary of Citizens Utilities Company (or any successor thereto). This Agreement shall be binding upon and shall inure to the benefit of the parties, their successors and permitted assigns.

29. No Waivers. The failure of either party at any time to enforce or require performance or the strict compliance with any provision hereof shall in no way operate as a waiver or affect the right of such party to enforce the same. No waiver by either party of any condition or the breach of any provision of this Agreement shall be deemed to be or construed as a further or continuing waiver of any such condition or breach, or a waiver of any other condition or of any breach of any other provision of this Agreement.

30. Entire Agreement. This Agreement contains the entire understanding and agreement between the parties hereto as to the operations to be performed hereunder and terminates and supersedes all prior contracts and agreements for the purchase and sale of Feedstock, ***provided that*** any accrued obligations of either party under any such prior agreement shall be performed by such party at the time of the closing of the Acquisition Agreement, or pursuant to any post-closing account settlement procedure provided therein, if any. This Agreement may not be amended or modified except by a writing signed by each of the parties and which references this Agreement.

31. Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

BHP PETROLEUM AMERICAS REFINING INC.

By_____
Name:
Title:

CITIZENS UTILITIES COMPANY

By_____
Name:
Title:

EXHIBIT A

NAPHTHA:	Maximum/ Minimum	To be Met at Least 70% of Each Month
Distillation (ASTM D86 °F		
Initial Boiling Point (max.)	105	105
50% Point (max.)	175	175
End Point (max.)	300	185
C/H Ratio (max.)	6.0	6.0
API Gravity @ 60°F (min.)	60	70-75
Paraffins % Volume (min.)	50	70-75
Olefins Volume (max.)	1.0	0.0
2 Times Aromatics plus Naphththenes, % Volume (max.)	50	35
Sulfur, ppm (max.)	200	<20*
Chlorides, ppm (max.)	5	5
Lead, ppb (max.)	100	<20
Arsenic,Iron, Vanadium, Total ppm (max.)	1.0	<100 ppb
Reid Vapor Pressure, psi (max.)	12	9-10
BTU/Gallon (gross heating value)	122,000	110,000-115,000

Subject to increase to 50 ppm after start-up of mercapton treaters.

SNG FEED:	Maximum/ Minimum	To be Met at Least 70% of Each Month
Vapor Pressure at 100°F (max.) psia (min.) psia	200 35	<50
Typical composition	Propane through Heptanes	C_3 through Heptanes
Heptane or heavier (min.)	35%	10-20%
Olefins, Volume Percent	nil	nil
BTU/Gallon (gross min./max.)	90,000/ 122,000	90,000/ 122,000
Sulfur, ppm (max.)	100	100
Free water content	none	none
API Gravity @ 60°F (min.)	75	75
Aromatics (max.)	6%	3-5%
ENRICHMENT LPG:		
Vapor Pressure at 100°F (max.), psia	200	50-60
BTU/Gallon (gross; min.)	90,000	90,000
Sulfur, ppm (less than)	50	50
Water Free C_3+ (max.)	None 20%	None <10%

HYDROGEN:

- Reformer hydrogen - equal or exceeding Citizens' plant equipment design:

75%	H-2
20.6%	CH-4
3.4%	CO
1%	CO-2

- Methanated hydrogen - less than 10 ppm carbon oxides

The hydrogen shall be delivered at a pressure of 220 psig and be measured by Citizens at the meter located on the SNG side of the property line; such meter shall be calibrated and tested by an independent third party upon any dispute between the parties with respect to measurement.

EXHIBIT B

FEEDSTOCK PRICING FORMULA

PRICE/THERM

$$(0.3503) + \frac{\frac{B\text{-}\$12.12\,\$/BBL}{42\ gal/bl} * 0.8197\ gal/therm}{0.95}$$

B = Avg. crude index factor for previous two (2) months ($/bbl)

Crude Index Factor = 40% of the monthly average of the weekly APPI quotations for Attaka crude FOB Indonesia; 60% of the monthly average of the daily mid-point ANS reported by the Asian Petroleum Price Index.

EXHIBIT 1.1(b)

INTERRUPTIBLE SUPPLY AGREEMENT (SCHEDULE 91/92)

This INTERRUPTIBLE SUPPLY AGREEMENT (SCHEDULE 91/92) (this "Agreement"), dated as of _____ __, 199__, by and between BHP Petroleum Americas Refining Inc., a Hawaii corporation ("BHP Refining"), and Citizens Utilities Company, a Delaware corporation ("Citizens").

RECITALS

A. BHP Hawaii Inc., a Hawaii corporation, and Citizens have entered into a Stock Sale Agreement, dated as of January 9, 1997 (the "Acquisition Agreement"), providing for the sale by BHP Hawaii, Inc., the parent of BHP Refining, to Citizens of all of the outstanding capital stock of Gasco, Inc., a Hawaii corporation ("Gasco").

B. As set forth on Schedule 91/92 filed with the Hawaii Public Utilities Commission (the "PUC"), Citizens has certain customers which are willing to purchase products on an interruptible basis as an alternative to other fuels used by such customers ("Interruptible Customers").

C. From time to time BHP Refining may have available for sale to Citizens from the petroleum refinery owned and operated by BHP Refining (the "Refinery"), certain excess petroleum products or sub-components (collectively, the "Feedstock"), suitable for use as a feedstock for the production of synthetic natural gas ("SNG") by the SNG plant operated by Citizens (the "SNG Plant"). BHP Refining wishes to sell, when available and at its discretion, and Citizens wishes to purchase, when available, at its discretion, Feedstock, effective upon the Closing, and on the terms and subject to conditions set forth herein.

AGREEMENT

In consideration of the premises and the respective covenants and obligations set forth herein the parties agree as follows:

1. Term. The term of this Agreement shall commence on _____ __, 199_ (the "Closing Date") and terminate upon ninety (90) days prior written notice of termination by either party to the other, or pursuant to Section 17. Notwithstanding the foregoing, the parties shall not give a notice of termination during the one year period after the Closing Date, except pursuant to Section 17; ***provided that***, Citizens shall not amend, replace

or terminate PUC Schedule 91/92 or seek to amend, replace or terminate PUC Schedule 91/92 during such one year period. This Agreement shall also be subject to termination in whole or in part by order of the PUC.

2. Feedstock. (a) BHP Refining, at its sole discretion, will make Feedstock available to Citizens for use in connection with the production of SNG by the SNG Plant for Citizens' Interruptible Customers ("Schedule 91/92 SNG"). The composition of the Feedstock shall meet either the specifications for Naphtha or the specifications for SNG Feedstock set forth in the Petroleum Feedstock Agreement between BHP Refining and Citizens, dated as of _____ __, 199_.

(b) The quantity of Feedstock provided under this Agreement, as calculated in Section 3(c) below, shall not exceed 14,000 therms per calendar day.

3. Feedstock Price/Quantity. (a) The total cost of the Feedstock shall be calculated based on gas send out from the SNG Plant as follows:

$$\text{Total Feedstock Cost} = P \times L$$

where:

P = Feedstock price per therm of Schedule 91/92 SNG produced by Citizens from the Feedstock, as calculated pursuant to the formula set forth in Exhibit A attached hereto and incorporated herein by this reference, and

L = Schedule 91/92 SNG therms produced, as calculated using the formula set forth in Section 3(b).

(b) Citizens shall calculate the total Schedule 91/92 SNG produced as:

$$L = [S \times 1/(1-N)]$$

where:

S = monthly SNG therms consumed by Schedule 91/92 customers as measured by meters installed at Interruptible Customers' premises pursuant to Schedule 91/92 read on the last working day of each calendar month and reported to the PUC each month, and

N = unaccounted for gas value (line loss factor) allowed by the PUC. Citizens' current unaccounted for gas value allowed by the PUC is 1.41%.

(c) The volume of Feedstock delivered shall be calculated as:

Feedstock Volume = L x R

where:

L = Schedule 91/92 therms produced, as calculated using the formula set forth in Section 3(b), and

R = The SNG Plant's calculated ratio of actual feedstock and fuel therms used versus SNG therms produced for the prior month.

The computed volume of Feedstock calculated in this subsection 3(c) does not affect the cost or pricing calculations in subsections 3(a) and 3(b) above. It is used to determine the amount of feedstock from the total stream of product between the Refinery and the SNG Plant attributable to Schedule 91/92 production.

4. Delivery/Supply. (a) The Feedstock shall be delivered via pipeline from BHP Refining's Barbers Point Refinery to the SNG Plant. The parties agree that the Refinery may interrupt or otherwise cease to supply Feedstock hereunder in whole or in part at its sole discretion, including when the Feedstock is not manufactured or produced in sufficient quantities or when BHP Refining elects an alternate disposition for the Feedstock. During such periods, BHP Refining shall have no obligation to sell and Citizens shall have no right to purchase Feedstock.

(b) BHP Refining shall use reasonable commercial efforts to provide prior notice to Citizens of any interruption or cessation of Feedstock, whether scheduled or unscheduled. In the case of scheduled interruption or cessation of Feedstock, BHP Refining shall endeavor to provide Citizens with at least 52 hours advance notice.

5. Schedule 91/92 Amendments. Citizens shall not amend, replace or terminate, or seek to amend, replace or terminate PUC Schedule 91/92 without 90 days prior written notice to BHP Refining as provided in Section 18. The notice shall include a detailed description of all proposed actions Citizens intends to take with respect to PUC Schedule 91/92.

6. Payments. BHP Refining shall provide invoices as of the 15th and the last day of each month. Citizens shall pay such invoices within five (5) business days of receipt by wire transfer to BHP Refining's Account No. 40643342 at Citibank, New York, ABA No. 021000089 or to such other account as BHP Refining shall direct on at least five (5) days' prior written notice to Citizens.

7. Resale. Resale of Feedstock purchased by Citizens pursuant to this Agreement is prohibited.

8. Force Majeure. (a) As used in this Agreement, an event or act of "force majeure" is defined as including: act of God, fire, riot, accident, war, act of any government, partial or total interruption or loss, or shortage of transportation facilities or supplies, shortage of feedstock or other substances due to shortage in the supply of available crude oil, natural gas or other substances, curtailment of business (including unscheduled shutdowns of any manufacturing facility or any part thereof for any reason whatsoever), or by other causes beyond the reasonable control of the parties, whether similar or not to the events, acts or causes specified.

(b) Citizens' obligations under this Agreement shall be suspended for any period in which an event or act of force majeure exists as to Citizens. However, nothing herein excuses Citizens from making payments on money obligations already incurred under this Agreement. BHP Refining's obligations under this Agreement shall be suspended for any period in which an event or act of force majeure exists as to BHP Refining.

(c) The party claiming force majeure agrees to give the other party notice of an act or event of force majeure as soon as practicable after the occurrence and a confirmation in writing as soon as practicable thereafter. The party claiming benefit of this provision shall attempt in good faith to resume performance as soon as reasonably possible; ***provided that***, no party shall be obligated to settle a dispute or otherwise take any action which is not commercially reasonable to terminate an event of force majeure. There shall be no charge for supplies not in fact delivered or services not performed during an act or event of force majeure.

(d) The party claiming excuse of performance by force majeure shall give the other party prompt notice after the act or event of force majeure has terminated. Upon termination of the event or act of force majeure, performance hereunder shall be resumed.

9. Risk of Loss/Title. Risk of loss and title to Feedstock and other substances provided hereunder will pass at the property line between the Refinery and the SNG Plant. Citizens and BHP Refining agree that each party's ownership, and responsibility for maintenance and repair, of the pipelines associated with the Feedstock and other substances addressed by this Agreement shall divide at the property line with each party holding ownership and responsibility for maintenance and repair of the pipelines on its property.

10. Disputes. If Citizens, within fifteen (15) days after receipt or delivery of an invoice, disputes any charge set forth therein, Citizens shall notify BHP Refining in writing. The parties shall use reasonable commercial efforts to promptly resolve any such dispute. If either party determines that the dispute cannot be resolved in a mutually agreeable manner, the dispute shall be submitted within five (5) days of notification to the other party to an independent public accountant mutually acceptable to the parties (the "Accountant") or, if more appropriate, to another expert mutually agreeable to both parties (the "Expert"). The Accountant or Expert shall make such investigation of

the charges as it deems necessary and shall finally determine the amount of the charges. The cost of the Accountant or Expert shall be borne by Citizens if the charges are determined to be correct and shall be borne by BHP Refining if the charges are determined to be incorrect. Notwithstanding the foregoing, Citizens shall pay any disputed charges in accordance with the payment schedule set forth in Section 6 above, with appropriate adjustments, if necessary, to be made by the parties following a final determination of the dispute under this Section 10.

11. Foreign Trade Zone. BHP Refining and Citizens shall each use commercially reasonable efforts to maintain Foreign-Trade Subzone status for its respective Foreign-Trade Subzone and prevent revocation or cessation of such status or the benefits thereof, including payment of administrative fees to the State of Hawaii and compliance with all applicable statutes, laws, regulations and governmental orders (including those of the U.S. Customs Service, the State of Hawaii, the Foreign-Trade Zones Board and the City and County of Honolulu with respect to duties, quotas, recordkeeping and administration of its respective Foreign-Trade Subzone). Notwithstanding the foregoing, neither BHP Refining nor Citizens shall be obligated to maintain Foreign-Trade Subzone status if material changes, whether with respect to applicable law, statutes, regulations, or relating to the operation of each party's business, make it commercially unreasonable for such party to maintain such status.

12. Compliance with Law. The parties shall conduct all operations hereunder in compliance with all applicable laws, ordinances, and regulations of governmental authorities. Each of Citizens and BHP Refining in the performance of this Agreement is engaged in an independent business from the other party, and nothing herein contained shall be construed as reserving to either party any right to control the other party with respect to its physical conduct in the performance of this Agreement. It is further understood and agreed that neither BHP Refining nor Citizens reserves any right to exercise control over any of the other party's employees and that all employees of Citizens shall be entirely under the control and direction of Citizens and the employees of BHP Refining shall be entirely under the control and direction of BHP Refining, each of which shall be responsible for their own employees' actions and omissions.

13. Taxes. Any tax, tariff, duty, toll, fee, impost, charge or other exaction, or the amount equivalent thereto, and any increase thereof, now or hereafter imposed, levied or assessed by any governmental authority upon, measured by, incident to or as a result of the matters covered by this Agreement, or the transportation, importation, production, manufacture, use or ownership of the Feedstock, and other materials to be provided hereunder, or the source materials thereof, whether payable by Citizens or BHP Refining, shall be borne by Citizens.

14. Insurance. BHP Refining and Citizens undertake and agree, at their own expense, during the term hereof, to maintain in full force and effect, with reputable and responsible insurance companies or associations, insurance in amounts sufficient for their own business and assets and in such amounts and covering such risks as are usually carried by companies engaged in similar businesses with similar properties and operations, including

without limitation, workman's compensation insurance with statutory limits of coverage, covering all persons employed by and working for each party in connection with the performance of this Agreement, comprehensive or commercial general liability, fire, and theft. Upon request each party shall furnish the other with satisfactory evidence of the maintenance of such insurance.

15. Indemnification. Except as otherwise provided herein, the parties shall indemnify, defend and hold each other harmless from and against any and all expense (including reasonable attorneys' fees and costs), liability and claims of whatsoever kind and nature for damage to property, or for injury to or death of any person directly or indirectly arising or alleged to arise out of any negligent act or omission of such party or its agents or employees in the performance of this Agreement, except to the extent that the negligence or the willful misconduct of the other party, its agents or employees is determined to be the cause of any such damages and injuries. IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING THOSE ASSOCIATED WITH DAMAGE THAT RESULTS TO CITIZENS' INTERRUPTIBLE CUSTOMERS AS A RESULT OF THE INTERRUPTION OR TERMINATION OF SUPPLY OF THE SCHEDULE 91/92 SNG), OR LOSS OF PROFITS OR OPPORTUNITIES, OR ANY EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF THIS AGREEMENT, REGARDLESS OF WHETHER BASED ON CONTRACT, TORT (INCLUDING NEGLIGENCE OR STRICT LIABILITY) WARRANTY, OR ANY OTHER BASIS FOR CAUSE OF ACTION.

16. Confidentiality. The parties agree to keep confidential any and all information and data received or generated pursuant to this Agreement except for information and data which is generally available to the public from sources other than government and regulatory agencies. Notwithstanding the foregoing, the parties may make such disclosures which are required by law or other governmental authority.

17. Termination. (a) BHP Refining may suspend deliveries or, at its option, terminate this Agreement if: (i) Citizens fails to make any payment on or before fifteen (15) days after the due date; or (ii) Citizens becomes insolvent, becomes subject to any bankruptcy or reorganization proceedings, whether voluntary or involuntary, or is placed in a receivership; or (iii) Citizens amends, replaces or terminates PUC Schedule 91/92 without the prior notice to BHP Refining as provided in Section 5; or (iv) such amendment, replacement or termination is not to BHP Refining's satisfaction. Notwithstanding the foregoing, neither a suspension nor a termination by BHP Refining shall affect the obligations of Citizens to make payments due hereunder.

(b) Citizens may terminate this Agreement if BHP Refining becomes insolvent, becomes subject to any bankruptcy or reorganization proceedings, whether voluntary or involuntary, or is placed in a receivership.

(c) For either party to exercise its termination rights pursuant to this Agreement, the party desiring the termination must provide notice of its intent to terminate the

Agreement. The party so notified has ten (10) days to cure the reason given for the termination. If the reason is not cured then the Agreement shall terminate.

18. Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered or sent if delivered personally or sent by registered or certified mail (postage prepaid, return receipt requested), or sent by facsimile transmission (confirmation received), to the parties at the following addresses and facsimile transmission numbers (or at such other address or number for a party as shall be specified by like notice), except that notices after the giving of which there is a designated period within which to perform an act and notices of changes of address or number shall be effective only upon receipt:

If to BHP Refining:

BHP Petroleum Americans Refining, Inc.
P.O. Box 3379
Honolulu, Hawaii 96842
Attention: Vice President Marketing
Telecopier: (808) 547-3796

If to Citizens:

Citizens Utility Company
P.O. Box 433
Harvey, LA 70058
Attention: Vice President Energy Supply
Telecopier: (504) 374-7685

19. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Hawaii, without regard to any conflict of law principle thereof.

20. Arbitration. Except as set forth in Section 10 or elsewhere herein, any dispute, controversy or claim between the parties relating to, arising out of or in connection with this Agreement (or any subsequent agreements or amendments thereto), including as to its existence, enforceability, validity, interpretation, performance or breach or as to indemnification or damages, including claims in tort, whether arising before or after the termination of this Agreement (any such dispute, controversy or claim being herein referred to as a "Dispute"), shall be settled without litigation and only by use of the following alternative dispute resolution procedure:

(a) At the written request of a party, each party shall appoint a knowledgeable, responsible representative to meet and negotiate in good faith to resolve any Dispute. The discussions shall be left to the discretion of the representatives. Upon agreement, the representatives may utilize other alternative dispute resolution procedures such as mediation to assist in the negotiations. Discussions and correspondence among the parties'

representatives for purposes of these negotiations shall be treated as confidential information developed for the purposes of settlement, exempt from discovery and production, and without the concurrence of both parties shall not be admissible in the arbitration described below or in any lawsuit. Documents identified in or provided with such communications, which are not prepared for purposes of the negotiations, are not so exempted and may, if otherwise admissible, be admitted in the arbitration.

(b) If negotiations between the representatives of the parties do not resolve the Dispute within sixty (60) days of the initial written request, the Dispute shall be submitted to binding arbitration by a single arbitrator pursuant to the Commercial Arbitration Rules, as then amended and in effect, of the American Arbitration Association (the "Rules"). Either party may demand such arbitration in accordance with the procedures set out in the Rules. The arbitration shall take place in Honolulu, Hawaii. The arbitration hearing shall be commenced within sixty (60) days of such party's demand for arbitration. The arbitrator shall control the scheduling (so as to process the matter expeditiously) and any discovery. The parties may submit written briefs. At the arbitration hearing, each party may make written and oral presentations to the arbitrator, present testimony and written evidence and examine witnesses. No party shall be eligible to receive, and the arbitrator shall not have the authority to award, exemplary or punitive damages. The arbitrator shall rule on the Dispute by issuing a written opinion within thirty (30) days after the close of hearings. The arbitrator's decision shall be binding and final. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction.

(c) Each party will bear its own costs and expenses in submitting and presenting its position with respect to any Dispute to the arbitrator; *provided, however*, that if the arbitrator determines that the position taken in the Dispute by the non-prevailing party taken as a whole is unreasonable, the arbitrator may order the non-prevailing party to bear such fees and expenses, and reimburse the prevailing party for all or such portion of its reasonable costs and expenses in submitting and presenting its position, as the arbitrator shall reasonably determine to be fair under the circumstances. Each party to the arbitration shall pay one-half of the fees and expenses of the arbitrator and the American Arbitration Association.

21. Mutual Drafting. This Agreement is the joint product of the parties hereto and each provision hereof has been subject to the mutual consultation, negotiation and agreement of each of the parties and shall not be construed for or against any party hereto.

22. Interpretation. References herein to Sections or Exhibits shall be to a Section or Exhibit to this Agreement unless otherwise indicated. The words "include," "including" and "includes" when used herein shall be deemed in each case to be followed by the words "without limitation." The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Terms used herein and not defined herein shall have the meanings assigned to them in the Acquisition Agreement.

23. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the greatest extent possible.

24. Assignment. Neither party shall assign, or transfer, or delegate the performance of its rights or obligations hereunder without the prior written consent of the other party; ***provided however,*** that BHP Refining may make such an assignment, transfer or delegation to any direct or indirect subsidiary of Broken Hill Proprietary Company Limited (or any successor thereto), and that Citizens may make such an assignment, transfer or delegation to any direct or indirect subsidiary of Citizens Utilities Company (or any successor thereto). This Agreement shall be binding upon and shall inure to the benefit of the parties, their successors and permitted assigns.

25. No Waivers. The failure of either party at any time to enforce or require performance or the strict compliance with any provision hereof shall in no way operate as a waiver or affect the right of such party to enforce the same. No waiver by either party of any condition or the breach of any provision of this Agreement shall be deemed to be or construed as a further or continuing waiver of any such condition or breach, or a waiver of any other condition or of any breach of any other provision of this Agreement.

26. Entire Agreement. This Agreement and PUC Schedule 91/92 in effect on the date hereof contain the entire understanding and agreement between the parties hereto as to the operations to be performed hereunder. This Agreement terminates and supersedes all prior contracts and agreements for the purchase and sale of Feedstock; ***provided that*** any accrued obligations of either party under any such prior agreement shall be performed by such party at the time of the closing of the Acquisition Agreement, or pursuant to any post-closing account settlement procedure provided therein, if any. This Agreement may not be amended or modified except by a writing signed by each of the parties and which references this Agreement.

27. Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

BHP PETROLEUM AMERICAS REFINING INC.

By_____
Name:
Title:

CITIZENS UTILITIES COMPANY

By_____
Name:
Title:

EXHIBIT A

FEEDSTOCK PRICING FORMULA

PRICE/THERM

$$P = \frac{\frac{(Z) \times (1-G)}{(1.3927)} - .6793}{1.1132} + .4836 - \frac{Y}{1.3927}$$

where:

•Z = Adjusted diesel price per gallon = (Diesel price + J) x (1 + GE) + Y

•Diesel Price = Monthly average Dealer buying price for Honolulu as reported in the last Lundberg Letter published for the calendar month prior to the month in which the product was delivered, or if the Lundberg Letter is not available, a mutually agreed-upon alternative.

•J = Jobber Margin = $0.03/gallon

•1.3927 = Gallon to therm conversion for diesel

•G = Diesel to SNG adjustment = 1.12%

•State General Excise Tax = GE = 4.166%

•Fuel Adjustment Clause Factor = 1.1132 = Factor to account for franchise tax, PU fees, PU tax and unaccounted for gas rate

•$.6793 = Commodity charge per Schedule 91

•$.4836 = Fuel cost in base rate per Schedule 91

•Y = All taxes and other mutually agreed-to city, state, federal or other governmental assessments applied to the sale of such Product including but not limited to the superfund tax expressed in dollars per gallon.

EXHIBIT 1.1(c)

PROPANE SUPPLY AGREEMENT

This PROPANE SUPPLY AGREEMENT (this "Agreement"), dated as of _____ __, 199__, by and between BHP Petroleum Americas Refining Inc., a Hawaii corporation ("BHP Refining"), and Citizens Utilities Company, a Delaware corporation.

RECITALS

A. BHP Hawaii Inc., a Hawaii corporation, and Citizens have entered into a Stock Sale Agreement, dated as of January 9, 1997 (the "Acquisition Agreement"), providing for the sale by BHP Hawaii, Inc., the parent of BHP Refining, to Citizens of all of the outstanding capital stock of Gasco, Inc., a Hawaii corporation ("Gasco").

B. BHP Refining wishes to supply liquified petroleum gas ("Propane") to Citizens, and Citizens wishes to obtain a long term supply of Propane, effective upon the Closing, and on the terms and subject to the conditions set forth herein.

AGREEMENT

In consideration of the premises and the respective covenants and obligations set forth herein the parties agree as follows:

1. Term. The term of this Agreement shall commence on _____ __, 199_ (the "Closing Date"). The Agreement shall terminate upon ninety (90) days prior written notice of termination by either party to the other, which notice shall not be given any sooner than that date which is five (5) years after the Closing Date.

2. Propane. The Propane shall conform to the specifications set forth in the Annual Book of ASTM Standards, Part 24, Petroleum Products and Lubricants (11); Standard Specification for Liquefied Petroleum (LP) Gases, ASTM D 1835, Special Duty Propane, published by the American Society for Testing and Materials, as amended, except that the butane content may be up to, but not in excess of, ten percent (10%) by volume. BHP Refining shall add Pennodorant 1013 or its equivalent to the Propane prior to delivery to Citizens, in accordance with NFPA Pamphlet 58, as amended. The Propane shall be dry 24 seconds minimum as determined by the NGPA Dryness test (valve freeze method ASTM D 2713).

3. Price and Quantity.

(a) Citizens shall take or pay for on a monthly basis a minimum of 860,000 gallons of Propane (the "Minimum"). The price paid for the Minimum shall be BHP Refining's established price for Citizens in effect at the time and place of each delivery of the

Propane, as specified by BHP from time to time; *provided, however,* that to the extent Citizens is actually paying a lower weighted average price to other refiners operating in the State of Hawaii for up to the first 860,000 gallons per month of Propane delivered to Citizens (the "Weighted Average Price"), BHP Refining shall lower its price for the Minimum to match the Weighted Average Price for as long as Citizens is able to satisfactorily demonstrate that it continues to receive a lower Weighted Average Price from other refiners operating in the State of Hawaii.

(b) To the extent BHP Refining has sufficient supplies of Propane in excess of the Minimum, Citizens shall purchase all of the Propane made available by BHP Refining up to Citizens' full monthly State of Hawaii propane requirements, less the minimum monthly quantity of Propane that Citizens is contractually obligated to purchase, on the Closing Date, from other refiners operating in the State of Hawaii. The price paid for the volumes purchased in excess of the Minimum shall be the price established for the Minimum in effect at the time and place of each delivery, as provided in Section 3(a), less a discount of $0.01 per gallon when received by Citizens at the Load Rack (as defined below), or a discount of $0.0025 per gallon when delivered by BHP Refining at its sole discretion to Citizens' Pier 38 facility. If, after consideration of all BHP discounts, a lower total delivered price is available to Citizens from a reputable alternative supplier, as evidenced by written bona fide offers capable of being accepted by Citizens for immediate delivery, BHP Refining shall lower its net price, after all discounts, for volumes made available by BHP Refining in excess of the Minimum to match such lower total delivered price as long as Citizens is able to satisfactorily demonstrate that such lower total delivered price continues to be available to Citizens.

(c) A vapor return volume credit shall be made to Citizens' account each month, based on random weighing by BHP Refining of a truck lifting during the previous month.

4. Measurement.

(a) The quantities of Propane delivered hereunder by BHP Refining shall be measured by a positive displacement meter. Said meter shall be operated and maintained by BHP Refining at its own expense. It is understood that Citizens will, from time to time, and by the same methods, check the quantities of Propane received from BHP Refining. In the event a material difference results between the BHP Refining's measurement of the quantity of Propane delivered and Citizens' measurement, the parties hereto shall mutually agree on the calculations to be applied to such particular delivery. The unit of Propane measurement for all deliveries hereunder shall be one (1) U.S. gallon of liquefied petroleum gas measured as a liquid and corrected to a standard temperature of 60°F.

(b) Citizens shall have access to such measuring equipment at all reasonable times, and shall be kept advised of any repairs, calibrations or adjustments. Meter readings shall be performed by employees or agents of BHP Refining. Such meters shall be calibrated at least annually. All records and readings pertaining to the meter shall remain the property of BHP Refining and shall be kept on file by BHP Refining for a period of one (1) year. Upon request by Citizens, BHP Refining shall submit to Citizens copies of such reports and readings, together with a record of repairs, calibrations or adjustments made, and calculations thereof, for Citizens' inspection and verification, subject to return within twenty (20) days.

(c) Each party at any time shall have the right to challenge the accuracy of said meter and when challenged, the meter shall be tested promptly for sufficiency and accuracy by a procedure and allocation of testing costs acceptable to both Citizens and BHP Refining. If the meter is found on any such test to be inaccurate more than plus or minus one and one-half (1½%) percent, then the quantities indicated in all invoices for Propane delivered since the date of the last test or calibration shall be adjusted by one-half of the determined inaccuracy. The meter factor determined by such test shall remain in effect until the time of BHP Refining's next meter calibration.

(d) The above procedures for determining by meter the quantities of Propane delivered may be suspended if both Citizens and BHP Refining agree that the actual quantities delivered differ by more than plus or minus four percent (4%) from those measured by the calibrated meter. In such a case, all other pertinent evidence shall be considered and the parties shall negotiate in good faith to mutually agree on a method of determining quantities of delivered Propane, and adjustments of past invoices issued from the time the discrepancy was discovered; *provided that,* Citizens shall promptly notify BHP Refining of any discovery of a discrepancy.

(e) In the event of meter failure or inoperability, Citizens' records of truck receipts will be compared to BHP Refining's storage tank gaugings to determine the quantity delivered for invoicing purposes.

(f) Once each calendar quarter Citizens will weigh one of its tank trucks before and immediately after loading Propane from BHP Refining. These measurements will be reported to the BHP Refining Accounting Department and compared to the measurement of quantities obtained from the positive displacement meter reading.

5. Delivery.

(a) BHP Refining shall have Propane available for delivery on a 24 hour per day basis at the BHP Refining load rack and cylinder filling station at Campbell Industrial Park (the "Load Rack"). Citizens shall have the nonexclusive right to use the Load Rack to load its trucks and cylinders; ***provided that,*** such use complies with applicable laws and regulations and BHP standards and requirements with respect to equipment standards, safety practices, training of truck drivers and other operators, and related matters. Citizens shall be responsible for providing appropriate and safe vehicles and tank trucks, for loading Propane in accordance with applicable laws and regulations and BHP Refining's standards and requirements, and for using trained and qualified drivers and operators. Citizens shall provide BHP Refining with a list of qualified drivers and update such list on an ongoing basis. BHP Refining reserves the right to refuse the use of the Load Rack to any person it determines, in its discretion, has used or may use such facilities in a dangerous or inappropriate manner.

(b) Citizens agrees that Propane delivered hereunder shall be transported, stored and used only in equipment which is certified or approved for that purpose by appropriate governmental authorities, or which conforms to standards of the National Board of Fire Underwriters (Pamphlet No. 58, as amended), as applicable. Upon request, Citizens shall furnish BHP Refining with written evidence of such certification or approval.

6. Payments. BHP Refining shall provide invoices as of the 15th and the last day of each month. Citizens shall pay such invoices within five (5) business days of receipt by wire transfer to BHP Refining's Account No. 40643342 at Citibank, New York, ABA No. 021000089 or to such other account as BHP Refining shall direct on at least five (5) days' prior written notice to Citizens.

7. Force Majeure.

(a) As used in this Agreement, an event or act of "force majeure" is defined as including: act of God, fire, riot, accident, war, act of any government, partial or total interruption or loss, or shortage of transportation facilities or supplies, shortage of feedstock or other substances due to shortage in the supply of available crude oil, natural gas or other substances, curtailment of business (including unscheduled shutdowns of any manufacturing facility or any part thereof for any reason whatsoever), or by other causes beyond the reasonable control of the parties, whether similar or not to the events, acts or causes specified above.

(b) Citizens' obligations under this Agreement shall be suspended for any period in which an event or act of force majeure exists as to Citizens. However, nothing herein excuses Citizens from making payments on money obligations already incurred under this Agreement. BHP Refining's obligations under this Agreement shall be suspended for any period in which an event or act of force majeure exists as to BHP Refining.

(c) The party claiming force majeure agrees to give the other party notice of an act or event of force majeure as soon as practicable after the occurrence and written confirmation as soon as practicable thereafter. The party claiming benefit of this provision shall attempt in good faith to resume performance as soon as reasonably possible; ***provided that***, no party shall be obligated to settle a dispute or otherwise take any action which is not commercially reasonable to terminate an event of force majeure. There shall be no charge for supplies not in fact delivered or services not performed during an act or event of force majeure.

(d) The party claiming excuse of performance by force majeure shall give the other party prompt notice after the act or event of force majeure has terminated. Upon termination of the event or act of force majeure, performance hereunder shall be resumed.

8. Shortage. (a) If BHP Refining is unable to supply sufficient Propane to fulfill its obligations to its Propane customers other than because of an event or act of force majeure, BHP Refining shall allocate its supply of Propane pro rata among its customers, and Citizens may procure from other suppliers additional quantities of Propane it requires during such period of shortage.

(b) If a scheduled shutdown of the Refinery is likely to prevent BHP Refinery from fulfilling its obligations to its Propane customers, then BHP Refining shall use its best efforts to give Citizens sixty (60) days advanced notice of the scheduled shutdown, and shall endeavor to notify Citizens as soon as practicable of any changes to the scheduled shutdown date or dates. Citizens hereby acknowledges that BHP Refining shall not be liable for any additional expense or costs incurred by Citizens for procuring alternative supplies of Propane in connection with any scheduled shutdown.

(c) To the extent Citizens is able to meet its customer obligations during a period of shortage only by purchasing greater than normal quantities of Propane from other suppliers, and Citizens is able to demonstrate satisfactorily with written documentation the extra quantity of Propane actually purchased to cover the shortage, the Minimum shall be reduced by an amount equal to the extra quantity of Propane actually purchased.

9. Risk of Loss/Title. Risk of loss and title to the Propane will pass at the intake valve of the Citizens truck or the cylinder valve of the Citizens cylinder, as applicable, at delivery point.

10. Disputes. If Citizens, within fifteen (15) days after receipt or delivery of an invoice, disputes any charge set forth therein, Citizens shall notify BHP Refining in writing. The parties shall promptly attempt to resolve any such dispute. If either party determines that the dispute cannot be resolved in a mutually agreeable manner, the dispute shall be submitted within five (5) days of notification to the other party to an independent public accountant mutually acceptable to the parties (the "Accountant") or, if more appropriate, to another expert mutually agreeable to both parties (the "Expert"). The Accountant or Expert shall make such investigation of the charges as it deems necessary and shall finally determine the amount of the charges. The cost of the Accountant or Expert shall be borne by Citizens if the charges are determined to be correct and shall be borne by BHP Refining if the charges are determined to be incorrect. Notwithstanding the foregoing, Citizens shall pay any disputed charges in accordance with the payment schedule set forth in Section 6 above, with appropriate adjustments, if necessary, to be made by the parties following a final determination of the dispute under this Section 10.

11. Compliance with Law. The parties shall conduct all operations hereunder in compliance with all applicable laws, ordinances, and regulations of governmental authorities. Each of Citizens and BHP Refining in the performance of this Agreement is engaged in an independent business from the other party, and nothing herein contained shall be construed as reserving to either party any right to control the other party with respect to its physical conduct in the performance of this Agreement. It is further understood and agreed that neither BHP Refining nor Citizens reserves any right to exercise control over any of the other party's employees and that all employees of Citizens shall be entirely under the control and direction of Citizens and the employees of BHP Refining shall be entirely under the control and direction of BHP Refining, each of which shall be responsible for their own employees' actions and omissions.

12. Taxes. Any tax, tariff, duty, toll, fee, impost, charge or other exaction, or the amount equivalent thereto, and any increase thereof, now or hereafter imposed, levied or assessed by any governmental authority upon, measured by, incident to or as a result of the matters covered by this Agreement, or the transportation, importation, production, manufacture, use or ownership of Propane, and other materials to be provided hereunder, or the source materials thereof, whether payable by Citizens or BHP Refining, shall be borne by Citizens.

13. Insurance. BHP Refining and Citizens undertake and agree, at their own expense, during the term hereof, to maintain in full force and effect, with reputable and responsible insurance companies or associations, insurance in amounts sufficient for their own business and assets and in such amounts and covering such risks as are usually carried by

companies engaged in similar businesses with similar properties and operations, including without limitation, workman's compensation insurance with statutory limits of coverage, covering all persons employed by and working for each party in connection with the performance of this Agreement, comprehensive or commercial general liability, fire, and theft. Upon request each party shall furnish the other with satisfactory evidence of the maintenance of such insurance.

14. Indemnification. Except as otherwise provided herein, the parties shall indemnify, defend and hold each other harmless from and against any and all expense (including reasonable attorneys' fees and costs), liability and claims of whatsoever kind and nature for damage to property, or for injury to or death of any person directly or indirectly arising or alleged to arise out of any negligent act or omission of such party or its agents or employees in the performance of this Agreement, except to the extent that the negligence or the willful misconduct of the other party, its agents or employees is determined to be the cause of any such damages and injuries. IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES, OR LOSS OF PROFITS OR OPPORTUNITIES, OR ANY EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF THIS AGREEMENT, REGARDLESS OF WHETHER BASED ON CONTRACT, TORT (INCLUDING NEGLIGENCE OR STRICT LIABILITY) WARRANTY, OR ANY OTHER BASIS FOR CAUSE OF ACTION.

15. Confidentiality. The parties agree to keep confidential any and all information and data received or generated pursuant to this Agreement except for information and data which is generally available to the public from sources other than government and regulatory agencies. Notwithstanding the foregoing, the parties may make such disclosures which are required by law or other governmental authority.

16. Termination. (a) BHP Refining may suspend deliveries or, at its option, terminate this Agreement if: (i) Citizens fails to make any payment on or before fifteen (15) days after the due date; or (ii) Citizens becomes insolvent, becomes subject to any bankruptcy or reorganization proceedings, whether voluntary or involuntary, or is placed in a receivership. Notwithstanding the foregoing, neither a suspension nor a termination by BHP Refining shall affect the obligations of Citizens to make payments due hereunder.

(b) Citizens may terminate this Agreement if BHP Refining becomes insolvent, becomes subject to any bankruptcy or reorganization proceedings, whether voluntary or involuntary, or is placed in a receivership.

(c) For either party to exercise its termination rights pursuant to this Agreement, the party desiring the termination must provide notice of its intent to terminate the Agreement. The party so notified has ten (10) days to cure the reason given for the termination. If the reason is not cured then the Agreement shall terminate.

17. Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered or mailed if delivered personally or mailed by registered or certified mail (postage prepaid, return receipt requested), or sent by facsimile transmission, (confirmation received) to the parties at the following addresses and facsimile transmission numbers (or at such other address

or number for a party as shall be specified by like notice), except that notices after the giving of which there is a designated period within which to perform an act and notices of changes of address or number shall be effective only upon receipt:

If to BHP Refining:

BHP Petroleum Americas Refining, Inc.
P.O. Box 3379
Honolulu, Hawaii 97842
Attention: Vice President Marketing
Telecopier: (808) 547-3796

If to Citizens:

Citizens Utility Company
P.O. Box 433
Harvey, LA 70058
Attention: Vice President Energy Supply
Telecopier: (504) 374-7685

18. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Hawaii, without regard to any conflict of law principle thereof.

19. Arbitration. Except as set forth in Section 10 or elsewhere herein, any dispute, controversy or claim between the parties relating to, arising out of or in connection with this Agreement (or any subsequent agreements or amendments thereto), including as to its existence, enforceability, validity, interpretation, performance or breach or as to indemnification or damages, including claims in tort, whether arising before or after the termination of this Agreement (any such dispute, controversy or claim being herein referred to as a "Dispute"), shall be settled without litigation and only by use of the following alternative dispute resolution procedure:

(a) At the written request of a party, each party shall appoint a knowledgeable, responsible representative to meet and negotiate in good faith to resolve any Dispute. The discussions shall be left to the discretion of the representatives. Upon agreement, the representatives may utilize other alternative dispute resolution procedures such as mediation to assist in the negotiations. Discussions and correspondence among the parties' representatives for purposes of these negotiations shall be treated as confidential information developed for the purposes of settlement, exempt from discovery and production, and without the concurrence of both parties shall not be admissible in the arbitration described below or in any lawsuit. Documents identified in or provided with such communications, which are not prepared for purposes of the negotiations, are not so exempted and may, if otherwise admissible, be admitted in the arbitration.

(b) If negotiations between the representatives of the parties do not resolve the Dispute within sixty (60) days of the initial written request, the Dispute shall be submitted to binding arbitration by a single arbitrator pursuant to the Commercial Arbitration Rules, as then amended and in effect, of the American Arbitration Association (the "Rules"). Either party may demand such arbitration in accordance with the procedures set out in the Rules. The arbitration shall take place in Honolulu, Hawaii. The arbitration hearing shall be commenced within sixty (60) days of such party's demand for arbitration. The arbitrator shall control the scheduling (so as to process the matter expeditiously) and any discovery. The parties may submit written briefs. At the arbitration hearing, each party may make written and oral presentations to the arbitrator, present testimony and written evidence and examine witnesses. No party shall be eligible to receive, and the arbitrator shall not have the authority to award, exemplary or punitive damages. The arbitrator shall rule on the Dispute by issuing a written opinion within thirty (30) days after the close of hearings. The arbitrator's decision shall be binding and final. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction.

(c) Each party will bear its own costs and expenses in submitting and presenting its position with respect to any Dispute to the arbitrator; *provided, however*, that if the arbitrator determines that the position taken in the Dispute by the non-prevailing party taken as a whole is unreasonable, the arbitrator may order the non-prevailing party to bear such fees and expenses, and reimburse the prevailing party for all or such portion of its reasonable costs and expenses in submitting and presenting its position, as the arbitrator shall reasonably determine to be fair under the circumstances. Each party to the arbitration shall pay one-half of the fees and expenses of the arbitrator and the American Arbitration Association.

20. Mutual Drafting. This Agreement is the joint product of the parties hereto and each provision hereof has been subject to the mutual consultation, negotiation and agreement of each of the parties and shall not be construed for or against any party hereto.

21. Interpretation. References herein to Sections shall be to a Section of this Agreement unless otherwise indicated. The words "include," "including" and "includes" when used herein shall be deemed in each case to be followed by the words "without limitation." The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Terms used herein and not defined herein shall have the meanings assigned to them in the Acquisition Agreement.

22. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the greatest extent possible.

23. Assignment. Neither party shall assign, or transfer, or delegate the performance of its rights or obligations hereunder without the prior written consent of the other

party; ***provided however,*** that BHP Refining may make such an assignment, transfer or delegation to any direct or indirect subsidiary of Broken Hill Proprietary Company Limited (or any successor thereto), and that Citizens may make such an assignment, transfer or delegation to any direct or indirect subsidiary of Citizens Utilities Company (or any successor thereto). This Agreement shall be binding upon and shall inure to the benefit of the parties, their successors and permitted assigns.

24. No Waivers. The failure of either party at any time to enforce or require performance or the strict compliance with any provision hereof shall in no way operate as a waiver or affect the right of such party to enforce the same. No waiver by either party of any condition or the breach of any provision of this Agreement shall be deemed to be or construed as a further or continuing waiver of any such condition or breach, or a waiver of any other condition or of any breach of any other provision of this Agreement.

25. Entire Agreement. This Agreement contains the entire understanding and agreement between the parties hereto as to the subject matter hereof, including the operations to be performed hereunder and terminates and supersedes all prior contracts and agreements for the purchase and sale of Propane; ***provided that*** any accrued obligations of either party under any such prior agreement shall be performed by such party at the time of the closing of the Acquisition Agreement, or pursuant to any post-closing account settlement procedure provided therein, if any. It may not be amended or modified except by a writing signed by each of the parties and which references this Agreement.

26. Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

BHP PETROLEUM AMERICAS REFINING INC.

By_____
Name:
Title:

CITIZENS UTILITIES COMPANY

By_____
Name:
Title:

EXHIBIT 1.1(d)

POWER PURCHASE AGREEMENT

This POWER PURCHASE AGREEMENT (the "Agreement"), dated as of _____, 199_, is entered into by and between BHP PETROLEUM AMERICAS REFINING INC., a Hawaii corporation ("BHP Refining"), and CITIZENS UTILITIES COMPANY, a Delaware corporation ("Citizens").

RECITALS

A. BHP Hawaii, Inc., a Hawaii corporation, and Citizens have entered into a Stock Sale Agreement, dated as of January 9, 1997 (the "Acquisition Agreement"), providing for the sale by BHP Hawaii Inc., the parent of BHP Refining, to Citizens of all the outstanding capital stock of Gasco, Inc., a Hawaii corporation ("Gasco").

B. BHP Refining operates an existing cogeneration facility (the "Cogeneration Facility") located at BHP Refining's Barbers Point refinery (the "Refinery"), and imports additional electricity when needed from Hawaiian Electric Company, Inc., a public utility company ("HECO").

C. The synthetic natural gas production facility (the "SNG Plant") owned by Gasco and acquired by Citizens under the Acquisition Agreement has historically received electricity from the Cogeneration Facility via circuits, interconnection equipment and sub-transmission and distribution lines which are totally within private property without crossing or using any public rights of way. The electricity received by the SNG Plant is used in the production of synthetic natural gas which is sold by Gasco to its customers under regulation by the Hawaii Public Utilities Commission ("HPUC").

D. Under this Power Purchase Agreement, the Cogeneration Facility will continue to provide electricity to the SNG Plant through the Refinery's existing Cogeneration Facility and HECO grid connections for the period hereinafter set forth.

E. The Cogeneration Facility only provides electricity to HECO, the Refinery and the SNG Plant.

F. The costs for purchased electricity under this Power Purchase Agreement are currently passed onto Gasco's customers through rates approved by the HPUC and Citizens intends to seek future approval of the same.

G. BHP Refining is not in the business of selling, delivering or providing equipment for the delivery of electric power and is only willing to continue to provide electricity to the SNG Plant to accommodate the SNG Plant's needs subject to the terms and conditions of this Agreement.

AGREEMENT

In consideration of the premises and the respective covenants and obligations set forth herein, the parties agree as follows:

1. Term. The term of the Agreement shall commence on _____, 199_ (the "Closing Date") and terminate on January 1, 1999 ("Initial Term"). This Agreement shall automatically extend for successive one (1) year terms thereafter, unless either party provides written notice of its desire not to extend, which notice shall be given no later than eleven (11) months prior to the expiration of the then current term. Notwithstanding the foregoing, if the lease for the Cogeneration Facility terminates prior to end of the Initial Term, BHP Refining shall have the option to terminate this Agreement on the date the lease for the Cogeneration Facility terminates, subject to providing Citizens with one (1) year notice of intent to terminate such lease.

2. Purchase of Electric Power.

a. BHP Refining agrees to sell and Citizens agrees to purchase Citizens' electric power requirements for use in the operation of the SNG Plant pursuant to the terms and conditions set forth herein.

b. Citizens shall not have any obligation to purchase electric power under this Agreement if such purchases will result in total electric power costs in excess of that which Citizens would pay to obtain electric power from a bona fide alternative source. In the event Citizens desires to invoke this clause, Citizens shall provide BHP Refining notice and documentation of the alternative price and source. BHP Refining shall have thirty (30) days after receipt of such notice to elect to meet such alternative price. If BHP Refining elects to meet such price, Citizens shall continue to obtain its electric power from the Cogeneration Facility. If BHP Refining elects not to meet such price, this Agreement shall terminate one (1) year after such notice.

3. Delivery/Supply.

a. The electric power shall be delivered to Citizens at the switches to Citizens' interconnection equipment and sub-transmission lines at the Refinery's switchhouse. Electric power shall be delivered primarily through the operation of the Cogeneration Facility with the capability to tie into and import electric power from the HECO grid to supplement or replace electric power during a shortfall of capacity or a total or partial shutdown of the Cogeneration Facility.

b. During the term of this Agreement, Citizens' purchase of electric power from BHP Refining shall not exceed 1.5 megawatts per hour, subject to adjustment as reasonably agreed to by the parties based on measurement of SNG Plant electric power requirements for operations during the first month following reasonable confirmation of the accuracy of the Refinery's metering equipment. In the event Citizens desires to increase its electric power purchases beyond this amount, the parties shall meet and negotiate in good faith to attempt to accommodate Citizens' increased needs if commercially reasonable.

4. Electric Power Charges. The total monthly charges for the electric service provided by the BHP Refinery shall be equal to 92% of the Pro Forma Monthly HECO Bill until termination of the Initial Term and 95% of the Pro Forma Monthly HECO Bill for each successive term thereafter. The Pro Forma Monthly HECO Bill shall be calculated based on the actual demand and energy usage of the SNG Plant during the month, measured at the low voltage side of the transformer located at the Refinery, and the current rates and prices in HECO's Schedule P (or its surviving successor schedule). The invoice provided by BHP Refinery to Citizens shall also include prior and current month meter readings and calculation of the Pro Forma Monthly HECO Bill.

5. Payments. BHP Refining shall provide invoices as of the last day of each month. Citizens shall pay such invoices within five (5) business days of receipt by wire transfer to BHP Refining's Account No. _____ at _____ Bank, ABA No. _____ or to such other account as BHP Refining shall direct on at least five (5) days' prior written notice to Citizens.

6. Interconnection Equipment and Meters.

a. Citizens shall own, operate and maintain all existing distribution lines and interconnection equipment between the switches at the Refinery's switch house and the SNG Plant used for the receipt of electric power at the SNG Plant. Such distribution lines and interconnection equipment shall be maintained by Citizens in accordance with sound engineering and safety practices. It is the intention of both parties that they will coordinate and cooperate in defining and establishing appropriate perpetual nonexclusive easement rights for the benefit of Citizens to cover Citizens' currently existing interconnection equipment and sub-transmission lines between the SNG Plant and the switches at the Refinery's switchhouse and to enable, should Citizens elect, the future installation of (i) a transformer substation along the above-referenced sub-transmission lines within such easement bounds and (ii) overhead transmission lines within Citizens' roadway easement to enable connection from the HECO grid to the transformer substation. The parties shall cooperate in reasonably determining the location requirements for such a transformer and overhead transmission lines to meet Citizens' electric power requirements and to minimize disruption, interference or inconvenience to BHP Refining's access to and use of its properties and facilities. Until the foregoing perpetual easement for the existing interconnection equipment and subtransmission lines and the option to establish a perpetual easement for the transformer and overhead transmission lines are documented and filed for recording, BHP Refining shall not exercise its termination rights under Section 1 of this Agreement.

b. All electric power delivered by the Cogeneration Facility to Citizens hereunder shall be three phase, 60 cycle AC meeting electric public utility standards for voltage and frequency stability as stated in Sections 7.1 and 7.2 of HPUC General Order No. 7. The power shall be delivered at the switches at the Refinery's switchhouse to Citizens interconnection equipment, which includes two parallel redundant services. Citizens shall cooperate and coordinate with BHP Refining in reasonably balancing the load within the redundant SNG Plant electric power system to optimize the operation and reliability of the Refinery's cogeneration system.

c. All metering equipment at the Refinery shall be owned and operated by BHP Refining. Measurement of electric power delivered shall be accomplished by an energy and demand measuring system to measure BHP Refining's energy and demand deliveries to Citizens. Meter readings shall be done by employees or agents of BHP Refining. BHP Refining shall, at least once each year during the term hereof check all metering equipment for accuracy. In addition to the required meter accuracy checks, Citizens may also request meter accuracy checks. For such checks requested by Citizens, if the equipment is found to be inaccurate by more than 2%, then the costs for such check(s) shall be solely borne by BHP Refining; and if the metering equipment is found to be accurate within a 2% variance, then Citizens shall bear the costs for such check(s). Either party may witness all such equipment checks, and the party required or requesting to conduct such a check shall provide the other party with at least five (5) days notice of such checks. If said equipment is found to be inaccurate by more than 2%, then adjustment for such inaccuracy in past billings shall be made within thirty (30) days. Any inaccuracy so discovered shall be conclusively presumed to have existed for half the period between the last meter accuracy check and the check in which the inaccuracy was discovered.

d. BHP Refining shall keep the equipment and the 46 KV bus in the substation energized throughout the year, reduced only by the time required to maintain the facility in

accordance with good industry practices. For a scheduled shutdown of the facility, BHP Refining shall notify Citizens in writing of the shutdown period thirty (30) days in advance of the beginning of the period. The shutdown date and duration shall be satisfactory to and approved by Citizens not less than twenty (20) days in advance of the shut down period, and such approval shall not be unreasonably withheld. For emergency or unscheduled shutdowns, BHP Refining shall notify Citizens of any such event as soon as BHP Refining reasonably determines the likelihood or necessity of such an occurrence.

7. Force Majeure.

a. As used in this Agreement, an event or act of "force majeure" is defined as including: act of God, fire, riot, accident, war, act of any government, partial or total interruption or loss, or shortage of transportation facilities or suppliers, partial or total interruption or loss of electric power from HECO during periods when the Cogeneration Facility is shutdown or inoperable and both the Refinery and the SNG Plant are left without electricity, shortage of feedstock or other substances due to shortage in the supply of available crude oil, natural gas or other substances, curtailment of business (including unscheduled shutdown of any manufacturing facility or any part thereof for any reason whatsoever), or by other causes beyond the reasonable control of the parties, whether similar or not to the events, acts or causes specified.

b. Citizens' obligations under this Agreement shall be suspended for any period in which an event or act of force majeure exists as to Citizens. However, nothing herein excuses Citizens' from making payments on money obligations already incurred under this Agreement. BHP Refining's obligations under this Agreement shall be suspended for any period in which an event or act or force majeure exists as to BHP Refining.

c. The party claiming force majeure agrees to give the other party notice of any act or event of force majeure as soon as practicable after the occurrence and a confirmation in writing as soon as practicable thereafter. The party claiming benefit of this provision shall attempt in good faith to resume performance as soon as reasonably possible; provided that, no party shall be obligated to settle a dispute or otherwise take any action which is not commercially reasonable to terminate an event of force majeure. There shall be no charge for supplies not in fact delivered or services not performed during an act or event of force majeure.

d. The party claiming excuse of performance by force majeure shall give the other party prompt notice after the act or event of force majeure has terminated. Upon termination of the event or act of force majeure, performance hereunder shall be resumed.

8. Disputes. If Citizens, within ten (10) days after receipt or delivery of an invoice, disputes any charge set forth therein, Citizens shall notify BHP Refinery in writing. The parties shall use reasonable commercial efforts to promptly resolve any such dispute. If either party determines that the dispute cannot be resolved in a mutually agreeable manner, the dispute shall be submitted within five (5) days of notification to the other party, to an independent public accountant mutually acceptable to the parties (the "Accountant"), or, if more appropriate, another expert mutually agreeable to the parties (the "Expert"). The Accountant or Expert shall make such investigation of the charges as it deems necessary and shall finally determine the amount of the charges. The cost of the Accountant or Expert shall be borne by Citizens if the charges are determined to be correct and shall be borne by BHP Refining if the charges are determine to be incorrect. Notwithstanding the foregoing, Citizens shall pay any disputed charges in accordance with the payment schedule set forth in Section 5 above, with appropriate adjustments, if necessary, to be made by the parties following a final determination of the dispute under this Section 8.

9. Foreign Trade Zone. BHP Refining and Citizens shall each use commercially reasonable efforts to maintain Foreign Trade Subzone status for its respective Foreign Trade Subzone and prevent revocation or cessation of such status or the benefits thereof, including payment of administrative fees to the State of Hawaii and compliance with all applicable statutes, laws, regulations and governmental orders (including those of the U.S. Customs Service, the State of Hawaii, the Foreign Trade Zone Board and the City and County of Honolulu with respect to duties, quotas, record keeping and administrative of its respective Foreign Trade Subzone). Notwithstanding the foregoing, neither BHP Refining nor Citizens shall be obligated to maintain Foreign Trade Subzone status if material changes, whether with respect to applicable law, statues, regulations, or relating to the operation of each party's business, make it commercially unreasonable for such party to maintain such status.

10. Compliance with Law. The parties shall conduct all operations hereunder in compliance with all applicable laws, ordinances, and regulations of governmental authorities. Each of Citizens and BHP Refining in the performance of this Agreement is engaged in an independent business from the other party, and nothing herein contained shall be construed as reserving to either party any right to control the other party with respect to its physical conduct in the performance of this Agreement. It is further understood and agreed that neither BHP Refining nor Citizens reserves any right to exercise control over any of the other party's employees and that all employees of Citizens shall be entirely under the control and direction of Citizens and the employees of BHP Refining shall be entirely under the control and direction of BHP Refining, each of which shall be responsible for their own employees' actions and omissions.

11. Taxes. Any tax, tariff, duty, toll, fee, impost, charge or other exaction, or the amount equivalent thereto, and any increase thereof, now or hereafter imposed, levied or assessed by any governmental authority upon, measured by, incident to or as a result of the matters covered by this Agreement, or the transportation, importation, production, manufacture, use or ownership of the electric power, and other materials to be provided hereunder, or the source materials thereof, whether payable by Citizens or BHP Refining, shall be borne by Citizens.

12. Insurance. BHP Refining and Citizens undertake and agree, at their own expense, during the term hereof, to maintain in full force and effect, with reputable and responsible insurance companies or associations, insurance in amounts sufficient for their own business and assets and in such amounts and covering such risks as are usually carried by companies engaged in similar businesses with similar properties and operations, including without limitation, workman's compensation insurance with statutory limits of coverage, covering all persons employed by and working for each party in connection with the performance of this Agreement, comprehensive or commercial general liability, fire, and theft. Upon request each party shall furnish the other party with satisfactory evidence of the maintenance of such insurance.

13. Limitation on Liability.

a. BHP Refining shall use reasonable commercial efforts to maintain its connection to the HECO grid to supplement or replace the supply of electric power to the SNG Plant during a partial or total shutdown of the Cogeneration Facility. However, when in its judgment it determines that electrical power from the HECO grid may be unstable or subject to malfunction, fluctuation or shutdown which may adversely affect or threaten the operations, stability or reliability of the Cogeneration Facility, BHP Refining may elect to disconnect the Cogeneration Facility operation from the HECO grid temporarily and shall provide Citizens with notice of such an election. [Notwithstanding the foregoing, in the event there is a loss of electric power at the SNG Plant which results from a partial or total shutdown of the Cogeneration Facility or disconnection from the HECO grid, BHP Refining shall

not be liable or responsible to Citizens for any loss, damage, claims, liability or injuries arising or alleged to arise out of such loss of electric power, except where such loss of electric power does not involve a concurrent loss of electric power to the Refinery and is due to either the gross negligence or willful misconduct of BHP Refining. For purposes of the preceding sentence, the standard of care for determining gross negligence shall be only that which is commercially reasonable under the circumstances for a business similar to BHP Refining which is not a public utility and otherwise is not in the business of providing electric power.

b. IN NO EVENT SHALL BHP REFINING BE LIABLE TO CITIZENS FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES OR LOSS OF PROFITS OR OPPORTUNITIES, OR ANY EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF THIS AGREEMENT, REGARDLESS OF WHETHER BASED ON CONTRACT, TORT (INCLUDING NEGLIGENCE, GROSS NEGLIGENCE AND STRICT LIABILITY), WARRANTY, OR ANY OTHER BASIS FOR CAUSE OF ACTION.

14. Confidentiality. The parties agree to keep confidential any and all information and data received or generated pursuant to this Agreement except for information and data which is generally available to the public. Notwithstanding the foregoing, the parties may make such disclosures which are required by law or other governmental authority.

15. Termination.

a. BHP Refining may suspend deliveries or, at its option, terminate this Agreement if: (i) Citizens fails to make any payment on or before fifteen (15) days after the due date; or (ii) Citizens becomes insolvent, become subject to any bankruptcy or reorganization proceedings, whether voluntary or involuntary, or is placed in a receivership. Notwithstanding the foregoing, a termination by BHP Refining shall not affect the obligations of Citizens to make payments due hereunder.

b. Citizens may terminate this Agreement if: (i) BHP Refining becomes insolvent, become subject to any bankruptcy or reorganization proceedings, whether voluntary or involuntary, or is placed in a receivership; or (ii) an event or events of Force Majeure that substantially, continuously, or frequently impair(s) BHP Refining's performance under this Agreement so as to create an unreasonable burden on Citizens.

c. For either party to exercise its termination rights pursuant to this Agreement, the party desiring the termination must provide notice of its intent to terminate the Agreement stating the reasons therefore. The party so notified has ten (10) days to cure the reason given for the termination. If the reason is not cured within the ten (10) day period, then the Agreement shall terminate.

16. Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered or sent if delivered personally or sent by registered or certified mail (postage prepaid, return receipt requested), or sent by facsimile transmission (confirmation received), to the parties at the following addresses and facsimile transmission numbers (or at such other address or number for a part as shall be specified by like notice), except that notices after the giving of which there is a designated period within which to perform an act and notices of changes of address or number shall be effective only upon receipt.

If to BHP Refining:

BHP Petroleum Americans Refining Inc.
P.O. Box 3379
Honolulu, Hawaii 96842
Attention: Vice President Marketing
Telecopier: (808) 547-3796

If to Citizens:

Citizens Utilities Company
P.O. Box 433
Harvey, Louisiana 70059
Attention: Vice President Energy Supply
Telecopier: (504) 374-7685

17. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Hawaii, without regard to any conflict of law principle thereof.

18. Arbitration. Except as set forth in Section 8 or elsewhere herein, any dispute, controversy or claim between the parties relating to, arising out of or in connection with this Agreement (or any subsequent agreements or amendments thereto), including as to its existence, enforceability, validity, interpretation, performance or breach or as to indemnification or damages, including claims in tort, whether arising before or after the termination of this Agreement (any such dispute, controversy or claim being herein referred to as a "Dispute"), shall be settled without litigation and only by use of the following alternative dispute resolution procedure:

a. At the written request of a party, each party shall appoint a knowledgeable, responsible representative to meet and negotiate in good faith to resolve any Dispute. The discussion shall be left to discretion of the representatives. Upon agreement, the representatives may utilize other alternative dispute resolution procedures such as mediation to assist in the negotiations. Discussions and correspondence among the parties' representative for purposes of these negotiations shall be treated as confidential information developed for purposes of settlement, exempt from discovery and production, and without the concurrence of both parties shall not be admissible in the arbitration described below or in any lawsuit. Documents identified in or provided with such communication, which are not prepared for purposes of the negotiations, are not so exempted may, if otherwise admissible, be admitted in the arbitration.

b. If negotiations between the representatives of the parties do not resolve the Dispute within sixty (60) days of the initial written request, the Dispute shall be submitted to binding arbitration by a single arbitrator pursuant to the Commercial Arbitration Rules, as then amended and in effect, of the American Arbitration Association (the "Rules"). Either party may demand such arbitration in accordance with the procedures set out in the Rules. The arbitration shall take place in Honolulu, Hawaii. The arbitration hearing shall be commenced within sixty (60) days of such party's demand for arbitration. The arbitrator shall control the scheduling (so as to process the matter expeditiously) and any discovery. The parties may submit written briefs. At the arbitration hearing, each party may make written and oral presentation to the arbitrator, present testimony and written evidence and examine witnesses. The arbitrator shall have the authority to award equitable remedies (but only after the party seeking the same shall establish that it would be entitled to such remedies under applicable law), including injunctive relief and specific performance. No party shall be eligible to receive, and the arbitrator shall

not have the authority to award, exemplary or punitive damages. The arbitrator shall rule on the Dispute by issuing a written opinion within thirty (30) days after the close of hearings. The arbitrator's decision shall be binding and final. Judgment upon the award rendered by the arbitration may be entered in any court having jurisdiction.

c. Each party will bear its own cost and expenses in submitting and presenting its position with respect to any Dispute to the arbitrator, provided, however, that if the arbitrator determines that the position taken in the dispute by the non-prevailing party taken as a whole is unreasonable, the arbitrator may order the non-prevailing party to bear such fees and expenses, and reimburse the prevailing party for all or such portion of its reasonable costs and expenses in submitting and representing its position, as the arbitrator shall reasonably determine to be fair under the circumstances. Each party to the arbitration shall pay one-half of the fees and expenses of the arbitrator and the American Arbitration Association.

d. If (i) BHP Refining is in material breach of this Agreement as a result of its failure to provide electricity upon the terms and subject to the conditions set forth herein, (ii) Citizens is unable to procure such electricity in a timely manner from another supplier and thus is unable to manufacture synthetic natural gas at the SNG Plant, (iii) as a result of such clauses (i) and (ii) Citizens is unable to or likely to become unable to fulfill any material obligation imposed upon it, either by Hawaii law or Hawaii's Public Utilities Commission, as a regulated public utility to provide synthetic natural gas to the residents of the Island of Oahu, and (iv) Citizens otherwise is not then in breach of this Agreement, then Citizens may institute expedited arbitration under the Rules as then in effect.

19. Mutual Drafting. This Agreement is the joint product of the parties hereto and each provision hereof has been subject to the mutual consultation, negotiation and agreement of each of the parties and shall not be construed for or against any party hereto.

20. Interpretation. References herein to Sections shall be to a Section to this Agreement unless otherwise indicated. The words "include," "including" and "includes" when used herein shall be deemed in each case to be followed by the words "without limitation." The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Terms used herein and not defined herein shall have the meanings assigned to them in the Acquisition Agreement.

21. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the greatest extent possible.

22. Assignment. Neither party shall assign, or transfer, or delegate the performance of its rights or obligations hereunder without the prior written consent of the other party; provided, however, that BHP Refining may make such an assignment, transfer or delegation to any direct or indirect subsidiary of Broken Hill Proprietary Company Limited (or any successor thereto), and, provided, that Citizens may make such an assignment, transfer or delegation to any direct or indirect subsidiary of Citizens Utilities Company (or any successor thereto). This Agreement shall be binding upon and shall inure to the benefit of the parties, their successors and permitted assigns.

23. No Waivers. The failure of either party at any time to enforce or require performance or the strict compliance with any provision hereof shall in no way operate as a waiver or affect the right of such party to enforce the same. No waiver by either party of any condition or the breach of any provision of this Agreement shall be deemed to be or construed as a further or continuing waiver of any such condition or breach, or a waiver of any other condition of any breach of any other provision of this Agreement.

24. Entire Agreement. This Agreement contains the entire understanding and agreement between the parties hereto as to the operations to be performed hereunder. This Agreement terminates and supersedes all prior contracts and agreements for the purchase and sale of electric power; provided that any accrued obligations of either party under any such prior agreement shall be performed by such party at the time of the closing of the Acquisition Agreement, or pursuant to any post closing account settlement procedure provided therein, if any. This Agreement may not be amended or modified except by a writing signed by each of the parties which references this Agreement.

25. Counterparts. This Agreement may be executed different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

BHP PETROLEUM AMERICAS REFINING INC.	CITIZENS UTILITIES COMPANY
By_____	By_____
Name	Name
Title	Title

EXHIBIT 1.1(e)

WATER USE AGREEMENT

This WATER USE AGREEMENT (this "Agreement"), dated as of _____ __, 199_, is entered into by and between BHP Hawaii Inc., a Hawaii corporation ("BHP Hawaii"), and Citizens Utilities Company, a Delaware corporation ("Citizens"). All capitalized terms not otherwise defined herein shall have the meanings given to them in the Water Consumption Declaration (as defined below).

RECITAL

A. BHP Hawaii and Citizens have entered into a Stock Sale Agreement, dated as of January 9, 1997 (the "Acquisition Agreement"), providing for the sale by BHP Hawaii to Citizens of all of the outstanding capital stock of Gasco, Inc., a Hawaii corporation ("Gasco").

B. BHP Hawaii is the fee owner of certain real property in the City and County of Honolulu, State of Hawaii, described as Lots 2401A and 2401B, as said lots are shown on Map 253 of Land Court Application No. 1069, and Lot 3176B, as shown on Map 369 of said Land Court Application No. 1069, all being a portion of land described in Transfer Certificates of Title No. [_____] (individually as "Lot 2401A," "Lot 2401B" and "Lot 3176B" respectively, and collectively as the "Burdened Lots").

C. The Burdened Lots are subject to that certain Declaration of Covenants Regarding Water Consumption and Development, dated January 29, 1987, by F. E. Trotter, Inc., W. H. McVay, Inc., P. K. Cassiday, Inc. and H. C. Cornuelle, Inc., each in their fiduciary capacities as Trustees under the Will and of the Estate of James Campbell, Deceased (the "Campbell Estate"), a copy of which is attached hereto as Exhibit A (the "Water Consumption Declaration"). The Water Consumption Declaration is recorded in the Office of the Assistant Registrar of the Land Court of the State of Hawaii as Document No. 1487493.

D. The Water Consumption Declaration restricts the collective domestic water consumption by the Burdened Lots to a total of up to 581,400 gallons per day (or approximately 17,684,250 gallons per month) (the "Total Domestic Water Allocation").

E. Pursuant to an assignment from Pacific Resources, Inc. to Gasco, and the merger of Gasco into Citizens following its acquisition of Gasco stock, Citizens is the ground lessee of Lot 2401A under that certain Ground Lease, dated June 18, 1974, effective May 31, 1974, by and between the Campbell Estate and Pacific Resources, Inc., filed in the Land Court as Document No. 685930, and recorded in the Bureau of Conveyances of the State of Hawaii in Liber 9970, at Page 297, as amended (the "Ground Lease").

F. Citizens currently occupies and operates a synthetic natural gas production facility on Lot 2401A (the "SNG Plant") pursuant to a Facilities Lease, dated as of May 31, 1974, between Enerco, Inc., the predecessor-in-interest to Gasco, and the Bishop Trust Company, Ltd., and an Additional Lease Agreement No. 1, dated May 16, 1979, between Enerco, Inc. and the Bishop Trust Company, Ltd. (collectively, the "Facilities Lease").

G. BHP Hawaii and Citizens desire to clarify their respective obligations and rights under the Water Consumption Declaration, and to agree to additional terms and conditions as set forth below.

AGREEMENT

In consideration of the premises and the respective covenants and obligations set forth herein, the parties agree as follows:

1. Water Consumption. Without amending or modifying any rights or obligations either party may have under the Water Consumption Declaration, BHP Hawaii and Citizens hereby agree that Citizens shall be permitted to consume and use domestic water necessary to support Citizen's production of synthetic natural gas at the SNG Plant, subject to the following conditions:

a. The water shall be used exclusively for the production of synthetic natural gas (including related de minimus uses) or the uses specified by subsection 8(c) of the Petroleum Feedstock Agreement, dated as of _____, between BHP Petroleum Americas Refining Inc. ("BHP Refining") and Citizens;

b. Citizens agrees that its consumption of domestic water at the SNG Plant shall not exceed 3,334,000 gallons per month;

c. Citizens shall use prudent water conservation practices and use reasonable commercial efforts to minimize its water use, including but not limited to application of the best available technologies, processes and equipment for water use reduction; *provided, however,* that Citizens shall not be required to make expenditures for water use reduction if the return on investment is less than the prevailing allowed rate of return on rate base permitted by the Hawaii Public Utilities Commission;

d. Except with respect to new equipment or processes required by law or otherwise mandated by a governmental authority, Citizens shall not install any new equipment nor implement any new processes which would materially increase its use or consumption of water without BHP Hawaii's prior review and written consent, which consent will not be unreasonably withheld; and BHP Hawaii's failure to deny consent in writing within fifteen (15) days after Citizens' request for consent to any such equipment or process shall be deemed BHP Hawaii's consent to the same.

e. Citizens shall, in good faith, cooperate with and support any efforts by BHP Hawaii and/or BHP Refining to obtain additional water rights for the Burdened Lots. Upon notification by Citizens that it needs water above the amounts set forth in Section 1 above, BHP Hawaii and Citizens shall meet in good faith to determine the best approach to meet Citizens' needs, and BHP Hawaii shall exercise reasonable commercial efforts to assist Citizens in obtaining such additional water rights. To the extent BHP Hawaii or Citizens incurs expenses or costs in connection with efforts to obtain additional water rights for the Burdened Lots, such expenses and costs shall be shared between the parties based on each party's respective benefit from the additional water rights acquired or to be acquired.

2. Base Water Allocation Per Acreage. Except as provided in this Agreement or otherwise modified by mutual agreement, the parties to this Agreement shall be entitled to use a pro rata share (by acreage) of the Total Domestic Water Allocation, based on its fee, leasehold or subleasehold interest in the Burdened Lots, as the case may be.

3. Domestic Water Meters. Citizens currently has one domestic water meter for water services on the SNG Plant, and agrees that it shall not install any additional water meters. Citizens shall provide a copy of its monthly water bill to BHP Hawaii no later than ten (10) days after the receipt thereof.

4. Obligations for Assessments Imposed on BHP Hawaii. Citizens agrees that in the event BHP Hawaii, as a "Property Owner" of the Burdened Lots, must make payments for Board of Water Supply facilities charges, improvement district assessments, or facilities charges imposed by the Campbell Estate pursuant to Section 2.01 of the Water Consumption Declaration, Citizens shall be liable to BHP Hawaii for the pro rata share of such charges and assessments allocated to Lot 2401A in accordance with Section 2 of the Ground Lease and/or Article 2 of the Water Consumption Declaration. Such pro rata share shall be calculated based on the actual usage of water from the newly developed facilities or newly repaired, upgraded or expanded facilities, as the case may be (the "New Facilities"), at Lot 2401A relative to the total gallonage of water from the New Facilities for the Burdened Lots.

5. Term. This Agreement shall continue in full force and effect until the termination of the Ground Lease, the termination of the Water Consumption Declaration, or the cessation of operation of the SNG Plant, whichever is earlier.

6. Acknowledgment of Water Consumption Declaration. Citizens hereby acknowledges and affirms that Lot 2401A is subject to the conditions, covenants and restrictions set forth in the Water Consumption Declaration. BHP Hawaii agrees to give promptly to Citizens copies of any changes to the Water Consumption Declaration, any notices of default thereunder and any other correspondences from the Campbell Estate or otherwise that may affect the interest of Citizens under the Water Consumption Declaration.

7. Indemnity. So long as BHP Hawaii adheres to all terms and conditions of the Water Consumption Declaration and this Agreement, Citizens agrees to indemnify, hold harmless and defend BHP Hawaii for any damages, losses and liabilities (including

attorneys' fees) suffered or incurred by BHP Hawaii as a result of any penalty or fine imposed or remedy enforced or damages claimed by the Campbell Estate, its successors, successors in trust and assigns pursuant to the Water Consumption Declaration which relate to Citizens' actions in breach of the Water Consumption Declaration or this Agreement. So long as Citizens adheres to all terms and conditions of the Water Consumption Declaration and this Agreement, BHP Hawaii agrees to indemnify, hold harmless and defend Citizens for any damages, losses and liabilities (including attorneys' fees) suffered or incurred by Citizens as a result of any penalty or fine imposed or remedy enforced or damages claimed by the Campbell Estate, its successors, successors in trust and assigns pursuant to the Water Consumption Declaration which relate to BHP Hawaii's actions in breach of the Water Consumption Declaration or this Agreement. Notwithstanding the foregoing, neither party shall be liable to the other for incidental, consequential or punitive damages.

8. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Hawaii, without regard to any conflict of law principle thereof.

9. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the greatest extent possible.

10. Assignment. This Agreement shall be binding upon and shall inure to the benefit of the parties, their successors and permitted assigns. Citizens shall not assign its rights or obligations under this Agreement without the prior written consent of BHP Hawaii, which consent will not be unreasonably withheld; provided, however, that BHP Hawaii may make such assignment, transfer or delegation to any direct or indirect subsidiary of Broken Hill Proprietary Company Limited (or any successor thereto), and that Citizens may make such an assignment, transfer or delegation to any direct or indirect subsidiary of Citizens Utilities Company (or any successor thereto). The water use rights provided in Section 1 above are exclusively for the production of synthetic natural gas at the SNG Plant and cannot be assigned, sold, or transferred, in whole or in part, to a party for any other use. Without limiting the foregoing, in no event shall Citizens' or BHP Hawaii's rights and obligations under this Agreement be assigned to a party which does not have or will not obtain a fee, leasehold or subleasehold interest in the respective Burdened Lots.

11. No Waivers. The failure of either party at any time to enforce or require performance or the strict compliance with any provision hereof shall in no way operate as a waiver or affect the right of such party to enforce the same. No waiver by either party of any condition or the breach of any provision of this Agreement shall be deemed to be or construed as a further or continuing waiver of any such condition or breach,

or a waiver of any other condition or of any breach of any other provision of this Agreement.

12. Notices. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered or mailed if delivered personally or mailed by registered or certified mail (postage prepaid, return receipt requested), or sent by facsimile transmission (confirmation received), to the parties at the following addresses and facsimile transmission numbers (or at such other address or number for a party as shall be specified by like notice), except that notices after the giving of which there is a designated period within which to perform an act and notices of changes of address or number shall be effective only upon receipt:

If to BHP Hawaii:

BHP Hawaii Inc.
c/o BHP Petroleum Americas Refining, Inc.
P.O. Box 3379
Honolulu, Hawaii 97842
Attention: Vice President Marketing
Telecopier: (808) 547-3796

If to Citizens:

Citizens Utility Company
P.O. Box 433
Harvey, LA 70058
Attention: Vice President Energy Supply
Telecopier: (504) 374-7685

13. Headings. Headings used in this Agreement are inserted only as a matter of convenience and for reference, and in no way define, limited, extend or describe the scope of this Agreement or the intent of any provision hereof.

14. Confidentiality. The parties agree to keep confidential any and all information and data received or generated pursuant to this Agreement except for information and data which is generally available to the public from sources other than government and regulatory agencies. Notwithstanding the foregoing, the parties may make such disclosures which are required by law or other governmental authority.

15. Mutual Drafting. This Agreement is the joint product of the parties hereto and each provision hereof has been subject to the mutual consultation, negotiation and agreement of each of the parties and shall not be construed for or against any party hereto.

16. Entire Agreement. This Agreement and the Water Consumption Declaration contain the entire understanding and agreement between the parties hereto as to the operations to be performed hereunder and terminates and supersedes all prior contracts and agreements for water use for lot 2401A. This Agreement may not be amended or modified except by a writing signed by each of the parties and which references this Agreement.

17. Arbitration. Any dispute, controversy or claim between the parties relating to, arising out of or in connection with this Agreement (or any subsequent agreements or amendments thereto), including as to its existence, enforceability, validity, interpretation, performance or breach or as to indemnification or damages, including claims in tort, whether arising before or after the termination of this Agreement (any such dispute, controversy or claim being herein referred to as a "Dispute"), shall be settled without litigation and only by use of the following alternative dispute resolution procedure:

a. At the written request of a party, each party shall appoint a knowledgeable, responsible representative to meet and negotiate in good faith to resolve any Dispute. The discussions shall be left to the discretion of the representatives. Upon agreement, the representatives may utilize other alternative dispute resolution procedures such as mediation to assist in the negotiations. Discussions and correspondence among the parties' representatives for purposes of these negotiations shall be treated as confidential information developed for the purposes of settlement, exempt from discovery and production, and without the concurrence of both parties shall not be admissible in the arbitration described below or in any lawsuit. Documents identified in or provided with such communications, which are not prepared for purposes of the negotiations, are not so exempted and may, if otherwise admissible, be admitted in the arbitration.

b. If negotiations between the representatives of the parties do not resolve the Dispute within 60 days of the initial written request, the Dispute shall be submitted to binding arbitration by a single arbitrator pursuant to the Commercial Arbitration Rules, as then amended and in effect, of the American Arbitration Association (the "Rules"). Either party may demand such arbitration in accordance with the procedures set out in the Rules. The arbitration shall take place in Honolulu, Hawaii. The arbitration hearing shall be commenced within 60 days of such party's demand for arbitration. The arbitrator shall control the scheduling (so as to process the matter expeditiously) and any discovery. The parties may submit written briefs. At the arbitration hearing, each party may make written and oral presentations to the arbitrator, present testimony and written evidence and examine witnesses. No party shall be eligible to receive, and the arbitrator shall not have the authority to award, exemplary or punitive damages. The arbitrator shall have the authority to award equitable remedies (but only after the party seeking the same shall establish that it would be entitled to such remedies under applicable law), including injunctive relief and specific performance. The arbitrator shall rule on the Dispute by issuing a written opinion within 30 days after the close of hearings. The arbitrator's decision shall be binding and final. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction.

c. Each party will bear its own costs and expenses in submitting and presenting its position with respect to any Dispute to the arbitrator; *provided, however*, that if the arbitrator determines that the position taken in the Dispute by the non-prevailing party taken as a whole is unreasonable, the arbitrator may order the non-prevailing party to bear such fees and expenses, and reimburse the prevailing party for all or such portion of its reasonable costs and expenses in submitting and presenting its position, as the arbitrator shall reasonably determine to be fair under the circumstances. Each party to the arbitration shall

pay one-half of the fees and expenses of the arbitrator and the American Arbitration Association.

18. Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

BHP HAWAII INC.	CITIZENS UTILITIES COMPANY
By_____	By_____
Name:	Name:
Title:	Title:

EXHIBIT 7.9

OPINION OF COUNSEL TO SELLER

The required opinions may contain customary assumptions, qualifications and limitations. As to factual matters, counsel may rely on such certificates of officers of Seller and its Affiliates and governmental officials as such counsel shall deem necessary or appropriate. Such opinions shall be expressed only with respect to the laws of the State of Hawaii and the United States. Such opinion may contain such qualifications and explanations of the basis thereof as may be reasonably acceptable to Buyer.

1. Seller is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Hawaii.

2. Subsidiary is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Hawaii.

3. The authorized capital stock of Subsidiary consists of (a) 3,000,000 shares of common stock, $6-2/3 par value per share, 960,000 shares of which are issued, outstanding and registered in the name of Seller in the stock transfer records of Subsidiary certified by the Secretary of Subsidiary and constitute the stock to be sold to Buyer (the "Stock"), and (b) 37,500 shares of 5-5/8% Cumulative Preferred Stock, Series B, $20 par value per share; 40,000 shares of 4.90% Cumulative Preferred Stock, Series C, $20 par value per share; 75,000 shares of 8-1/4% Cumulative Preferred Stock, Series D, $20 par value per share; 50,000 shares of 9% Cumulative Preferred Stock, Series E, $20 par value per share; and 375,000 shares of Preferred Stock, $20 par value per share, none of which are issued or outstanding. The shares of Stock have been validly issued and are fully paid and nonassessable. To such counsel's knowledge, and based solely upon such counsel's review of the board of directors and shareholder minute books of Subsidiary certified by the Secretary of Subsidiary, no other equity securities of Subsidiary, no securities convertible into, exchangeable for or carrying the right to acquire equity securities of Subsidiary, or other arrangements or commitments (other than the Agreement) obligating Subsidiary to issue or dispose of any of its equity securities or any ownership interest therein, have been authorized by Subsidiary, issued by Subsidiary or are outstanding. To such counsel's knowledge, and based solely upon such counsel's review of the board of directors and shareholder minute books of Subsidiary certified by the Secretary of Subsidiary, Seller has good and valid title to all the shares of Stock, free and clear of any Encumbrances of which such counsel has knowledge. Upon delivery to Buyer of the certificate for the Stock in accordance with the Agreement, assuming that Buyer pays the consideration contemplated by the Agreement and has no notice of any adverse claim, good and valid title to the Stock represented by such certificate will have been transferred to Buyer, free and clear of any Encumbrances of which such counsel has knowledge. To counsel's knowledge, and based solely upon such counsel's review of the board of directors and shareholder minute books of Subsidiary certified by the Secretary of Subsidiary, neither Seller nor Subsidiary has received any notice of any adverse claim to Seller's title to the stock.

4. Seller has full corporate power and corporate authority to execute and deliver the Agreement and the Ancillary Agreements to which it is a party and to consummate the transactions contemplated thereby. The execution and delivery of the Agreement and such Ancillary Agreements and the consummation of the transactions contemplated thereby by Seller (i) have been

duly authorized by all necessary corporate action on the part of Seller and (ii) do not require approval of Seller's stockholders. The Agreement and the Ancillary Agreements to which Seller is a party have been duly executed and delivered by Seller and, assuming the due execution and delivery thereof by the other parties thereto, each of the Agreement and such Ancillary Agreements is a legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity).

5. Subsidiary has all necessary corporate power and corporate authority to execute and deliver the Ancillary Agreements to which it is a party and to consummate the transactions contemplated thereby. The execution and delivery of such Ancillary Agreements and the consummation of the transactions contemplated thereby by Subsidiary has been duly authorized by all necessary corporate action on the part of Subsidiary. The Ancillary Agreements to which Subsidiary is a party have been duly executed and delivered by Subsidiary and, assuming the due execution and delivery thereof by the other parties thereto, each of such Ancillary Agreements is a legal, valid and binding obligation of Subsidiary, enforceable against Subsidiary in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity).

6. To such counsel's knowledge, except (i) for compliance with the notification filing and waiting period requirements of the HSR Act, (ii) for receipt of the PUC Approval and (iii) as otherwise set forth in Disclosure Schedule Section 4.2(c), no consent, waiver, approval, order or authorization of, notice to, or registration, declaration, designation, qualification or filing with, any Governmental Authority or third Person, domestic or foreign, is or has been or will be required on the part of Seller and Subsidiary in connection with the execution and delivery of the Agreement or any Ancillary Agreement or the consummation by them of the transactions contemplated thereby (including the Merger), other than where the failure to obtain such consents, waivers, approvals, orders or authorizations or to make or effect such registrations, declarations, designations, qualifications or filings is not reasonably likely to (i) prevent or materially delay consummation of the transactions contemplated by the Agreement and the Ancillary Agreements, (ii) prevent Seller and its Affiliates from performing their obligations thereunder or (iii) result in a Material Adverse Effect.

7. Neither the execution and delivery of the Agreement nor any Ancillary Agreement, nor the consummation by Seller or Subsidiary of the transactions contemplated thereby (including the Merger), will violate or conflict with any provision of the Charter or Bylaws of Seller or Subsidiary.

8. To such counsel's knowledge, neither the execution and delivery of the Agreement or any Ancillary Agreement by Seller or Subsidiary, nor the consummation by Seller or Subsidiary of the transactions contemplated thereby (including the Merger), will violate or conflict with (a) any statute, law, regulation or Governmental Order to which Seller, Subsidiary or the assets and properties of Seller and Subsidiary are bound or subject, (b) any Commitment to which Subsidiary is a party or by which it or any of its properties may be bound or subject or (c) any

agreement, contract or commitment of Seller material to Seller and its subsidiaries taken as a whole to which Seller is a party or by which it or any of its properties may be bound or subject (it being understood that only agreements, contracts and commitments listed in an officers' certificate shall be deemed material for purposes of such opinion), except as set forth in Disclosure Schedule Section 4.3 and except for such violations or conflicts which are not reasonably likely to (i) prevent or materially delay consummation of the transactions contemplated by the Agreement or the Ancillary Agreements, (ii) prevent Seller or Subsidiary from performing their obligations under the Agreement or the Ancillary Agreements or (iii) result in a Material Adverse Effect.

9. To such counsel's knowledge and except as listed in Disclosure Schedule Section 4.9, there is no action pending or threatened against Subsidiary, whether at law or in equity, or before or by any Governmental Authority, nor is there any Governmental Order to which Subsidiary or any of its properties or assets are subject or bound which relates to the Business (other than any Governmental Order that may be applicable generally to the industry in which the Business operates).

* * *

EXHIBIT 8.5

OPINION OF COUNSEL TO BUYER

The required opinions may contain customary assumptions, qualifications and limitations. As to factual matters, counsel may rely on such certificates of officers of Buyer and governmental officials as such counsel shall deem necessary or appropriate. Such opinions shall be expressed only with respect to the laws of the States of Delaware and Hawaii and the United States. Such opinion may contain such qualifications and explanations of the basis thereof as may be reasonably acceptable to Seller.

1. Buyer is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware.

2. Buyer has full corporate power and authority to enter into the Agreement and the Ancillary Agreements and to consummate the transactions contemplated thereby. The execution and delivery of the Agreement and the Ancillary Agreements and the consummation of the transactions contemplated thereby by Buyer have been duly authorized by all necessary corporate action on the part of Buyer. The Agreement and the Ancillary Agreements have been duly executed and delivered by Buyer and, assuming the due execution and delivery thereof by the other parties thereto, each of the Agreement and Ancillary Agreements is a legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity).

3. To such counsel's knowledge, except for (i) compliance with the notification filing and waiting period requirements of the HSR Act and (ii) receipt of the PUC Approval, no consent, waiver, approval, order or authorization of, notice to, or registration, declaration, designation, qualification or filing with, any Governmental Authority or third Person, domestic or foreign, is or has been or will be required on the part of Buyer in connection with the execution and delivery of the Agreement or any Ancillary Agreement or the consummation by Buyer of the transactions contemplated thereby (including the Merger), other than consents of or notices to the other party or parties to the Commitments that may be required in connection with the Merger or where the failure to obtain such consents, waivers, approvals, orders or authorizations or to make or effect such registrations, declarations, designations, qualifications or filings is not reasonably likely to (*x*) prevent or materially delay consummation of the transactions contemplated by the Agreement and the Ancillary Agreements or (*y*) prevent Buyer from performing its obligations under the Agreement and the Ancillary Agreements.

4. Neither the execution and delivery of the Agreement nor any Ancillary Agreement, nor the consummation of the transactions contemplated thereby (including the Merger), will violate or conflict with any provision of the Charter or Bylaws of Buyer.

5. To such counsel's knowledge, neither the execution and delivery of the Agreement or any Ancillary Agreement by Buyer, nor the consummation by Buyer of the transactions contemplated thereby (including the Merger), will violate or conflict with (a) any statute, law, regulation or Governmental Order to which Buyer or the assets or properties of Buyer are

bound or subject or (b) any agreement, contract or commitment to which Buyer is a party or by which it or any of its properties may be bound or subject (it being understood that only material agreements, contracts and commitments listed in an officers' certificate shall be reviewed for purposes of such opinion), except for such violations or conflicts which are not reasonably likely to (i) prevent or materially delay consummation of the transactions contemplated by the Agreement and the Ancillary Agreements or (ii) prevent Buyer from performing its obligations under the Agreement and the Ancillary Agreements.

* * *

SCHEDULE 2.2(b)

Balance Sheets for Use With Respect to Calculation of Adjusted Working Capital

SCHEDULE 2.2(b)

GASCO, INC.
BALANCE SHEET
as of May 31, 1996

	General Ledger Balance as of 5/31/96	AA Adjustment as of 5/31/96	Reclass as of 5/31/96	Adjusted Balance as of 5/31/96	Intercompany Adjustment as of 5/31/96	Adjusted Balance as of 5/31/96	Draft Plug Adjustments	Adjusted Plug
ASSET				B,C,D=E		E,F=G		
==========								
CURRENT ASSETS								
Cash								
100024 Cash - BOH Gasco Lockbox & Misc 01-0157	-18,784		18,784	0		0		0
100101 Cash - FHB Gasco Cust Refund Account 01	-56,318		56,318	0		0		0
100310 Cash - Central Pacific Bank	3,060			3,060		3,060		3,060
100320 Cash - City Bank	2,101			2,101		2,101		2,101
100340 Cash - Hawaii National Bank	5,418			5,418		5,418		5,418
100500 Cash - Check Redeemed/Return	7,398			7,398		7,398		7,398
100700 Cash on Hand/Petty Cash/Working Fund	8,134			8,134		8,134		8,134
Cash	-48,991	0	75,102	26,111	0	26,111	0	26,111
Trade Receivables								
110004 A/R Trade - Manual	8,149,330			8,149,330		8,149,330	0	8,149,330
Trade Receivables	8,149,330	0	0	8,149,330	0	8,149,330	0	8,149,330
Other Receivables								
110106 A/R Refund/Check Redeemed/Credit Bal	8,427			8,427		8,427		8,427
110140 A/R Other	195,286			195,286		195,286		195,286
110154 A/R Due from Employees	381			381		381		381
110171 A/R Rents	23,848			23,848		23,848		23,848
110401 Notes Receivable - Contract Sales	1,605			1,605		1,605		1,605
Other Receivables	229,547	0	0	229,547	0	229,547	0	229,547
Allowance for Bad Debts								
110610 Allowance for Bad Debts (Manual Acct)	-248,794			-248,794		-248,794	0	-248,794
Allowance for Bad Debts	-248,794	0	0	-248,794	0	-248,794	0	-248,794
Due From Related Companies								
115400 Due from BHP Hawaii - Loan	3,135,881			3,135,881	-3,135,881	0		0
Due From Related Companies	3,135,881	0	0	3,135,881	-3,135,881	0	0	0
								0
Inventories								
120200 Inventory - Fuel Stock Propane	92,208			92,208		92,208		92,208
120210 Inventory - LPG Purchase Cost	1,460,145			1,460,145		1,460,145		1,460,145

GASCO, INC.
BALANCE SHEET
as of May 31, 1996

		General Ledger Balance as of 5/31/96	AA Adjustment as of 5/31/96	Reclass as of 5/31/96	Adjusted Balance as of 5/31/96	Intercompany Adjustment as of 5/31/96	Adjusted Balance as of 5/31/96	Draft Plug Adjustments	Adjusted Plug
120220	Inventory - LPG on Customer Premise	49,762			49,762		49,762		49,762
120240	Inventory - LPG Inter-Isle Haul	182,211			182,211		182,211		182,211
120250	Inventory - LPG Inter-Zone Haul	27,118			27,118		27,118		27,118
120265	Inventory - SNG	1,703,584			1,703,584		1,703,584		1,703,584
120300	Current Deferred Fuel Cost	303,467			303,467		303,467		303,467
120400	Inventory - Mfg Gas in Holders	20,127			20,127		20,127		20,127
121131	Inventory - Materials & Supplies - Gasc	843,269			843,269		843,269		843,269
121132	Inventory - Catalyst/Chemicals	203,430			203,430		203,430		203,430
121610	Inventory - Postage Stamps	33,753			33,753		33,753		33,753
Inventories		4,919,074	0	0	4,919,074	0	4,919,074	0	4,919,074
Prepayments									
130010	Prepaid Insurance	10,608			10,608		10,608		10,608
130130	Prepaid Property Tax	7,398			7,398		7,398		7,398
130141	Prepaid PUC Tax	1,573,340			1,573,340		1,573,340		1,573,340
130400	Prepaid Subscriptions	13,015			13,015		13,015		13,015
130600	Prepaid Rent	27,195			27,195		27,195		27,195
130700	Prepaid Auto License	-25,362			-25,362		-25,362		-25,362
Prepayments		1,606,194	0	0	1,606,194	0	1,606,194	0	1,606,194
TOTAL CURRENT ASSETS		17,742,241	0	75,102	17,817,343	-3,135,881	14,681,462	0	14,681,462
PROPERTY, PLANT & EQUIPMENT									
Land and Buildings									
140010	Land & Land Rights - Iwilei	65,678			65,678		65,678	-65,678	0
140020	Land & Land Rights - Local Storage Plan	113,068			113,068		113,068	-113,068	0
140030	Land & Land Rights - Holders	22,447			22,447		22,447	-22,447	0
140040	Land & Land Rights - Distribution Plant	275,832			275,832		275,832	-275,832	0
140050	Land - Kona Street Paving	1,735			1,735		1,735	-1,735	0
140070	Land & Land Rights - Other	210,621			210,621		210,621	-210,621	0
140105	Structures & Improvements	3,573,925			3,573,925		3,573,925	-3,573,925	0
140110	Structures & Improvements - Hilo	14,483			14,483		14,483	-14,483	0
140115	Structures & Improvements - SNG Facilit	8,451,167			8,451,167		8,451,167	-8,451,167	0
140120	Structures & Improvements - Local Stora	6,463			6,463		6,463	-6,463	0
140130	Structures & Improvements - Holders	52,650			52,650		52,650	-52,650	0
140140	Structures & Improvements - Distributio	1,378,792			1,378,792		1,378,792	-1,378,792	0

GASCO, INC.
BALANCE SHEET
as of May 31, 1996

		General Ledger Balance as of 5/31/96	AA Adjustment as of 5/31/96	Reclass as of 5/31/96	Adjusted Balance as of 5/31/96	Intercompany Adjustment as of 5/31/96	Adjusted Balance as of 5/31/96	Draft Plug Adjustments	Adjusted Plug
140170	Structures & Improvements - Grosvenor	68,721			68,721		68,721	-68,721	0
140180	Structures & Improvements - CO2 Facilit	169,549			169,549		169,549	-169,549	0
Land and Buildings		14,405,131	0	0	14,405,131	0	14,405,131	-14,405,131	0
Plant and Equipment									
140250	Gas Mixing Equipment	11,705			11,705		11,705	-11,705	0
140260	Other Equipment	2,029,412			2,029,412		2,029,412	-2,029,412	0
140270	Gas Holders	2,352,800			2,352,800		2,352,800	-2,352,800	0
140310	LPG Storage Facilities	4,130,202			4,130,202		4,130,202	-4,130,202	0
140320	LPG Loading Facilities	406,031			406,031		406,031	-406,031	0
140330	LPG Skid Tanks - Company Owned	145,808			145,808		145,808	-145,808	0
140340	Tanks on Customers' Premises	17,812,264			17,812,264		17,812,264	-17,812,264	0
140350	Tanks in Stock	2,522,181			2,522,181		2,522,181	-2,522,181	0
140360	Propane Barge & Tank Farm	3,561,167			3,561,167		3,561,167	-3,561,167	0
140370	Propane Barge Improvements - Add'l Char	30,911			30,911		30,911	-30,911	0
140380	Dock to Storage Pipeline	812,760			812,760		812,760	-812,760	0
140390	Meters on Customer Premises	321,800			321,800		321,800	-321,800	0
140400	Mains - Energy Corridor	5,800,422			5,800,422		5,800,422	-5,800,422	0
140410	Measuring & Regulating Station Equipmen	210,612			210,612		210,612	-210,612	0
140420	Communication Equipment	10,871			10,871		10,871	-10,871	0
140500	Mains - New	32,095,376			32,095,376		32,095,376	-32,095,376	0
140520	Services - New	17,391,533			17,391,533		17,391,533	-17,391,533	0
140550	Meters & Regulators in Service	3,333,271			3,333,271		3,333,271	-3,333,271	0
140560	Meters in Stock	867,976			867,976		867,976	-867,976	0
140570	Regulators in Stock	191,882			191,882		191,882	-191,882	0
140580	Meters & Reulators - Installation	2,337,086			2,337,086		2,337,086	-2,337,086	0
140600	Office Furniture & Fixtures - SNG	36,496			36,496		36,496	-36,496	0
140601	Office Equip - SNG	256,520			256,520		256,520	-256,520	0
140610	Office Furniture & Equip at Distributio	114,428			114,428		114,428	-114,428	0
140611	Office Equip at Distribution - Mechanic	474,525			474,525		474,525	-474,525	0
140620	Office Furniture & Equip at Office	402,697			402,697		402,697	-402,697	0
140621	Office Equip at Office - Mechanical	1,529,390			1,529,390		1,529,390	-1,529,390	0
140630	Warehouse Furniture & Fixtures - Distrib	21,911			21,911		21,911	-21,911	0
140631	Warehouse Mechanical Equip - Distributi	56,025			56,025		56,025	-56,025	0
140640	Stores Equipment - Distribution	30,750			30,750		30,750	-30,750	0
140650	Stores Equipment - IG Yard	13,649			13,649		13,649	-13,649	0

GASCO, INC.
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		General Ledger Balance as of 5/31/96	AA Adjustment as of 5/31/96	Reclass as of 5/31/96	Adjusted Balance as of 5/31/96	Intercompany Adjustment as of 5/31/96	Adjusted Balance as of 5/31/96	Draft Plug Adjustments	Adjusted Plug
140660	Tools & Work Equipment - IG Yard	132,498			132,498		132,498	-132,498	0
140670	Tools & Work Equipment - Gasco Solar	8,230			8,230		8,230	-8,230	0
140700	Other Mechanical Equipment	664,568			664,568		664,568	-664,568	0
140710	Transportation Equipment	3,694,822			3,694,822		3,694,822	-3,694,822	0
140730	Shop Equipment - General	246,741			246,741		246,741	-246,741	0
140731	Shop Equipment at Works - Fire Fighting	6,907			6,907		6,907	-6,907	0
140732	Shop Equipment at Works - Garage	101,243			101,243		101,243	-101,243	0
140733	Shop Equipment at Works - Meter Shop	127,079			127,079		127,079	-127,079	0
140734	Shop Equipment at Distribution	62,689			62,689		62,689	-62,689	0
140740	Hand Tools - Meter Shop	2,034			2,034		2,034	-2,034	0
140741	Hand Tools - Garage	19,376			19,376		19,376	-19,376	0
140742	Hand Tools - Distribution	19,256			19,256		19,256	-19,256	0
140770	Fire Fighting Equipment	7,176			7,176		7,176	-7,176	0
140790	Capitalized Lease - NU Vehicles	1,273,972			1,273,972		1,273,972	-1,273,972	0
140800	Laboratory Equipment	122,075			122,075		122,075	-122,075	0
140810	Floating Equipment for Construction	768,894			768,894		768,894	-768,894	0
140820	Communication Equipment	134,498			134,498		134,498	-134,498	0
140890	Utility Plant Acquisition Adjustment	-16,607			-16,607		-16,607	16,607	0
140900	Franchises & Consents	51,131			51,131		51,131	-51,131	0
140910	Misc Intangible Plant - Patent Rights	17,472			17,472		17,472	-17,472	0
140920	Misc Intangible Plant - CWH Promo	1,357,106			1,357,106		1,357,106	-1,357,106	0
140930	Misc Intangible Plant - Other Promo	2,213,350			2,213,350		2,213,350	-2,213,350	0
140932	Misc Intangible Plant - Promo Allowance	1,157,724			1,157,724		1,157,724	-1,157,724	0
140935	Misc Intangible Plant - Other	427,222			427,222		427,222	-427,222	0
140940	Appliances Out on Rental	241,550			241,550		241,550	-241,550	0
140945	Hi-Octane Equipment on Lease	3,466			3,466		3,466	-3,466	0
Plant and Equipment		112,156,933	0	0	112,156,933	0	112,156,933	-112,156,933	0
Work-in-Progress									
140950	Work in Progress	5,098,278			5,098,278		5,098,278	-5,098,278	0
149998	Overhead Allocation Suspense (Gasco)	610,242			610,242		610,242	-610,242	0
Work-in-Progress		5,708,520	0	0	5,708,520	0	5,708,520	-5,708,520	0
Accumulated Depreciation									
153110	Accum Depr - Gasco Land & Building	-4,140,145			-4,140,145		-4,140,145	4,140,145	0
153200	Accum Depr - Gasco Plant & Equipment	-38,475,775			-38,475,775		-38,475,775	38,475,775	0

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	General Ledger Balance as of 5/31/96	IAA Adjustment as of 5/31/96	Reclass as of 5/31/96	Adjusted Balance as of 5/31/96	Intercompany Adjustment as of 5/31/96	Adjusted Balance as of 5/31/96	Draft Plug Adjustments	Adjusted Plug
153300 Accum Depr - Gasco Intangible	-3,570,456			-3,570,456		-3,570,456	3,570,456	0
153400 Accum Depr - Gasco Capitalized Leases	-6,184,933			-6,184,933		-6,184,933	6,184,933	0
Accumulated Depreciation	-52,371,309	0	0	-52,371,309	0	-52,371,309	52,371,309	0
TOTAL PROPERTY, PLANT & EQUIPMENT	79,899,275	0	0	79,899,275	0	79,899,275	-79,899,275	0
OTHER ASSETS								
Investments								
160100 Investment in Honolulu Gas	-46,000			-46,000		-46,000	46,000	0
160110 Investment in Oahu Original Investment	-19,746			-19,746		-19,746	19,746	0
160200 Investment in Hawaii Original Investmen	46,000			46,000		46,000	-46,000	0
160210 Investment in Hawaii Prior Year	351,890			351,890		351,890	-351,890	0
160300 Investment in Maui Prior Year	-808,909			-808,909		-808,909	808,909	0
160350 Investment in Kauai Prior Year	348,840			348,840		348,840	-348,840	0
160380 Investment in Molokai Prior Year	127,925			127,925		127,925	-127,925	0
Investment in One Kalakaua			400,000	400,000		400,000		400,000
Investments	0	0	400,000	400,000	0	400,000	0	400,000
Deferred Costs								
170040 Deferred Charges	640,807			640,807		640,807		640,807
170112 Unamortized Debt - $8,875 Note Penalty	49,822		-49,822	0		0		0
170400 Clearing Transportation Equipment	10,114			10,114		10,114		10,114
170450 Clearing Barge Expense	4,383			4,383		4,383		4,383
170700 Deferred Job Control	2,233,575		-1,830,023	403,552		403,552		403,552
Deferred Costs	2,938,701	0	-1,879,845	1,058,856	0	1,058,856	0	1,058,856
Regulatory Assets - Net								
179120 Property Loss Iwilei	3,327,376			3,327,376		3,327,376		3,327,376
179150 Property Loss Moiliili	346,803			346,803		346,803		346,803
179160 Reorganization Cost - Gasco	1,495,131			1,495,131		1,495,131		1,495,131
IRP			881,133	881,133		881,133		881,133
Rate Case Cost			598,712	598,712		598,712	-317,042	281,670
Bishop Street - Gain			-1,017,131	-1,017,131		-1,017,131		-1,017,131
Regulatory Assets - Net	5,169,310	0	462,714	5,632,024	0	5,632,024	-317,042	5,314,982
Pension and Related Costs								

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170300 Intangible Pension Assets	1,128,725	-1,128,725		0		0	0	0
True-up to Actuary Confirm 5/31/96		5,493,311		5,493,311		5,493,311	-5,493,311	0
Reserve Post-Retirement Entry		4,714,050		4,714,050		4,714,050	-4,714,050	0
Reclass from Liabilities			-9,415,969	-9,415,969		-9,415,969	9,415,969	0
Pension and Related Costs	1,128,725	9,078,636	-9,415,969	791,392	0	791,392	-791,392	0
TOTAL OTHER ASSETS	9,236,736	9,078,636	-10,433,100	7,882,272	0	7,882,272	-1,108,434	6,773,838
TOTAL ASSETS	106,878,252	9,078,636	-10,357,998	105,598,890	-3,135,881	102,463,009	-81,007,709	21,455,300
LIABILITIES AND EQUITY								
CURRENT LIABILITIES								
Accounts Payable								
200003 Accounts Payable Trade - Manual	-196,157			-196,157		-196,157		-196,157
200004 Accounts Payable Trade - Control	50			50		50		50
200005 Accounts Payable Trade - Other	-1,214,705		-75,102	-1,289,807		-1,289,807		-1,289,807
200345 Chevron Payable	-879,132			-879,132		-879,132		-879,132
Accounts Payable	-2,289,944	0	-75,102	-2,365,046	0	-2,365,046	0	-2,365,046
Due to Related Companies								
205031 Due to/from Refining	-4,467,515			-4,467,515	4,467,515	0		0
205033 Due to/from Terminals	-102,046			-102,046	102,046	0		0
205072 Due to/from Gas Express	-41,799			-41,799	41,799	0		0
205311 Due to BHPH (3101)	1,368,371			1,368,371	-1,368,371	0		0
1995 Capital Goods Credit		178,000		178,000	-178,000	0		0
Reverse Post-Retirement Entry		-4,714,050		-4,714,050	4,714,050	0		0
Reverse Tax Related Adjustment		1,834,237		1,834,237	-1,834,237	0		0
Due to Related Companies	-3,242,989	-2,701,813	0	-5,944,802	5,944,802	0	0	0
Accrued Liabilities								
200321 Workers' Compensation Payable	-947,500			-947,500		-947,500		-947,500
200322 General Liability Payable	-45,031			-45,031		-45,031		-45,031

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Accrued Liabilities	-992,531	0	0	-992,531	0	-992,531	0	-992,531
Current Requirements - Long Term Debt								
211000 Current Requirements-LTD	-1,175,700			-1,175,700	1,175,700	0		0
212000 Current Requirements-Capital Leases	-879,143			-879,143		-879,143		-879,143
Current Requirements - Long Term Debt	-2,054,843	0	0	-2,054,843	1,175,700	-879,143	0	-879,143
Income Taxes Payable								
220010 Federal Income Tax Payable	-3,697,721	98,000		-3,599,721	3,599,721	0		0
220020 Hawaii Income Tax Payable	-676,150			-676,150	676,150	0		0
Income Taxes Payable	-4,373,871	98,000	0	-4,275,871	4,275,871	0	0	0
Interest Payable								
230011 Interest Payable-Capital Leases	-41,314			-41,314		-41,314		-41,314
230012 Interest Payable/Receivable $19,800,000	-735,735			-735,735	735,735	0		0
230013 Interest Payable/Receivable $8,875,000	-329,780			-329,780	329,780	0		0
230014 Interest Payable/Receivable $717,000	-26,661			-26,661	26,661	0		0
Interest Payable	-1,133,490	0	0	-1,133,490	1,092,176	-41,314	0	-41,314
Taxes, Other than Income Taxes								
230023 Federal LPG Excise Tax	856			856		856		856
230041 Hawaii General Excise Tax - Wholesale	-139,397			-139,397		-139,397		-139,397
230043 Hawaii Liquid Fuels Tax - Oahu	-7,860			-7,860		-7,860		-7,860
230053 Hawaii State Franchise Tax	-519,632			-519,632		-519,632		-519,632
230054 Hawaii Public Utilities Commission Tax	-1,573,434			-1,573,434		-1,573,434		-1,573,434
230055 Hawaii Public Utilities Commission Fee	-95,481			-95,481		-95,481		-95,481
231310 Employer FICA Taxes	0			0		0		0
231320 Employer FUTA Taxes	-110			-110		-110		-110
231330 Employer SUI-Hawaii	-30,519			-30,519		-30,519		-30,519
Taxes, Other than Income Taxes	-2,365,577	0	0	-2,365,577	0	-2,365,577	0	-2,365,577
Other Current Liabilities								
230130 Customer Refunds Due to State	-79,793			-79,793		-79,793		-79,793
230135 Customer Deposits	-978,714			-978,714		-978,714		-978,714
230136 Interest on Customer Deposits	-57,904			-57,904		-57,904		-57,904
230140 Deferred Cr Customer Adv Cons	-131,042			-131,042		-131,042		-131,042

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230145	Rental Deposits	-2,950			-2,950		-2,950		-2,950
230200	Junk Plant Sales	-8,168			-8,168		-8,168		-8,168
230300	Other Deferred Credits	4,985			4,985		4,985		4,985
230500	Reserve for Injuries & Damages	-50,000	-500,000		-550,000		-550,000	550,000	0
230520	Reserve for Legal Expenses	-50,000			-50,000		-50,000	50,000	0
230530	Audit Fees	-54,734			-54,734		-54,734		-54,734
231000	Payroll	-557,176	-526,000		-1,083,176		-1,083,176		-1,083,176
231100	Wages & Salaries	663			663		663		663
231110	Vacation	-1,088,500			-1,088,500		-1,088,500		-1,088,500
231430	W/H State Taxes-HI	-14,588			-14,588		-14,588		-14,588
231510	W/H Prime Spending	150			150		150		150
231535	Deferred Compensation	-35,203			-35,203		-35,203		-35,203
231550	W/H Union Dues	-7,910			-7,910		-7,910		-7,910
231610	W/H Garnishment	-393			-393		-393		-393
231630	W/H Aloha United Way	-3,096			-3,096		-3,096		-3,096
231640	W/H Political	-255			-255		-255		-255
232000	Current Provisions - Environmental	0		-300,000	-300,000		-300,000	300,000	0
Other Current Liabilities		-3,114,628	-1,026,000	-300,000	-4,440,628	0	-4,440,628	900,000	-3,540,628
TOTAL CURRENT LIABILITIES		-19,567,873	-3,629,813	-375,102	-23,572,788	12,488,549	-11,084,239	900,000	-10,184,239
LONG TERM DEBT									
Long Term Debt									
240112	LTD Note Payable to BHPH $19,800,000	-19,404,000			-19,404,000	19,404,000	0		0
240113	LTD Note Payable to BHPH $8,875,000	-8,697,500			-8,697,500	8,697,500	0		0
240114	LTD Note Payable to BHPH $717,500	-703,150			-703,150	703,150	0		0
240149	LTD Current Requirements Transfer	1,175,700			1,175,700	-1,175,700	0		0
Long Term Debt		-27,628,950	0	0	-27,628,950	27,628,950	0	0	0
Capital Leases									
242100	SNG Plant Lease	-3,525,052			-3,525,052		-3,525,052		-3,525,052
242199	Cap Leases - Current Requirement Transf	879,143			879,143		879,143		879,143
Capital Leases		-2,645,909	0	0	-2,645,909	0	-2,645,909	0	-2,645,909
TOTAL LONG TERM DEBT		-30,274,859	0	0	-30,274,859	27,628,950	-2,645,909	0	-2,645,909

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	General Ledger Balance as of 5/31/96	AA Adjustment as of 5/31/96	Reclass as of 5/31/96	Adjusted Balance as of 5/31/96	Intercompany Adjustment as of 5/31/96	Adjusted Balance as of 5/31/96	Draft Plug Adjustments	Adjusted Plug
OTHER LIABILITIES								
Deferred Income Taxes								
250010 Deferred Federal Income Tax Payable	-6,154,063			-6,154,063		-6,154,063	6,154,063	0
Reverse Tax Related to Post-Retirement		-1,834,237		-1,834,237		-1,834,237	1,834,237	0
True-Up Income Tax 5/31/96		205,000		205,000		205,000	-205,000	0
250012 Deferred Federal Income Tax - Iwilei	3,037,196			3,037,196		3,037,196	-3,037,196	0
250016 Unamortized Investment Credit	-869,110			-869,110		-869,110	869,110	0
Deferred Income Taxes	-3,985,977	-1,629,237	0	-5,615,214	0	-5,615,214	5,615,214	0
Pensions and Related Costs								
231240 Classified Pension Plan	-2,511,100		2,511,100	0		0		0
231243 Unclassified Pension Plan	-1,087,396		1,087,396	0		0		0
260457 Pre-Merger Pension	-320,473		320,473	0		0		0
261077 Postretirement Benefits (PRRP)	-5,497,000		5,497,000	0		0		0
Pensions and Related Costs	-9,415,969	0	9,415,969	0	0	0	0	0
Other Non-current Liabilities								
260400 Tax Benefits Amortization	-1,413,427			-1,413,427		-1,413,427	1,413,427	0
260600 Contribution in Aid of Construction	-302,988			-302,988		-302,988	302,988	0
260950 Deferred Gain on Sale of Bishop Street	-1,017,131		1,017,131	0		0		0
262000 Non Current Provisions-Environmental	-300,000		300,000	0		0		0
Other Non-current Liabilities	-3,033,546	0	1,317,131	-1,716,415	0	-1,716,415	1,716,415	0
TOTAL OTHER LIABILITIES	-16,435,492	-1,629,237	10,733,100	-7,331,629	0	-7,331,629	7,331,629	0
STOCKHOLDER'S EQUITY								
Common Stock								
290200 Common Stock	-6,400,000			-6,400,000		-6,400,000	6,400,000	0
Common Stock	-6,400,000	0	0	-6,400,000	0	-6,400,000	6,400,000	0
Additional Paid-in Capital								
290300 Additional Paid In Capital	-4,532,410			-4,532,410		-4,532,410	4,532,410	0
Additional Paid-in Capital	-4,532,410	0	0	-4,532,410	0	-4,532,410	4,532,410	0
Retained Earnings								
290401 Retained Earnings	-29,667,618			-29,667,618	-36,981,618	-66,649,236	66,649,236	0

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	General Ledger AA			Adjusted	Intercompany	Adjusted		
	Balance	Adjustment	Reclass	Balance	Adjustment	Balance	Draft Plug	Adjusted
	as of 5/31/96	as of 5/31/96	as of 5/31/96	as of 5/31/96	as of 5/31/96	as of 5/31/96	Adjustments	Plug
Adjusted Class Pension to Actuary 5/31/96		-4,364,586		-4,364,586		-4,364,586	4,364,586	0
1995 Capital Goods Excise Tax Credit		-178,000		-178,000		-178,000	178,000	0
1996 Capital Goods Excise Tax Credit		-98,000		-98,000		-98,000	98,000	0
Contingency Reserve Lewis Case		500,000		500,000		500,000	-500,000	0
Accrued ICP	0	526,000		526,000		526,000	-526,000	0
Adjusted Income Tax 5/31/96	0	-205,000		-205,000		-205,000	205,000	0
Retained Earnings	-29,667,618	-3,819,586	0	-33,487,204	-36,981,618	-70,468,822	70,468,822	0
TOTAL STOCKHOLDER'S EQUITY	-40,600,028	-3,819,586	0	-44,419,614	-36,981,618	-81,401,232	81,401,232	0
TOTAL LIABILITIES AND EQUITY	-106,878,252	-9,078,636	10,357,998	-105,598,890	3,135,881	-102,463,009	89,632,861	-12,830,148
ADJUSTED WORKING CAPITAL								8,625,152

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	General Ledger Balance as of 9/30/96	AA Adjustment as of 9/30/96	Reclass as of 9/30/96	Adjusted Balance as of 9/30/96	Intercompany Adjustment as of 9/30/96	Adjusted Balance as of 9/30/96	Draft W/C Adjustments	Adjusted W/C
ASSETS								
CURRENT ASSETS								
Cash								
100024 Cash - BOH Gasco Lockbox & Misc 01-0157	-42,473		42,473	0		0		0
100101 Cash - FHB Gasco Cust Refund Account 01	-50,813		50,813	0		0		0
100310 Cash - Central Pacific Bank	4,033			4,033		4,033		4,033
100320 Cash - City Bank	3,063			3,063		3,063		3,063
100340 Cash - Hawaii National Bank	379			379		379		379
100500 Cash - Check Redeemed/Return	9,875			9,875		9,875		9,875
100700 Cash on Hand/Petty Cash/Working Fund	9,035			9,035		9,035		9,035
Cash	-66,901	0	93,286	26,385	0	26,385	0	26,385
Trade Receivables								
110004 A/R Trade - Manual	8,263,241			8,263,241		8,263,241	-171,032	8,092,209
Trade Receivables	8,263,241	0	0	8,263,241	0	8,263,241	-171,032	8,092,209
Other Receivables								
110106 A/R Refund/Check Redeemed/Credit Bal	260			260		260		260
110140 A/R Other	107,430			107,430		107,430		107,430
110154 A/R Due from Employees	40			40		40		40
110171 A/R Rents	24,551			24,551		24,551		24,551
110401 Notes Receivable - Contract Sales	1,038			1,038		1,038		1,038
110590 Business Area Clearing Account	1,800			1,800		1,800		1,800
Other Receivables	135,120	0	0	135,120	0	135,120	0	135,120
Allowance for Bad Debts								
110610 Allowance for Bad Debts (Manual Acct)	-129,766			-129,766		-129,766		-129,766
Allowance for Bad Debts	-129,766	0	0	-129,766	0	-129,766	0	-129,766
Due From Related Companies								
110030 Intra-Company Receiv Recon (Hawaii Grou	132,532			132,532	-132,532	0		0
110031 Intra-Company Receiv Adjust (Hawaii Gro	-22,666			-22,666	22,666	0		0
115400 Due from BHP Hawaii - Loan	9,221,897			9,221,897	-9,221,897	0		0
Due From Related Companies	9,331,764	0	0	9,331,764	-9,331,764	0	0	0

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	General Ledger Balance as of 9/30/96	AA Adjustment as of 9/30/96	Reclass as of 9/30/96	Adjusted Balance as of 9/30/96	Intercompany Adjustment as of 9/30/96	Adjusted Balance as of 9/30/96	Draft W/C Adjustments	Adjusted W/C
Inventories								
120200 Inventory - Fuel Stock Propane	93,907			93,907		93,907		93,907
120210 Inventory - LPG Purchase Cost	1,067,346			1,067,346		1,067,346		1,067,346
120220 Inventory - LPG on Customer Premise	49,762			49,762		49,762		49,762
120240 Inventory - LPG Inter-Isle Haul	39,279			39,279		39,279		39,279
120250 Inventory - LPG Inter-Zone Haul	6,395			6,395		6,395		6,395
120260 Inventory - Resv for Propane Inv	-31,200			-31,200		-31,200		-31,200
120265 Inventory - SNG	1,706,432			1,706,432		1,706,432		1,706,432
120270 Inventory - Resv for Inventory Adjust.	-34,382			-34,382		-34,382		-34,382
120300 Current Deferred Fuel Cost	283,161			283,161		283,161		283,161
120400 Inventory - Mfg Gas in Holders	20,127			20,127		20,127		20,127
121131 Inventory - Materials & Supplies - Gasc	877,900			877,900		877,900		877,900
121132 Inventory - Catalyst/Chemicals	260,387			260,387		260,387		260,387
121133 Inventory - Reserve - Gasco	-20,717			-20,717		-20,717		-20,717
121134 Prepaid Inventory - SNG	26,671			26,671		26,671		26,671
121135 Prepaid Freight - SNG	16,751			16,751		16,751		16,751
121600 Inventory - Truck Stock	672			672		672		672
121610 Inventory - Postage Stamps	19,667			19,667		19,667		19,667
Inventories	4,382,157	0	0	4,382,157	0	4,382,157	0	4,382,157
Prepayments								
130010 Prepaid Insurance	106,448			106,448		106,448		106,448
130130 Prepaid Property Tax	22,104			22,104		22,104		22,104
130141 Prepaid PUC Tax	674,288			674,288		674,288		674,288
130400 Prepaid Subscriptions	3,382			3,382		3,382		3,382
130600 Prepaid Rent	9,937			9,937		9,937		9,937
130700 Prepaid Auto License	-40,477			-40,477		-40,477		-40,477
Prepayments	775,682	0	0	775,682	0	775,682	0	775,682
TOTAL CURRENT ASSETS	22,691,297	0	93,286	22,784,583	-9,331,764	13,452,819	-171,032	13,281,787
PROPERTY, PLANT & EQUIPMENT								
Land and Buildings								
140010 Land & Land Rights - Iwilei	65,678			65,678		65,678	-65,678	0
140020 Land & Land Rights - Local Storage Plan	113,068			113,068		113,068	-113,068	0
140030 Land & Land Rights - Holders	22,447			22,447		22,447	-22,447	0

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	General Ledger Balance as of 9/30/96	AA Adjustment as of 9/30/96	Reclass as of 9/30/96	Adjusted Balance as of 9/30/96	Intercompany Adjustment as of 9/30/96	Adjusted Balance as of 9/30/96	Draft W/C Adjustments	Adjusted W/C
140040 Land & Land Rights - Distribution Plant	275,832			275,832		275,832	-275,832	0
140050 Land - Kona Street Paving	1,735			1,735		1,735	-1,735	0
140070 Land & Land Rights - Other	210,524			210,524		210,524	-210,524	0
140105 Structures & Improvements	4,034,534			4,034,534		4,034,534	-4,034,534	0
140110 Structures & Improvements - Hilo	14,483			14,483		14,483	-14,483	0
140115 Structures & Improvements - SNG Facilit	8,451,167			8,451,167		8,451,167	-8,451,167	0
140120 Structures & Improvements - Local Stora	6,463			6,463		6,463	-6,463	0
140130 Structures & Improvements - Holders	52,650			52,650		52,650	-52,650	0
140140 Structures & Improvements - Distributio	1,378,792			1,378,792		1,378,792	-1,378,792	0
140170 Structures & Improvements - Grosvenor	68,721			68,721		68,721	-68,721	0
140180 Structures & Improvements - CO2 Facilit	169,549			169,549		169,549	-169,549	0
Land and Buildings	14,865,644	0	0	14,865,644	0	14,865,644	-14,865,644	0
Plant and Equipment								
140250 Gas Mixing Equipment	11,705			11,705		11,705	-11,705	0
140260 Other Equipment	2,068,076			2,068,076		2,068,076	-2,068,076	0
140270 Gas Holders	2,523,319			2,523,319		2,523,319	-2,523,319	0
140310 LPG Storage Facilities	4,247,868			4,247,868		4,247,868	-4,247,868	0
140320 LPG Loading Facilities	406,031			406,031		406,031	-406,031	0
140330 LPG Skid Tanks - Company Owned	145,808			145,808		145,808	-145,808	0
140340 Tanks on Customers' Premises	18,060,593			18,060,593		18,060,593	-18,060,593	0
140350 Tanks in Stock	2,684,124			2,684,124		2,684,124	-2,684,124	0
140360 Propane Barge & Tank Farm	3,561,167			3,561,167		3,561,167	-3,561,167	0
140370 Propane Barge Improvements - Add'l Char	30,911			30,911		30,911	-30,911	0
140380 Dock to Storage Pipeline	812,760			812,760		812,760	-812,760	0
140390 Meters on Customer Premises	321,800			321,800		321,800	-321,800	0
140400 Mains - Energy Corridor	5,800,422			5,800,422		5,800,422	-5,800,422	0
140410 Measuring & Regulating Station Equipmen	210,612			210,612		210,612	-210,612	0
140420 Communication Equipment	10,871			10,871		10,871	-10,871	0
140500 Mains - New	32,204,667			32,204,667		32,204,667	-32,204,667	0
140520 Services - New	17,614,386			17,614,386		17,614,386	-17,614,386	0
140550 Meters & Regulators in Service	3,333,917			3,333,917		3,333,917	-3,333,917	0
140560 Meters in Stock	890,413			890,413		890,413	-890,413	0
140570 Regulators in Stock	196,561			196,561		196,561	-196,561	0
140580 Meters & Reulators - Installation	2,378,540			2,378,540		2,378,540	-2,378,540	0
140600 Office Furniture & Fixtures - SNG	36,496			36,496		36,496	-36,496	0

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140601 Office Equip - SNG	254,277			254,277		254,277	-254,277	0
140610 Office Furniture & Equip at Distributio	114,428			114,428		114,428	-114,428	0
140611 Office Equip at Distribution - Mechanic	489,489			489,489		489,489	-489,489	0
140620 Office Furniture & Equip at Office	403,541			403,541		403,541	-403,541	0
140621 Office Equip at Office - Mechanical	1,542,337			1,542,337		1,542,337	-1,542,337	0
140630 Warehouse Furniture & Fixtures - Distrib	21,911			21,911		21,911	-21,911	0
140631 Warehouse Mechanical Equip - Distributi	56,025			56,025		56,025	-56,025	0
140640 Stores Equipment - Distribution	30,750			30,750		30,750	-30,750	0
140650 Stores Equipment - IG Yard	13,649			13,649		13,649	-13,649	0
140660 Tools & Work Equipment - IG Yard	132,498			132,498		132,498	-132,498	0
140670 Tools & Work Equipment - Gasco Solar	8,230			8,230		8,230	-8,230	0
140700 Other Mechanical Equipment	685,165			685,165		685,165	-685,165	0
140710 Transportation Equipment	3,804,476			3,804,476		3,804,476	-3,804,476	0
140730 Shop Equipment - General	246,741			246,741		246,741	-246,741	0
140731 Shop Equipment at Works - Fire Fighting	6,907			6,907		6,907	-6,907	0
140732 Shop Equipment at Works - Garage	108,277			108,277		108,277	-108,277	0
140733 Shop Equipment at Works - Meter Shop	127,079			127,079		127,079	-127,079	0
140734 Shop Equipment at Distribution	62,689			62,689		62,689	-62,689	0
140740 Hand Tools - Meter Shop	2,034			2,034		2,034	-2,034	0
140741 Hand Tools - Garage	19,376			19,376		19,376	-19,376	0
140742 Hand Tools - Distribution	19,256			19,256		19,256	-19,256	0
140770 Fire Fighting Equipment	7,176			7,176		7,176	-7,176	0
140790 Capitalized Lease - NU Vehicles	1,273,972			1,273,972		1,273,972	-1,273,972	0
140800 Laboratory Equipment	122,075			122,075		122,075	-122,075	0
140810 Floating Equipment for Construction	787,208			787,208		787,208	-787,208	0
140820 Communication Equipment	134,498			134,498		134,498	-134,498	0
140890 Utility Plant Acquisition Adjustment	-16,607			-16,607		-16,607	16,607	0
140900 Franchises & Consents	51,131			51,131		51,131	-51,131	0
140910 Misc Intangible Plant - Patent Rights	17,472			17,472		17,472	-17,472	0
140920 Misc Intangible Plant - CWH Promo	1,357,106			1,357,106		1,357,106	-1,357,106	0
140930 Misc Intangible Plant - Other Promo	2,213,350			2,213,350		2,213,350	-2,213,350	0
140932 Misc Intangible Plant - Promo Allowance	1,159,533			1,159,533		1,159,533	-1,159,533	0
140935 Misc Intangible Plant - Other	427,222			427,222		427,222	-427,222	0
140940 Appliances Out on Rental	243,370			243,370		243,370	-243,370	0
140945 Hi-Octane Equipment on Lease	3,466			3,466		3,466	-3,466	0
Plant and Equipment	113,481,155	0	0	113,481,155	0	113,481,155	-113,481,155	0

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Work-in-Progress								
149000 Work in Progress	4,640,824			4,640,824		4,640,824	-4,640,824	0
Work-in-Progress	4,640,824	0	0	4,640,824	0	4,640,824	-4,640,824	0
Accumulated Depreciation								
153110 Accum Depr - Gasco Land & Building	-4,184,729			-4,184,729		-4,184,729	4,184,729	0
153200 Accum Depr - Gasco Plant & Equipment	-39,341,846			-39,341,846		-39,341,846	39,341,846	0
153300 Accum Depr - Gasco Intangible	-3,570,456			-3,570,456		-3,570,456	3,570,456	0
153400 Accum Depr - Gasco Capitalized Leases	-6,470,090			-6,470,090		-6,470,090	6,470,090	0
Accumulated Depreciation	-53,567,121	0	0	-53,567,121	0	-53,567,121	53,567,121	0
TOTAL PROPERTY, PLANT & EQUIPMENT	79,420,501	0	0	79,420,501	0	79,420,501	-79,420,501	0
OTHER ASSETS								
Investments								
160100 Investment in Honolulu Gas	-46,000			-46,000		-46,000	46,000	0
160110 Investment in Oahu Original Investment	-19,746			-19,746		-19,746	19,746	0
160200 Investment in Hawaii Original Investmen	46,000			46,000		46,000	-46,000	0
160210 Investment in Hawaii Prior Year	351,890			351,890		351,890	-351,890	0
160300 Investment in Maui Prior Year	-808,909			-808,909		-808,909	808,909	0
160350 Investment in Kauai Prior Year	348,840			348,840		348,840	-348,840	0
160380 Investment in Molokai Prior Year	127,925			127,925		127,925	-127,925	0
160500 Investment in Oahu Current Year	1,349,342			1,349,342		1,349,342	-1,349,342	0
160600 Investment in Hawaii Current Year	-112,654			-112,654		-112,654	112,654	0
160700 Investment in Maui Current Year	-19,666			-19,666		-19,666	19,666	0
160800 Investment in Kauai Current Year	-17,316			-17,316		-17,316	17,316	0
160850 Investment in Molokai Current Year	-5,599			-5,599		-5,599	5,599	0
160900 Investment in Oahu Equip Current Year	-1,194,107			-1,194,107		-1,194,107	1,194,107	0
162010 Investment in Kalakaua One Partnership	400,000			400,000		400,000		400,000
Investments	400,000	0	0	400,000	0	400,000	0	400,000
Deferred Costs								
170040 Deferred Charges	644,203			644,203		644,203		644,203
170045 Charges to Gasco from BHP (Clearing Acc	64,796			64,796		64,796		64,796
170112 Unamortized Debt - $8,875 Note Penalty	49,137		-49,137	0		0		0

GASCO, INC.
BALANCE SHEET
as of September 30, 1996

	General Ledger Balance as of 9/30/96	AA Adjustment as of 9/30/96	Reclass as of 9/30/96	Adjusted Balance as of 9/30/96	Intercompany Adjustment as of 9/30/96	Adjusted Balance as of 9/30/96	Draft W/C Adjustments	Adjusted W/C
170400 Clearing Transportation Equipment	25,957			25,957		25,957		25,957
170410 Clearing Tools	469			469		469		469
170450 Clearing Barge Expense	58,487			58,487		58,487		58,487
170700 Deferred Job Control	1,831,532		-1,282,644	548,888		548,888	0	548,888
Deferred Costs	2,674,582	0	-1,331,781	1,342,801	0	1,342,801	0	1,342,801
Regulatory Assets - Net								
179120 Property Loss Iwilei	3,159,690			3,159,690		3,159,690		3,159,690
179150 Property Loss Moiliili	314,542			314,542		314,542		314,542
179160 Reorganization Cost - Gasco	1,386,395			1,386,395		1,386,395		1,386,395
IRP			787,237	787,237		787,237		787,237
Rate Case Cost			544,544	544,544		544,544	-289,078	255,466
Bishop Street-Gain			-965,880	-965,880		-965,880		-965,880
Regulatory Assets - Net	4,860,627	0	365,901	5,226,528	0	5,226,528	-289,078	4,937,450
Pension and Related Costs								
170350 Prepaid Classified Pension Cost	5,493,311			5,493,311		5,493,311	-5,493,311	0
Reclass from Liabilities			-4,980,207	-4,980,207		-4,980,207	4,980,207	0
Total Pension and Related Costs	5,493,311	0	-4,980,207	513,104	0	513,104	-513,104	0
TOTAL OTHER ASSETS	13,428,520	0	-5,946,087	7,482,433	0	7,482,433	-802,182	6,680,251
TOTAL ASSETS	115,540,318	0	-5,852,801	109,687,517	-9,331,764	100,355,753	-80,393,715	19,962,038
LIABILITIES AND EQUITY								
CURRENT LIABILITIES								
Accounts Payable								
200003 Accounts Payable Trade - Manual	-233,453		-93,286	-326,739		-326,739		-326,739
200005 Accounts Payable Trade - Other	-604,908			-604,908		-604,908		-604,908
200345 Chevron Payable	-711,740			-711,740		-711,740		-711,740
Accounts Payable	-1,550,102	0	-93,286	-1,643,388	0	-1,643,388	0	-1,643,388

GASCO, INC.
BALANCE SHEET
as of September 30, 1996

	General Ledger Balance as of 9/30/96	AA Adjustment as of 9/30/96	Reclass as of 9/30/96	Adjusted Balance as of 9/30/96	Intercompany Adjustment as of 9/30/96	Adjusted Balance as of 9/30/96	Draft W/C Adjustments	Adjusted W/C
Due to Related Companies								
200030 Intra-Company Payable Recon (Hawaii Gro	-10,771,739			-10,771,739	10,771,739	0		0
200031 Intra-Company Payable Adjust (Hawaii Gr	3,894,021			3,894,021	-3,894,021	0		0
205031 Due to/from Refining	-1,937,873			-1,937,873	1,937,873	0		0
205033 Due to/from Terminals	-60,005			-60,005	60,005	0		0
205072 Due to/from Gas Express	-17,021			-17,021	17,021	0		0
Due to Related Companies	-8,892,616	0	0	-8,892,616	8,892,616	0	0	0
Accrued Liabilities								
200321 Workers' Compensation Payable	-799,404			-799,404		-799,404		-799,404
200322 General Liability Payable	-56,699			-56,699		-56,699		-56,699
Accrued Liabilities	-856,103	0	0	-856,103	0	-856,103	0	-856,103
Current Requirements - Long Term Debt								
211000 Current Requirements-LTD	-1,175,700			-1,175,700	1,175,700	0		0
212000 Current Requirements-Capital Leases	-879,143			-879,143		-879,143		-879,143
Current Requirements - Long Term Debt	-2,054,843	0	0	-2,054,843	1,175,700	-879,143	0	-879,143
Income Taxes Payable								
220010 Federal Income Tax Payable	-4,733,621			-4,733,621	4,733,621	0		0
220020 Hawaii Income Tax Payable	-578,150			-578,150	578,150	0		0
Income Taxes Payable	-5,311,771	0	0	-5,311,771	5,311,771	0	0	0
Interest Payable								
230011 Interest Payable-Capital Leases	-170,012			-170,012		-170,012		-170,012
230012 Interest Payable/Receivable $19,800,000	-432,432			-432,432	432,432	0		0
230013 Interest Payable/Receivable $8,875,000	-193,830			-193,830	193,830	0		0
230014 Interest Payable/Receivable $717,000	-15,670			-15,670	15,670	0		0
Interest Payable	-811,944	0	0	-811,944	641,932	-170,012	0	-170,012
Taxes, Other than Income Taxes								
230023 Federal LPG Excise Tax	1,067			1,067		1,067		1,067
230041 Hawaii General Excise Tax - Wholesale	-120,647			-120,647		-120,647		-120,647
230042 Hawaii Use Tax	-2,941			-2,941		-2,941		-2,941
230043 Hawaii Liquid Fuels Tax - Oahu	-8,757			-8,757		-8,757		-8,757
230053 Hawaii State Franchise Tax	-924,166			-924,166		-924,166		-924,166

GASCO, INC.
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230054 Hawaii Public Utilities Commission Tax	-674,330			-674,330		-674,330		-674,330
230055 Hawaii Public Utilities Commission Fee	-57,289			-57,289		-57,289		-57,289
231310 Employer FICA Taxes	0			0		0		0
231320 Employer FUTA Taxes	-477			-477		-477		-477
231330 Employer SUI-Hawaii	-17,180			-17,180		-17,180		-17,180
Taxes, Other than Income Taxes	-1,804,719	0	0	-1,804,719	0	-1,804,719	0	-1,804,719
Other Current Liabilities								
230130 Customer Refunds Due to State	-95,538			-95,538		-95,538		-95,538
230135 Customer Deposits	-1,048,116			-1,048,116		-1,048,116		-1,048,116
230136 Interest on Customer Deposits	-18,733			-18,733		-18,733		-18,733
230140 Deferred Cr Customer Adv Cons	-157,566			-157,566		-157,566		-157,566
230145 Rental Deposits	-1,200			-1,200		-1,200		-1,200
230200 Junk Plant Sales	-34,014			-34,014		-34,014		-34,014
230300 Other Deferred Credits	-361,649			-361,649		-361,649		-361,649
230500 Reserve for Injuries & Damages	-569,998			-569,998		-569,998	569,998	0
230520 Reserve for Legal Expenses	-6,708			-6,708		-6,708	6,708	0
230530 Audit Fees	-134,847			-134,847		-134,847		-134,847
231000 Payroll	-1,083,176			-1,083,176		-1,083,176		-1,083,176
231100 Wages & Salaries	14			14		14		14
231110 Vacation	-1,088,500			-1,088,500		-1,088,500		-1,088,500
231430 W/H State Taxes-HI	-14,896			-14,896		-14,896		-14,896
231510 W/H Prime Spending	-5,947			-5,947		-5,947		-5,947
231535 Deferred Compensation	-35,203			-35,203		-35,203		-35,203
231550 W/H Union Dues	-7,903			-7,903		-7,903		-7,903
231610 W/H Garnishment	-1,444			-1,444		-1,444		-1,444
231630 W/H Aloha United Way	-2,994			-2,994		-2,994		-2,994
231640 W/H Political	-253			-253		-253		-253
232000 Current Provisions-Environmental	-283,357			-283,357		-283,357	283,357	0
Other Current Liabilities	-4,952,028	0	0	-4,952,028	0	-4,952,028	860,064	-4,091,964
TOTAL CURRENT LIABILITIES	-26,234,125	0	-93,286	-26,327,411	16,022,019	-10,305,392	860,064	-9,445,329
LONG TERM DEBT								
Long Term Debt								
240112 LTD Note Payable to BHPH $19,800,000	-19,008,000			-19,008,000	19,008,000	0		0

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240113 LTD Note Payable to BHPH $8,875,000	-8,520,000			-8,520,000	8,520,000	0		0
240114 LTD Note Payable to BHPH $717,500	-688,800			-688,800	688,800	0		0
240149 LTD Current Requirements Transfer	1,175,700			1,175,700	-1,175,700	0		0
Long Term Debt	-27,041,100	0	0	-27,041,100	27,041,100	0	0	0
Capital Leases								
242100 SNG Plant Lease	-3,525,052			-3,525,052		-3,525,052		-3,525,052
242199 Cap Leases - Current Requirement Transf	879,143			879,143		879,143		879,143
Capital Leases	-2,645,908	0	0	-2,645,908	0	-2,645,908	0	-2,645,908
TOTAL LONG TERM DEBT	-29,687,008	0	0	-29,687,008	27,041,100	-2,645,908	0	-2,645,908
OTHER LIABILITIES								
Deferred Income Taxes								
250010 Deferred Federal Income Tax Payable	-7,903,731			-7,903,731		-7,903,731	7,903,731	0
250012 Deferred Federal Income Tax - Iwilei	3,037,196			3,037,196		3,037,196	-3,037,196	0
250016 Unamortized Investment Credit	-869,110			-869,110		-869,110	869,110	0
Deferred Income Taxes	-5,735,645	0	0	-5,735,645	0	-5,735,645	5,735,645	0
Pensions and Related Costs								
231240 Classified Pension Plan	-2,666,767		2,666,767	0		0		0
231242 Current Provision-Pension	20,029		-20,029	0		0		0
231243 BHP Retirement Plan	-1,254,459		1,254,459	0		0		0
260457 Pre-Merger Pension	-320,473		320,473	0		0		0
261077 Postretirement Benefits	-758,537		758,537	0		0		0
Pensions and Related Costs	-4,980,207	0	4,980,207	0	0	0	0	0
Other Non-current Liabilities								
260400 Tax Benefits Amortization	-1,399,398			-1,399,398		-1,399,398	1,399,398	0
260600 Contribution in Aid of Construction	-302,988			-302,988		-302,988	302,988	0
260950 Deferred Gain on Sale of Bishop Street	-965,880		965,880	0		0		0
262000 Non-Current Provision - Environmental	0			0		0	0	0
Other Non-current Liabilities	-2,668,267	0	965,880	-1,702,387	0	-1,702,387	1,702,386	0
TOTAL OTHER LIABILITIES	-13,384,118	0	5,946,087	-7,438,032	0	-7,438,032	7,438,031	0

GASCO, INC.
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STOCKHOLDER'S EQUITY								
Common Stock								
290200 Common Stock	-6,400,000			-6,400,000		-6,400,000	6,400,000	0
Common Stock	-6,400,000	0	0	-6,400,000	0	-6,400,000	6,400,000	0
Additional Paid-in Capital								
290300 Additional Paid In Capital	-4,532,410			-4,532,410		-4,532,410	4,532,410	0
Additional Paid-in Capital	-4,532,410	0	0	-4,532,410	0	-4,532,410	4,532,410	0
Retained Earnings								
290401 Retained Earnings	-33,487,204			-33,487,204	-33,731,355	-67,218,559	67,218,559	0
Profit, Year-to-Date	-1,815,452			-1,815,452		-1,815,452	1,815,452	0
Retained Earnings	-35,302,656	0	0	-35,302,656	-33,731,355	-69,034,011	69,034,011	0
TOTAL STOCKHOLDER'S EQUITY	-46,235,066	0	0	-46,235,066	-33,731,355	-79,966,421	79,966,421	0
TOTAL LIABILITIES AND EQUITY	-115,540,318	0	5,852,801	-109,687,517	9,331,764	-100,355,753	88,264,516	-12,091,237
ADJUSTED WORKING CAPITAL								7,870,801

SCHEDULE 2.3

Assets of Seller to be Contributed to Subsidiary Before Closing

1. Five 30,000 gallon feedstock bullet tanks located on property adjacent to the SNG Plant which are used to store feedstock together with associated interconnecting steel piping.

2. Folding/insertion machine for Subsidiary bills.

3. The computer equipment listed in attached list, to the extent such equipment is used primarily by Current Employees as of the Closing Date.

4. The license rights of Seller and its Affiliates to the following Intellectual Property:

   A. Sublicense, Benfield Process, between Pacific Resources, Inc. and The Ralph M. Parsons Company, dated April 23, 1974 and amended by Amendment No. 1, dated May 11, 1979 (non-exclusive).

   B. Sublicense, Benfield Process, between Pacific Resources, Inc. and The Ralph M. Parsons Company, dated May 11, 1979 (non-exclusive).

   C. Non-exclusive perpetual right and license to use Application Software modules listed in Exhibit A of Agreement between OrCom Systems, Inc. and BHP Hawaii Inc., licensee, dated as of March 30, 1995.

   D. Perpetual License Agreement for Computer Software Products, by and between Group 1 Software, Inc. and BHP Hawaii Inc., licensee, dated March 31, 1995 (non-exclusive).

5. Office furniture and telephone equipment owned or rented by Seller in use and located at Subsidiary's offices and facilities (excluding the Grosvenor Center Tower), if any, as of the Closing Date.

GASCO HARDWARE

EXHIBIT TO SCHEDULE 2.3
ITEM NO. 3

20001	15636	COMPAQ DESKPRO XE466 (486)		CPU	APSOUF	Souza	Florence
20001	15637	COMPAQ DESKPRO XE466 (486)		CPU	APNISF	Nishida	Florence
20001	15641	COMPAQ DESKPRO XE466 (486)		CPU	APLUMD	Wynn	Darlene
20001	15643	COMPAQ DESKPRO XE466 (486)		CPU	APMIYY	Miyamoto	Yvonne
20001	15647	COMPAQ DESKPRO XE466 (486)		CPU	APOKIC	Okimoto	Calvert
20001	15662	COMPAQ DESKPRO XE466 (486)		CPU	APROBH	Robinson	Henrietta
20001	15663	COMPAQ DESKPRO XE466 (486)		CPU	APCLER	Clemens	Rene
20001	15664	COMPAQ DESKPRO XE466 (486)		CPU	APPAIL	Pala	Lin
20001	15672	COMPAQ DESKPRO XE466 (486)		CPU	APKOBT	Kobashigawa	Tom
20001	15683	COMPAQ DESKPRO XE466 (486)		CPU	APHARD	Harada	David
20001	15684	COMPAQ DESKPRO XE466 (486)		CPU	APMOOC	Moore	Charlie
20001	15689	COMPAQ DESKPRO XE466 (486)		CPU	APPERC	Pereira	Christina
20001	15708	COMPAQ DESKPRO XE466 (486)		CPU	APGONR	Gonzalez	Richard
20001	15709	COMPAQ DESKPRO XE466 (486)		CPU	APWABK	Wabinga	Kathy
20001	15711	COMPAQ DESKPRO XE466 (486)		CPU	APLOWC	Low	Cindy
20001	15734	COMPAQ DESKPRO XE466 (486)		CPU	APSHID	Shimomura	Dan
20001	15735	COMPAQ DESKPRO XE466 (486)		CPU	APNAKF	Nakamura	Fred
20001	15750	COMPAQ DESKPRO XE466 (486)		CPU	APPATT	Patton	Teri
20001	15758	COMPAQ DESKPRO XE466 (486)		CPU	APTAKN	Takenaka	Nancy
20001	15759	COMPAQ DESKPRO XE466 (486)		CPU	APSUZC	Suzuki	Charlene
20001	15760	COMPAQ DESKPRO XE466 (486)		CPU	APHIGA	Higa	Alana
20001	15761	COMPAQ DESKPRO XE466 (486)		CPU	APCHUI	Sekiya	Irene
20001	15762	COMPAQ DESKPRO XE466 (486)		CPU	APCANC	Canite	Charmaine
20001	15763	COMPAQ DESKPRO XE466 (486)		CPU	APLAUD	Lau	Debra
20001	15769	COMPAQ DESKPRO XE466 (486)		CPU	APMURC	Kuriki	Collette
20001	15770	COMPAQ DESKPRO XE466 (486)		CPU	APKEJM	Keju	Modrel
20001	15773	COMPAQ DESKPRO XE466 (486)		CPU	APKEAF	Kezlohe	Faith
20001	15778	COMPAQ DESKPRO XE466 (486)		CPU	APKONB	Konishi	Brad
20001	15779	COMPAQ DESKPRO XE466 (486)		CPU	APROBT	Robinson	Ted
20001	15780	COMPAQ DESKPRO XE466 (486)		CPU	APYEEB	Yee	Brian
20001	15781	COMPAQ DESKPRO XE466 (486)		CPU	APSOUP	Souza	Peter
20001	15782	COMPAQ DESKPRO XE466 (486)		CPU	APLOUR	Louis	Richard
20001	15783	COMPAQ DESKPRO XE466 (486)		CPU	APAGPJ	Nakasone	Joy
20001	15784	COMPAQ DESKPRO XE466 (486)		CPU	APSHIS	Shigemoto	Sharon
20001	15786	COMPAQ DESKPRO XE466 (486)		CPU	APKASE	Kashiwemura	Eric
20001	15787	COMPAQ DESKPRO XE466 (486)		CPU	APGAML	Gamundoy	Lisa
20001	15788	COMPAQ DESKPRO XE466 (486)		CPU	APGOLS	Golden	Steve
20001	15789	COMPAQ DESKPRO XE466 (486)		CPU	APPETR	Pettit	Robert
20001	15790	COMPAQ DESKPRO XE466 (486)		CPU	APYAMA	Yamanoha	Audrey
20001	15791	COMPAQ DESKPRO XE466 (486)		CPU	APGGAR	Gasco	Garage
0001	15792	COMPAQ DESKPRO XE466 (486)		CPU	APUYED	Uyehara	Dean
0001	15793	COMPAQ DESKPRO XE466 (486)		CPU	APSAWE	Sawa	Ed
20001	15794	COMPAQ DESKPRO XE466 (486)		CPU	APHAYM	Hayakawa	Marjorie
20001	15795	COMPAQ DESKPRO XE466 (486)		CPU	APYASH	Yasukochi	Herbert
20001	15796	COMPAQ DESKPRO XE466 (486)		CPU	APTANC	Tanaka	Colleen
20001	15797	COMPAQ DESKPRO XE466 (486)		CPU	APYAMM	Yamamoto	Millie
20001	15798	COMPAQ DESKPRO XE466 (486)		CPU	APSHIC	Shiramizu	Cheryl
20001	15799	COMPAQ DESKPRO XE466 (486)		CPU	APSANJE	Sano	Jerome
20001	15800	COMPAQ DESKPRO XE466 (486)		CPU	APCHOS	Chock	Stan
20001	15801	COMPAQ DESKPRO XE466 (486)		CPU	APWOOT	Woo	Tracy
20001	15802	COMPAQ DESKPRO XE466 (486)		CPU	APNISK	Nishimura	Kevin
20001	15803	COMPAQ DESKPRO XE466 (486)		CPU	APSHIKR	Shinagawa	Karen
20001	15804	COMPAQ DESKPRO XE466 (486)		CPU	APYAMKE	Yamamoto	Keith
20001	15805	COMPAQ DESKPRO XE466 (486)		CPU	APLOOV	Loo	Vincent
20001	15806	COMPAQ DESKPRO XE466 (486)		CPU	APYOSR	Yoshimoto	Roy
20001	15809	COMPAQ DESKPRO XE466 (486)		CPU	APSAIB	Saito	Brad
20001	15810	COMPAQ DESKPRO XE466 (486)		CPU	APKISG	Kishinami	Geri
20001	15811	COMPAQ DESKPRO XE466 (486)		CPU	APHENO	Henton	Debbie
20001	15812	COMPAQ DESKPRO XE466 (486)		CPU	APZAKG	Zakahi	George
20001	15814	COMPAQ DESKPRO XE466 (486)		CPU	APJACM	Jacinto	Melba
20001	15815	COMPAQ DESKPRO XE466 (486)		CPU	APNAGA	Nagamine	Alice
20001	15816	COMPAQ DESKPRO XE466 (486)		CPU	APTABD	Tabura	Diane
20001	15817	COMPAQ DESKPRO XE466 (486)		CPU	APAGUL	Aguinaldo	Luz
20001	15818	COMPAQ DESKPRO XE466 (486)		CPU	APMINM	Min	Marvin
20001	15819	COMPAQ DESKPRO XE466 (486)		CPU	APCARP	Carter	Pam
20001	15820	COMPAQ DESKPRO XE466 (486)		CPU	APYORR	Yoroke	Richard
20001	15821	COMPAQ DESKPRO XE466 (486)		CPU	APHIRL	Hirota	Lyle
20001	15822	COMPAQ DESKPRO XE466 (486)		CPU	APIMOJ	Imoto	Jody
20001	15827	COMPAQ DESKPRO XE466 (486)		CPU	APMIYRO	Miyasaki	Robert
20001	15828	COMPAQ DESKPRO XE466 (486)		CPU	APCALC	Calvet	Charlie
20001	15831	COMPAQ DESKPRO XE466 (486)		CPU	APHIRE	Hirashima	Ervine
20001	15834	COMPAQ DESKPRO XE466 (486)		CPU	APCARD	Cardell	Dave
20001	15837	COMPAQ DESKPRO XE466 (486)		CPU	APFUKS	Fukutomi	Shirleen
20001	15839	COMPAQ DESKPRO XE466 (486)		CPU	APDEMM	Demirbag	Mustafa
20001	15840	COMPAQ DESKPRO XE466 (486)		CPU	APLEEG	Lee	George
20001	15842	COMPAQ DESKPRO XE466 (486)		CPU	APDAIW	Daimaru	Wayne
20001	15843	COMPAQ DESKPRO XE466 (486)		CPU	APECKG	Eckart	Gwayn
20001	15844	COMPAQ DESKPRO XE466 (486)		CPU	APDEGG	DeGuair	Gwen
20001	15887	COMPAQ DESKPRO XE466 (486)		CPU	APSUIC	Suiso	Constance
20001	15902	COMPAQ DESKPRO XE466 (486)		CPU	APDENE	Denis	Edwina
20001	15933	COMPAQ DESKPRO XE466 (486)		CPU	APSAKST	Sakurai	Stephanie
001	15972	COMPAQ DESKPRO XE466 (486)		CPU	APBEGT	Bega	Tom
001	15974	COMPAQ DESKPRO XE466 (486)		CPU	APMCML	McMonigle	Leilani
20001	15976	COMPAQ DESKPRO XE466 (486)		CPU	APYAMTH	Yamada	Thomas
20007	15015	COMPAQ DESKPRO 466/33I		CPU	APDAGJ	Daguimol	James

GASCO HARDWARE

11/6/96

20007	15035	COMPAQ DESKPRO 486/33I		CPU	APFERL	Ferreira	Lenora
20007	15074	COMPAQ DESKPRO 486/33I		CPU	APBIOD	Bio	Debra
20007	15602	COMPAQ DESKPRO 486/33I		CPU	APKEPL	Kepoo	Laurie
20007	15604	COMPAQ DESKPRO 486/33I		CPU	APKASC	Kashimoto	Carol
20007	15606	COMPAQ DESKPRO 486/33I		CPU	APONAD	Onega	Daisy
20007	15610	COMPAQ DESKPRO 486/33I		CPU	APGOUG	Gouveia	George
20007	15612	COMPAQ DESKPRO 486/33I		CPU	APCASJO	Castillo	John
20007	15613	COMPAQ DESKPRO 486/33I		CPU	APKAWF	Kawamura	Florence
20007	15622	COMPAQ DESKPRO 486/33I		CPU	APSUEP	Sueoka	Paul
20024	15685	TOSHIBA T1950 LAPTOP (486)		CPU	APRUBH	Rubin	Harold
20024	15686	TOSHIBA T1950 LAPTOP (486)		CPU	APYATJ	Yates	Jim
20030	15835	TOSHIBA 2400CT LAPTOP (486)		CPU	APLOOB	Loo	Brian
20030	15836	TOSHIBA 2400CT LAPTOP (486)		CPU	APYATJ	Yates	Jim
20030	15860	TOSHIBA 2400CT LAPTOP (486)		CPU	APTANK	Tanaka	Keith
20032	15651	COMPAQ DESKPRO XE433 (486)		CPU	APBERA	Bernardino	Audie
20034	15075	~~IBM PS/2 MODEL 70~~		CPU	APPOKJ	Poki	Jeffrey
20048	15001	IBM VALUE POINT 486DX/33		CPU	APGONR	Gonzalez	Richard
20048	15001	IBM VALUE POINT 486DX/33		CPU	APGONR	Gonzalez	Richard
20048	15005	IBM VALUE POINT 486DX/33		CPU	APTOKS	Tokuda	Sophie
20048	15086	IBM VALUE POINT 486DX/33		CPU	APTERA	Teranishi	Amy
20048	15094	IBM VALUE POINT 486DX/33		CPU	APSEIE	Seid	Ed
20050	15009	IBM VALUE POINT 486SX/25		CPU	APDENE	Denis	Edwina
20056	15570	~~NEC 386SX 20MHZ~~		CPU	APGWHS	Gasco	Warehouse
20064	15282	~~NEC POWER MATE GX/20I~~		CPU	APTOLJ	Tolentino	Jeraldo
20074	15996	COMPAQ DESKPRO 575 MODEL 720		CPU	APTOKS	Tokuda	Sophie
20078	16031	COMPAQ DESKPRO 590 586/90		CPU	APCHAL	Chang	Lorraine
30293	15001	TOTAL MEMORY = 16MG		MEM	APGONR	Gonzalez	Richard
30293	15005	TOTAL MEMORY = 16MG		MEM	APTOKS	Tokuda	Sophie
30293	15035	TOTAL MEMORY = 16MG		MEM	APFERL	Ferreira	Lenora
30293	15074	TOTAL MEMORY = 16MG		MEM	APBIOD	Bio	Debra
30293	15610	TOTAL MEMORY = 16MG		MEM	APGOUG	Gouveia	George
30293	15636	TOTAL MEMORY = 16MG		MEM	APSOUF	Souza	Florence
30293	15637	TOTAL MEMORY = 16MG		MEM	APNISF	Nishida	Florence
30293	15662	TOTAL MEMORY = 16MG		MEM	APROBH	Robinson	Henrietta
30293	15663	TOTAL MEMORY = 16MG		MEM	APCLER	Clemens	Rene
30293	15664	TOTAL MEMORY = 16MG		MEM	APPAIL	Paia	Lin
30293	15750	TOTAL MEMORY = 16MG		MEM	APPATT	Patton	Teri
30293	15758	TOTAL MEMORY = 16MG		MEM	APTAKN	Takenaka	Nancy
30293	15759	TOTAL MEMORY = 16MG		MEM	APSUZC	Suzuki	Charlene
30293	15760	TOTAL MEMORY = 16MG		MEM	APHIGA	Higa	Alana
30293	15761	TOTAL MEMORY = 16MG		MEM	APCHUI	Sekiya	Irene
30293	15762	TOTAL MEMORY = 16MG		MEM	APCANC	Canite	Charmaine
30293	15763	TOTAL MEMORY = 16MG		MEM	APLAUD	Lau	Debra
30293	15769	TOTAL MEMORY = 16MG		MEM	APMURC	Kurki	Collette
30293	15770	TOTAL MEMORY = 16MG		MEM	APKEJM	Keju	Modrel
30293	15773	TOTAL MEMORY = 16MG		MEM	APKEAF	Keeloha	Faith
30293	15778	TOTAL MEMORY = 16MG		MEM	APKONB	Konishi	Brad
30293	15779	TOTAL MEMORY = 16MG		MEM	APROBT	Robinson	Ted
30293	15780	TOTAL MEMORY = 16MG		MEM	APYEEB	Yee	Brian
30293	15781	TOTAL MEMORY = 16MG		MEM	APSOUP	Souza	Peter
30293	15782	TOTAL MEMORY = 16MG		MEM	APLOUR	Louis	Richard
30293	15783	TOTAL MEMORY = 16MG		MEM	APAGPJ	Nakasone	Joy
30293	15784	TOTAL MEMORY = 16MG		MEM	APSHIS	Shigemoto	Sharon
30293	15786	TOTAL MEMORY = 16MG		MEM	APKASE	Kashiwamura	Eric
30293	15787	TOTAL MEMORY = 16MG		MEM	APGAML	Gamundoy	Lisa
30293	15788	TOTAL MEMORY = 16MG		MEM	APGOLS	Golden	Steve
30293	15789	TOTAL MEMORY = 16MG		MEM	APPETR	Petit	Robert
30293	15790	TOTAL MEMORY = 16MG		MEM	APYAMA	Yamanoha	Audrey
30293	15791	TOTAL MEMORY = 16MG		MEM	APGGAR	Gasco	Garage
30293	15792	TOTAL MEMORY = 16MG		MEM	APUYEO	Uyehara	Deen
30293	15793	TOTAL MEMORY = 16MG		MEM	APSAWE	Sawa	Ed
30293	15794	TOTAL MEMORY = 16MG		MEM	APHAYM	Hayakawa	Marjorie
30293	15795	TOTAL MEMORY = 16MG		MEM	APYASH	Yasukochi	Herbert
30293	15796	TOTAL MEMORY = 16MG		MEM	APTANC	Tanaka	Colleen
30293	15797	TOTAL MEMORY = 16MG		MEM	APYAMM	Yamamoto	Millie
30293	15798	TOTAL MEMORY = 16MG		MEM	APSHIC	Shinamizu	Cheryl
30293	15799	TOTAL MEMORY = 16MG		MEM	APSANJE	Sano	Jerome
30293	15800	TOTAL MEMORY = 16MG		MEM	APCHOS	Chock	Stan
30293	15801	TOTAL MEMORY = 16MG		MEM	APWOOT	Woo	Tracy
30293	15802	TOTAL MEMORY = 16MG		MEM	APNISK	Nishimura	Kevin
30293	15803	TOTAL MEMORY = 16MG		MEM	APSHIKR	Shinagawa	Karen
30293	15804	TOTAL MEMORY = 16MG		MEM	APYAMKE	Yamamoto	Keith
30293	15805	TOTAL MEMORY = 16MG		MEM	APLOOV	Loo	Vincent
30293	15806	TOTAL MEMORY = 16MG		MEM	APYOSR	Yoshimoto	Roy
30293	15809	TOTAL MEMORY = 16MG		MEM	APSAIB	Saito	Brad
30293	15810	TOTAL MEMORY = 16MG		MEM	APKISG	Kishinami	Geri
30293	15811	TOTAL MEMORY = 16MG		MEM	APHENO	Henton	Debbie
30293	15812	TOTAL MEMORY = 16MG		MEM	APZAKG	Zakahi	George
30293	15814	TOTAL MEMORY = 16MG		MEM	APJACM	Jacinto	Melba
30293	15815	TOTAL MEMORY = 16MG		MEM	APNAGA	Nagamine	Alice
30293	15816	TOTAL MEMORY = 16MG		MEM	APTABD	Tabura	Diane
30293	15817	TOTAL MEMORY = 16MG		MEM	APAGUL	Aguinaldo	Luz
30293	15818	TOTAL MEMORY = 16MG		MEM	APMINM	Min	Marvin
30293	15819	TOTAL MEMORY = 16MG		MEM	APCARP	Carter	Pam
30293	15820	TOTAL MEMORY = 16MG		MEM	APYORR	Yoroka	Richard

30293	15821	TOTAL MEMORY = 16MG		MEM	APHIRL	Hirota	Lyle
30293	15822	TOTAL MEMORY = 16MG		MEM	APIMOJ	Imoto	Jody
30293	15827	TOTAL MEMORY = 16MG		MEM	APMIYRO	Miyasaki	Robert
30293	15828	TOTAL MEMORY = 16MG		MEM	APCALC	Calvet	Charlie
30293	15831	TOTAL MEMORY = 16MG		MEM	APHIRE	Hirashima	Ervine
30293	15834	TOTAL MEMORY = 16MG		MEM	APCARD	Cardell	Dave
30293	15835	TOTAL MEMORY = 16MG		MEM	APLOOB	Loo	Brian
30293	15836	TOTAL MEMORY = 16MG		MEM	APYATJ	Yates	Jim
30293	15837	TOTAL MEMORY = 16MG		MEM	APFUKS	Fukutomi	Shirleen
30293	15839	TOTAL MEMORY = 16MG		MEM	APDEMM	Demirbag	Mustafa
30293	15840	TOTAL MEMORY = 16MG		MEM	APLEEG	Lee	George
30293	15842	TOTAL MEMORY = 16MG		MEM	APDAIW	Daimaru	Wayne
30293	15843	TOTAL MEMORY = 16MG		MEM	APECKG	Eckart	Gweyn
30293	15844	TOTAL MEMORY = 16MG		MEM	APDEGG	DeGusir	Gwen
30293	15860	TOTAL MEMORY = 16MG		MEM	APTANK	Tanaka	Keith
30293	15887	TOTAL MEMORY = 16MG		MEM	APSUIC	Suiso	Constance
30293	15902	TOTAL MEMORY = 16MG		MEM	APDENE	Denis	Edwina
30293	15933	TOTAL MEMORY = 16MG		MEM	APSAKST	Sakurai	Stephanie
30293	15972	TOTAL MEMORY = 16MG		MEM	APBEGT	Bega	Tom
30293	15974	TOTAL MEMORY = 16MG		MEM	APMCML	McMonigle	Leilani
30293	15976	TOTAL MEMORY = 16MG		MEM	APYAMTH	Yamada	Thomas
30293	15996	TOTAL MEMORY = 16MG		MEM	APTOKS	Tokuda	Sophie
30293	16031	TOTAL MEMORY = 16MG		MEM	APCHAL	Chang	Lorraine
30295	15708	TOTAL MEMORY = 20MG		MEM	APGONR	Gonzalez	Richard
30295	15709	TOTAL MEMORY = 20MG		MEM	APWABK	Wabinga	Kathy
30295	15711	TOTAL MEMORY = 20MG		MEM	APLOWC	Low	Cindy
30298	15075	TOTAL MEMORY = 4MG		MEM	APPOKJ	Poki	Jeffrey
30298	15086	TOTAL MEMORY = 4MG		MEM	APTERA	Teranishi	Amy
30298	15282	TOTAL MEMORY = 4MG		MEM	APTOLJ	Tolentino	Jeraldo
30298	15570	TOTAL MEMORY = 4MG		MEM	APGWHS	Gasco	Warehouse
30298	15651	TOTAL MEMORY = 4MG		MEM	APBERA	Bernardino	Audie
30303	15009	TOTAL MEMORY = 8MG		MEM	APDENE	Denis	Edwina
30303	15015	TOTAL MEMORY = 8MG		MEM	APDAGJ	Daguimol	James
30303	15094	TOTAL MEMORY = 8MG		MEM	APSEIE	Seid	Ed
30303	15602	TOTAL MEMORY = 8MG		MEM	APKEPL	Kepoo	Laurie
30303	15604	TOTAL MEMORY = 8MG		MEM	APKASC	Kashimoto	Carol
30303	15606	TOTAL MEMORY = 8MG		MEM	APONAD	Onaga	Daisy
30303	15612	TOTAL MEMORY = 8MG		MEM	APCASJO	Castillo	John
30303	15613	TOTAL MEMORY = 8MG		MEM	APKAWF	Kawamura	Florence
30303	15622	TOTAL MEMORY = 8MG		MEM	APSUEP	Sueoka	Paul
30303	15641	TOTAL MEMORY = 8MG		MEM	APLUMD	Wynn	Darlene
30303	15643	TOTAL MEMORY = 8MG		MEM	APMIYY	Miyamoto	Yvonne
30303	15647	TOTAL MEMORY = 8MG		MEM	APOKIC	Okimoto	Calvert
30303	15672	TOTAL MEMORY = 8MG		MEM	APKOBT	Kobashigawa	Tom
30303	15683	TOTAL MEMORY = 8MG		MEM	APHARD	Harada	David
30303	15684	TOTAL MEMORY = 8MG		MEM	APMOOC	Moore	Charlie
30303	15685	TOTAL MEMORY = 8MG		MEM	APRUBH	Rubin	Harold
30303	15686	TOTAL MEMORY = 8MG		MEM	APYATJ	Yates	Jim
30303	15689	TOTAL MEMORY = 8MG		MEM	APPERC	Perreira	Christine
30303	15734	TOTAL MEMORY = 8MG		MEM	APSHIO	Shimomura	Dan
30303	15735	TOTAL MEMORY = 8MG		MEM	APNAKF	Nakamura	Fred
40061	15734	NEC MULTISPIN 4XI CD-ROM		DSK	APSHIO	Shimomura	Dan
40061	15735	NEC MULTISPIN 4XI CD-ROM		DSK	APNAKF	Nakamura	Fred
40064	15790	NEC MULTISPIN 4V CD-ROM		DSK	APYAMA	Yamanoha	Audrey
40151	15683	BERNOULLI IO MEGA PC4B/50(MC)		DSK	APHARD	Harada	David
40152	15641	BERNOULLI TRANSPORT (B190T)		DSK	APLUMD	Wynn	Darlene
40305	15570	HD CAPACITY= 42MB		DSK	APGWHS	Gasco	Warehouse
40314	15015	HD CAPACITY= 120MB		DSK	APDAGJ	Daguimol	James
40314	15075	HD CAPACITY= 120MB		DSK	APPOKJ	Poki	Jeffrey
40314	15094	HD CAPACITY= 120MB		DSK	APSEIE	Seid	Ed
40314	15282	HD CAPACITY= 120MB		DSK	APTOLJ	Tolentino	Jeraldo
40314	15602	HD CAPACITY= 120MB		DSK	APKEPL	Kepoo	Laurie
40314	15604	HD CAPACITY= 120MB		DSK	APKASC	Kashimoto	Carol
40314	15606	HD CAPACITY= 120MB		DSK	APONAD	Onaga	Daisy
40316	15009	HD CAPACITY= 170MB		DSK	APDENE	Denis	Edwina
40320	15001	HD CAPACITY= 212MB		DSK	APGONR	Gonzalez	Richard
40320	15005	HD CAPACITY= 212MB		DSK	APTOKS	Tokuda	Sophie
40320	15086	HD CAPACITY= 212MB		DSK	APTERA	Teranishi	Amy
40322	15610	HD CAPACITY= 240MB		DSK	APGOUG	Gouveia	George
40322	15612	HD CAPACITY= 240MB		DSK	APCASJO	Castillo	John
40322	15613	HD CAPACITY= 240MB		DSK	APKAWF	Kawamura	Florence
40322	15622	HD CAPACITY= 240MB		DSK	APSUEP	Sueoka	Paul
40324	15637	HD CAPACITY= 270MB		DSK	APNISF	Nishida	Florence
40324	15643	HD CAPACITY= 270MB		DSK	APMIYY	Miyamoto	Yvonne
40324	15647	HD CAPACITY= 270MB		DSK	APOKIC	Okimoto	Calvert
40324	15651	HD CAPACITY= 270MB		DSK	APBERA	Bernardino	Audie
40324	15689	HD CAPACITY= 270MB		DSK	APPERC	Perreira	Christine
40325	15860	HD CAPACITY= 320MB		DSK	APTANK	Tanaka	Keith
40331	15035	HD CAPACITY= 420MB		DSK	APFERL	Ferreira	Lenora
40331	15074	HD CAPACITY= 420MB		DSK	APBIOD	Bio	Debra
40333	15636	HD CAPACITY= 525MB		DSK	APSOUF	Souza	Florence
40333	15641	HD CAPACITY= 525MB		DSK	APLUMD	Wynn	Darlene
40333	15662	HD CAPACITY= 525MB		DSK	APROBH	Robinson	Henrietta
40333	15663	HD CAPACITY= 525MB		DSK	APCLER	Clemens	Rene
40333	15664	HD CAPACITY= 525MB		DSK	APPAIL	Pais	Lin

40333	15672	HD CAPACITY= 525MB		DSK	APKOBT	Kobashigawa	Tom
40333	15683	HD CAPACITY= 525MB		DSK	APHARD	Harada	David
40333	15684	HD CAPACITY= 525MB		DSK	APMOOC	Moore	Charlie
40333	15708	HD CAPACITY= 525MB		DSK	APGONR	Gonzalez	Richard
40333	15709	HD CAPACITY= 525MB		DSK	APWABK	Webinga	Kathy
40333	15711	HD CAPACITY= 525MB		DSK	APLOWC	Low	Cindy
40333	15734	HD CAPACITY= 525MB		DSK	APSHID	Shimomura	Dan
40333	15735	HD CAPACITY= 525MB		DSK	APNAKF	Nakamura	Fred
40333	15750	HD CAPACITY= 525MB		DSK	APPATT	Patton	Teri
40333	15758	HD CAPACITY= 525MB		DSK	APTAKN	Takenaka	Nancy
40333	15759	HD CAPACITY= 525MB		DSK	APSUZC	Suzuki	Charlene
40333	15760	HD CAPACITY= 525MB		DSK	APHIGA	Higa	Alana
40333	15761	HD CAPACITY= 525MB		DSK	APCHUI	Sekiya	Irene
40333	15762	HD CAPACITY= 525MB		DSK	APCANC	Canite	Charmaine
40333	15763	HD CAPACITY= 525MB		DSK	APLAUD	Lau	Debra
40333	15769	HD CAPACITY= 525MB		DSK	APMURC	Kuriki	Collette
40333	15770	HD CAPACITY= 525MB		DSK	APKEJM	Keju	Modrel
40333	15773	HD CAPACITY= 525MB		DSK	APKEAF	Kealoha	Faith
40333	15778	HD CAPACITY= 525MB		DSK	APKONB	Konishi	Brad
40333	15779	HD CAPACITY= 525MB		DSK	APROBT	Robinson	Ted
40333	15780	HD CAPACITY= 525MB		DSK	APYEEB	Yee	Brien
40333	15781	HD CAPACITY= 525MB		DSK	APSOUP	Souza	Peter
40333	15782	HD CAPACITY= 525MB		DSK	APLOUR	Louis	Richard
40333	15783	HD CAPACITY= 525MB		DSK	APAGPJ	Nakasone	Joy
40333	15784	HD CAPACITY= 525MB		DSK	APSHIS	Shigemoto	Sharon
40333	15786	HD CAPACITY= 525MB		DSK	APKASE	Kashiwamura	Eric
40333	15787	HD CAPACITY= 525MB		DSK	APGAML	Gamundoy	Lisa
40333	15788	HD CAPACITY= 525MB		DSK	APGOLS	Golden	Steve
40333	15789	HD CAPACITY= 525MB		DSK	APPETR	Pettit	Robert
40333	15790	HD CAPACITY= 525MB		DSK	APYAMA	Yamanoha	Audrey
40333	15791	HD CAPACITY= 525MB		DSK	APGGAR	Gasco	Garage
40333	15792	HD CAPACITY= 525MB		DSK	APUYED	Uyehara	Dean
40333	15793	HD CAPACITY= 525MB		DSK	APSAWE	Sawa	Ed
40333	15794	HD CAPACITY= 525MB		DSK	APHAYM	Hayakawa	Marjorie
40333	15795	HD CAPACITY= 525MB		DSK	APYASH	Yasukochi	Herbert
40333	15796	HD CAPACITY= 525MB		DSK	APTANC	Tanaka	Colleen
40333	15797	HD CAPACITY= 525MB		DSK	APYAMM	Yamamoto	Millie
40333	15798	HD CAPACITY= 525MB		DSK	APSHIC	Shiramizu	Cheryl
40333	15799	HD CAPACITY= 525MB		DSK	APSANJE	Sano	Jerome
40333	15800	HD CAPACITY= 525MB		DSK	APCHOS	Chock	Stan
40333	15801	HD CAPACITY= 525MB		DSK	APWOOT	Woo	Tracy
40333	15802	HD CAPACITY= 525MB		DSK	APNISK	Nishimura	Kevin
40333	15803	HD CAPACITY= 525MB		DSK	APSHIKR	Shinagawa	Karen
40333	15804	HD CAPACITY= 525MB		DSK	APYAMKE	Yamamoto	Keith
40333	15805	HD CAPACITY= 525MB		DSK	APLOOV	Loo	Vincent
40333	15806	HD CAPACITY= 525MB		DSK	APYOSR	Yoshimoto	Roy
40333	15809	HD CAPACITY= 525MB		DSK	APSAIB	Saito	Brad
40333	15810	HD CAPACITY= 525MB		DSK	APKISG	Kishinami	Geri
40333	15811	HD CAPACITY= 525MB		DSK	APHEND	Henton	Debbie
40333	15812	HD CAPACITY= 525MB		DSK	APZAKG	Zakahi	George
40333	15814	HD CAPACITY= 525MB		DSK	APJACM	Jacinto	Melba
40333	15815	HD CAPACITY= 525MB		DSK	APNAGA	Nagamine	Alice
40333	15816	HD CAPACITY= 525MB		DSK	APTABD	Tabura	Diane
40333	15817	HD CAPACITY= 525MB		DSK	APAGUL	Aguinaldo	Luz
40333	15818	HD CAPACITY= 525MB		DSK	APMINM	Min	Marvin
40333	15819	HD CAPACITY= 525MB		DSK	APCARP	Carter	Pam
40333	15820	HD CAPACITY= 525MB		DSK	APYORR	Yorioka	Richard
40333	15821	HD CAPACITY= 525MB		DSK	APHIRL	Hirota	Lyle
40333	15822	HD CAPACITY= 525MB		DSK	APIMOJ	Imoto	Jody
40333	15827	HD CAPACITY= 525MB		DSK	APMIYRO	Miyasaki	Robert
40333	15828	HD CAPACITY= 525MB		DSK	APCALC	Calvet	Charlie
40333	15831	HD CAPACITY= 525MB		DSK	APHIRE	Hirashima	Ervine
40333	15834	HD CAPACITY= 525MB		DSK	APCARD	Cardell	Dave
40333	15835	HD CAPACITY= 525MB		DSK	APLOOB	Loo	Brian
40333	15836	HD CAPACITY= 525MB		DSK	APYATJ	Yates	Jim
40333	15837	HD CAPACITY= 525MB		DSK	APFUKS	Fukutomi	Shirleen
40333	15839	HD CAPACITY= 525MB		DSK	APDEMM	Demirbag	Mustafa
40333	15840	HD CAPACITY= 525MB		DSK	APLEEG	Lee	George
40333	15842	HD CAPACITY= 525MB		DSK	APDAIW	Daimaru	Wayne
40333	15843	HD CAPACITY= 525MB		DSK	APECKG	Eckart	Gwayn
40333	15844	HD CAPACITY= 525MB		DSK	APDEGG	DeGuair	Gwen
40333	15887	HD CAPACITY= 525MB		DSK	APSUIC	Suiso	Constance
40333	15902	HD CAPACITY= 525MB		DSK	APDENE	Denis	Edwina
40333	15933	HD CAPACITY= 525MB		DSK	APSAKST	Sakurai	Stephanie
40333	15972	HD CAPACITY= 525MB		DSK	APBEGT	Bega	Tom
40333	15974	HD CAPACITY= 525MB		DSK	APMCML	McMonigle	Leilani
40333	15976	HD CAPACITY= 525MB		DSK	APYAMTH	Yamada	Thomas
40334	15685	HD CAPACITY= 320MB		DSK	APRUBH	Rubin	Harold
40334	15686	HD CAPACITY= 320MB		DSK	APYATJ	Yates	Jim
40337	15996	HD CAPACITY= 720MB		DSK	APTOKS	Tokuda	Sophie
40338	16031	HD CAPACITY= 1GIG		DSK	APCHAL	Chang	Lorraine
50194	15001	IBM 6314		CRT	APGONR	Gonzalez	Richard
50194	15005	IBM 6314		CRT	APTOKS	Tokuda	Sophie
50194	15009	IBM 6314		CRT	APDENE	Denis	Edwina
50194	15086	IBM 6314		CRT	APTERA	Teranishi	Amy

50194	15094	IBM 6314		CRT	APSEIE	Seid	Ed
50205	15282	NEC MULTISYNC3D		CRT	APTOLJ	Tolentino	Jeraldo
50207	15783	NEC MULTISYNC3FGX		CRT	APLAUO	Lau	Debra
50207	15789	NEC MULTISYNC3FGX		CRT	APPETR	Pettit	Robert
50207	15809	NEC MULTISYNC3FGX		CRT	APSAIB	Saito	Brad
50207	15810	NEC MULTISYNC3FGX		CRT	APKISG	Kishinami	Geri
50208	15282	NEC MULTISYNC4FG		CRT	APTOLJ	Tolentino	Jeraldo
50210	15570	NEC SUPER VGA		CRT	APGWHS	Gasco	Warehouse
50213	15672	NEC MULTISYNC3V		CRT	APKOBT	Kobashigawa	Tom
50213	15683	NEC MULTISYNC3V		CRT	APHARD	Harada	David
50213	16031	NEC MULTISYNC3V		CRT	APCHAL	Chang	Lorraine
50215	15602	NEC MULTISYNC3FGE		CRT	APKEPL	Kepoo	Laurie
50215	15604	NEC MULTISYNC3FGE		CRT	APKASC	Kashimoto	Carol
50215	15606	NEC MULTISYNC3FGE		CRT	APONAD	Onaga	Daisy
50215	15610	NEC MULTISYNC3FGE		CRT	APGOUG	Gouveia	George
50215	15612	NEC MULTISYNC3FGE		CRT	APCASJO	Castillo	John
50215	15613	NEC MULTISYNC3FGE		CRT	APKAWF	Kawamura	Florence
50215	15622	NEC MULTISYNC3FGE		CRT	APSUEP	Sueoka	Paul
50215	15664	NEC MULTISYNC3FGE		CRT	APPAIL	Paia	Lin
50215	15734	NEC MULTISYNC3FGE		CRT	APSHID	Shimomura	Dan
50215	15735	NEC MULTISYNC3FGE		CRT	APNAKF	Nakamura	Fred
50216	15641	NEC MULTISYNC4FGE		CRT	APLUMD	Wynn	Darlene
50217	15015	NEC XV15"		CRT	APDAGJ	Daguimol	James
50217	15035	NEC XV15"		CRT	APFERL	Ferreira	Lenora
50217	15074	NEC XV15"		CRT	APBIOD	Bio	Debra
50217	15636	NEC XV15"		CRT	APSOUF	Souza	Florence
50217	15637	NEC XV15"		CRT	APNISF	Nishida	Florence
50217	15643	NEC XV15"		CRT	APMIYY	Miyamoto	Yvonne
50217	15651	NEC XV15"		CRT	APBERA	Bernardino	Audie
50217	15662	NEC XV15"		CRT	APROBH	Robinson	Henrietta
50217	15663	NEC XV15"		CRT	APCLER	Clemens	Rene
50217	15664	NEC XV15"		CRT	APPAIL	Paia	Lin
50217	15689	NEC XV15"		CRT	APPERC	Perreira	Christina
50217	15708	NEC XV15"		CRT	APGONR	Gonzalez	Richard
50217	15709	NEC XV15"		CRT	APWABK	Wabinga	Kathy
50217	15711	NEC XV15"		CRT	APLOWC	Low	Cindy
50217	15750	NEC XV15"		CRT	APPATT	Patton	Teri
50217	15758	NEC XV15"		CRT	APTAKN	Takenaka	Nancy
50217	15759	NEC XV15"		CRT	APSUZC	Suzuki	Charlene
50217	15760	NEC XV15"		CRT	APHIGA	Higa	Alana
50217	15761	NEC XV15"		CRT	APCHUI	Sekiya	Irene
50217	15762	NEC XV15"		CRT	APCANC	Canite	Charmaine
50217	15769	NEC XV15"		CRT	APMURC	Kurki	Collette
50217	15770	NEC XV15"		CRT	APKEJM	Keju	Modrel
50217	15773	NEC XV15"		CRT	APKEAF	Kealoha	Faith
50217	15778	NEC XV15"		CRT	APKONB	Koniahi	Brad
50217	15779	NEC XV15"		CRT	APROBT	Robinson	Ted
50217	15780	NEC XV15"		CRT	APYEEB	Yee	Brian
50217	15781	NEC XV15"		CRT	APSOUP	Souza	Peter
50217	15782	NEC XV15"		CRT	APLOUR	Louis	Richard
50217	15783	NEC XV15"		CRT	APAGPJ	Nakasone	Joy
50217	15784	NEC XV15"		CRT	APSHIS	Shigemoto	Sharon
50217	15786	NEC XV15"		CRT	APKASE	Kashiwamura	Eric
50217	15787	NEC XV15"		CRT	APGAML	Gamundoy	Lisa
50217	15788	NEC XV15"		CRT	APGOLS	Golden	Steve
50217	15790	NEC XV15"		CRT	APYAMA	Yamanoha	Audrey
50217	15791	NEC XV15"		CRT	APGGAR	Gasco	Garage
50217	15792	NEC XV15"		CRT	APUYED	Uyehara	Dean
50217	15793	NEC XV15"		CRT	APSAWE	Sawa	Ed
50217	15794	NEC XV15"		CRT	APHAYM	Hayakawa	Marjorie
50217	15795	NEC XV15"		CRT	APYASH	Yasukochi	Herbert
50217	15796	NEC XV15"		CRT	APTANC	Taneka	Colleen
50217	15797	NEC XV15"		CRT	APYAMM	Yamamoto	Millie
50217	15798	NEC XV15"		CRT	APSHIC	Shiramizu	Cheryl
50217	15799	NEC XV15"		CRT	APSANJE	Sano	Jerome
50217	15800	NEC XV15"		CRT	APCHOS	Chock	Stan
50217	15801	NEC XV15"		CRT	APWOOT	Woo	Tracy
50217	15802	NEC XV15"		CRT	APNISK	Nishimura	Kevin
50217	15803	NEC XV15"		CRT	APSHIKR	Shinagawa	Karen
50217	15804	NEC XV15"		CRT	APYAMKE	Yamamoto	Keith
50217	15805	NEC XV15"		CRT	APLOOV	Loo	Vincent
50217	15806	NEC XV15"		CRT	APYOSR	Yoshimoto	Roy
50217	15811	NEC XV15"		CRT	APHENO	Henton	Debbie
50217	15812	NEC XV15"		CRT	APZAKG	Zakahi	George
50217	15814	NEC XV15"		CRT	APJACM	Jacinto	Melba
50217	15815	NEC XV15"		CRT	APNAGA	Nagamine	Alice
50217	15816	NEC XV15"		CRT	APTABD	Tabura	Diane
50217	15817	NEC XV15"		CRT	APAGUL	Aguinaldo	Luz
50217	15818	NEC XV15"		CRT	APMINM	Min	Marvin
50217	15819	NEC XV15"		CRT	APCARP	Carter	Pam
50217	15820	NEC XV15"		CRT	APYORR	Yoriota	Richard
50217	15821	NEC XV15"		CRT	APHIRL	Hirota	Lyle
50217	15822	NEC XV15"		CRT	APIMOJ	Imoto	Jody
50217	15827	NEC XV15"		CRT	APMIYRO	Miyasaki	Robert
50217	15828	NEC XV15"		CRT	APCALC	Calvet	Charlie

50217	15831	NEC XV15"		CRT	APHIRE	Hirashima	Ervine
50217	15834	NEC XV15"		CRT	APCARD	Cardell	Dave
50217	15835	NEC XV15"		CRT	APLOOB	Loo	Brian
50217	15836	NEC XV15"		CRT	APYATJ	Yates	Jim
50217	15837	NEC XV15"		CRT	APFUKS	Fukutomi	Shirleen
50217	15839	NEC XV15"		CRT	APDEMM	Demirbag	Mustafa
50217	15840	NEC XV15"		CRT	APLEEG	Lee	George
50217	15842	NEC XV15"		CRT	APDAIW	Daimaru	Wayne
50217	15843	NEC XV15"		CRT	APECKG	Eckart	Gweyn
50217	15844	NEC XV15"		CRT	APDEGG	DeGuair	Gwen
50217	15860	NEC XV15"		CRT	APTANK	Tanaka	Keith
50217	15887	NEC XV15"		CRT	APSUIC	Suiso	Constance
50217	15902	NEC XV15"		CRT	APDENE	Denis	Edwina
50217	15933	NEC XV15"		CRT	APSAKST	Sakurai	Stephanie
50217	15972	NEC XV15"		CRT	APBEGT	Bega	Tom
50217	15974	NEC XV15"		CRT	APMCML	McMonigle	Leilani
50217	15976	NEC XV15"		CRT	APYAMTH	Yamada	Thomas
50217	15996	NEC XV15"		CRT	APTOKS	Tokuda	Sophie
60076	15604	EPSON FX-185		PRN	APKASC	Kashimoto	Carol
60077	15602	EPSON FX-286		PRN	APKEPL	Kepoo	Laurie
60077	15612	EPSON FX-286		PRN	APCASJO	Castillo	John
60077	15840	EPSON FX-286		PRN	APLEEG	Lee	George
60088	15066	HP DESKJET 500		PRN	APTERA	Teranishi	Amy
60088	15735	HP DESKJET 500		PRN	APNAKF	Nakamura	Fred
60088	15788	HP DESKJET 500		PRN	APGOLS	Golden	Steve
60088	15794	HP DESKJET 500		PRN	APHAYM	Hayakawa	Marjorie
60088	15835	HP DESKJET 500		PRN	APLOOB	Loo	Brian
60093	15787	HP LASERJET IIIP		PRN	APGAML	Gamundoy	Lisa
60093	15811	HP LASERJET IIIP		PRN	APHEND	Henton	Debbie
60093	15818	HP LASERJET IIIP		PRN	APMINM	Min	Marvin
60095	15779	HP LASERJET IIP		PRN	APROBT	Robinson	Ted
60097	15786	HP LASERJET SERIES II		PRN	APKASE	Kashiwamura	Eric
60097	15801	HP LASERJET SERIES II		PRN	APWOOT	Woo	Tracy
60097	15805	HP LASERJET SERIES II		PRN	APLOOV	Loo	Vincent
60107	15001	OKIDATA 390+		PRN	APGONR	Gonzalez	Richard
60108	15760	OKIDATA 391		PRN	APHIGA	Higa	Alana
60108	15783	OKIDATA 391		PRN	APLAUD	Lau	Debra
60109	15005	OKIDATA 391+		PRN	APTOKS	Tokuda	Sophie
60109	15009	OKIDATA 391+		PRN	APDENE	Denis	Edwina
60109	15086	OKIDATA 391+		PRN	APTERA	Teranishi	Amy
60109	15610	OKIDATA 391+		PRN	APGOUG	Gouveia	George
60109	15789	OKIDATA 391+		PRN	APPETR	Pettit	Robert
60109	15812	OKIDATA 391+		PRN	APZAKG	Zakahi	George
60109	15817	OKIDATA 391+		PRN	APAGUL	Aguinaldo	Luz
60109	15820	OKIDATA 391+		PRN	APYORR	Yoroke	Richard
60109	15835	OKIDATA 391+		PRN	APLOOB	Loo	Brian
60109	15839	OKIDATA 391+		PRN	APDEMM	Demirbag	Mustafa
60109	15842	OKIDATA 391+		PRN	APDAIW	Daimaru	Wayne
60110	15734	OKIDATA 393		PRN	APSHID	Shimomura	Dan
60110	15787	OKIDATA 393		PRN	APGAML	Gamundoy	Lisa
60110	15802	OKIDATA 393		PRN	APNISK	Nishimura	Kevin
60115	15762	TOSHIBA P351		PRN	APCANC	Canite	Charmaine
60116	15758	TOSHIBA P351 MODEL II		PRN	APTAKN	Takenaka	Nancy
60121	15790	HP LASERJET 4+		PRN	APYAMA	Yamanoha	Audrey
70254	15005	IRMA 3278 EMULATION		EMU	APTOKS	Tokuda	Sophie
70261	15001	MAINLINK II		EMU	APGONR	Gonzalez	Richard
70261	15009	MAINLINK II		EMU	APDENE	Denis	Edwina
70339	15606	COURIER HST 9600		MOD	APONAD	Onaga	Daisy
70339	15610	COURIER HST 9600		MOD	APGOUG	Gouveia	George
70339	15651	COURIER HST 9600		MOD	APBERA	Bernardino	Audie
70339	15734	COURIER HST 9600		MOD	APSHID	Shimomura	Dan
70339	15735	COURIER HST 9600		MOD	APNAKF	Nakamura	Fred
70339	15811	COURIER HST 9600		MOD	APHEND	Henton	Debbie
70339	15812	COURIER HST 9600		MOD	APZAKG	Zakahi	George
70339	15819	COURIER HST 9600		MOD	APCARP	Carter	Pam
70339	15828	COURIER HST 9600		MOD	APCALC	Calvet	Charlie
70339	15840	COURIER HST 9600		MOD	APLEEG	Lee	George
70339	15842	COURIER HST 9600		MOD	APDAIW	Daimaru	Wayne
70342	15779	HAYES 1200		MOD	APROBT	Robinson	Ted
70342	15811	HAYES 1200		MOD	APHEND	Henton	Debbie
70342	15818	HAYES 1200		MOD	APMINM	Min	Marvin
70343	15683	HAYES 2400		MOD	APHARD	Harada	David
70343	15809	HAYES 2400		MOD	APSAIB	Saito	Brad
70343	15812	HAYES 2400		MOD	APZAKG	Zakahi	George
70343	15828	HAYES 2400		MOD	APCALC	Calvet	Charlie
70349	15821	HAYES OPTIMA 2400 EXTERNAL		MOD	APHIRL	Hirota	Lyle
70349	15972	HAYES OPTIMA 2400 EXTERNAL		MOD	APBEGT	Bega	Tom
70349	15974	HAYES OPTIMA 2400 EXTERNAL		MOD	APMCML	McMonigle	Leilani
70349	15976	HAYES OPTIMA 2400 EXTERNAL		MOD	APYAMTH	Yamada	Thomas
70350	15001	HAYES OPTIMA 9600 EXTERNAL		MOD	APGONR	Gonzalez	Richard
70356	15686	MEGAHERTZ 14.4 PCMCIA FAX		MOD	APYATJ	Yates	Jim
70358	15685	AT&T PARADYNE PCMCIA FAX		MOD	APRUBH	Rubin	Harold
70398	15790	HP SCANJET		SCN	APYAMA	Yamanoha	Audrey
70403	15602	MOUSE (COMPAQ)		SQK	APKEPL	Kepoo	Laurie
70403	15604	MOUSE (COMPAQ)		SQK	APKASC	Kashimoto	Carol

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70403	15606	MOUSE (COMPAQ)		SQK	APONAD	Onaga	Daisy
70403	15610	MOUSE (COMPAQ)		SQK	APGOUG	Gouveia	George
70403	15641	MOUSE (COMPAQ)		SQK	APLUMD	Wynn	Darlene
70406	15009	MOUSE (SERIAL)		SQK	APDENE	Denis	Edwina
70406	15094	MOUSE (SERIAL)		SQK	APSEIE	Seid	Ed
70407	15005	MOUSE-PS/2 (SERIAL)		SQK	APTOKS	Tokuda	Sophie
70418	15001	COLORADO 250MB TAPE BACKUP		TAP	APGONR	Gonzalez	Richard
70418	15005	COLORADO 250MB TAPE BACKUP		TAP	APTOKS	Tokuda	Sophie
70418	15009	COLORADO 250MB TAPE BACKUP		TAP	APDENE	Denis	Edwina
70418	15086	COLORADO 250MB TAPE BACKUP		TAP	APTERA	Teranishi	Amy
70418	15641	COLORADO 250MB TAPE BACKUP		TAP	APLUMD	Wynn	Darlene
70419	15683	COLORADO 240MB TRAKKER		TAP	APHARD	Harada	David
70419	15781	COLORADO 240MB TRAKKER		TAP	APCHUI	Sekiya	Irene
70419	15789	COLORADO 240MB TRAKKER		TAP	APPETR	Pettit	Robert
70439	15086	3COM ETHERNET CARD		TRA	APTERA	Teranishi	Amy
70439	15282	3COM ETHERNET CARD		TRA	APTOLJ	Tolentino	Jeraldo
70439	15606	3COM ETHERNET CARD		TRA	APONAD	Onaga	Daisy
70439	15709	3COM ETHERNET CARD		TRA	APWABK	Wabinga	Kathy
70439	15827	3COM ETHERNET CARD		TRA	APMIYRO	Miyasaki	Robert
70439	15828	3COM ETHERNET CARD		TRA	APCALC	Calvet	Charlie
70439	15834	3COM ETHERNET CARD		TRA	APCARD	Cardell	Dave
70439	15998	3COM ETHERNET CARD		TRA	APTOKS	Tokuda	Sophie
70440	15035	3COM TOKENLINK III CARD		TRA	APFERL	Ferreira	Lenora
70440	15074	3COM TOKENLINK III CARD		TRA	APBIOD	Bio	Debra
70440	15094	3COM TOKENLINK III CARD		TRA	APSEIE	Seid	Ed
70440	15602	3COM TOKENLINK III CARD		TRA	APKEPL	Kepoo	Laurie
70440	15604	3COM TOKENLINK III CARD		TRA	APKASC	Kashimoto	Carol
70440	15610	3COM TOKENLINK III CARD		TRA	APGOUG	Gouveia	George
70440	15612	3COM TOKENLINK III CARD		TRA	APCASJO	Castillo	John
70440	15613	3COM TOKENLINK III CARD		TRA	APKAWF	Kawamura	Florence
70440	15622	3COM TOKENLINK III CARD		TRA	APSUEP	Sueoka	Paul
70440	15636	3COM TOKENLINK III CARD		TRA	APSOUF	Souza	Florence
70440	15637	3COM TOKENLINK III CARD		TRA	APNISF	Nishida	Florence
70440	15641	3COM TOKENLINK III CARD		TRA	APLUMD	Wynn	Darlene
70440	15643	3COM TOKENLINK III CARD		TRA	APMIYY	Miyamoto	Yvonne
70440	15647	3COM TOKENLINK III CARD		TRA	APOKIC	Okimoto	Calvert
70440	15651	3COM TOKENLINK III CARD		TRA	APBERA	Bernardino	Audie
70440	15662	3COM TOKENLINK III CARD		TRA	APROBH	Robinson	Henrietta
70440	15663	3COM TOKENLINK III CARD		TRA	APCLER	Clemens	Rene
70440	15664	3COM TOKENLINK III CARD		TRA	APPAIL	Pais	Lin
70440	15672	3COM TOKENLINK III CARD		TRA	APKOBT	Kobashigawa	Tom
70440	15683	3COM TOKENLINK III CARD		TRA	APHARD	Harada	David
70440	15684	3COM TOKENLINK III CARD		TRA	APMOOC	Moore	Charlie
70440	15689	3COM TOKENLINK III CARD		TRA	APPERC	Perreira	Christina
70440	15708	3COM TOKENLINK III CARD		TRA	APGONR	Gonzalez	Richard
70440	15711	3COM TOKENLINK III CARD		TRA	APLOWC	Low	Cindy
70440	15734	3COM TOKENLINK III CARD		TRA	APSHID	Shimomura	Dan
70440	15735	3COM TOKENLINK III CARD		TRA	APNAKF	Nakamura	Fred
70440	15750	3COM TOKENLINK III CARD		TRA	APPATT	Patton	Teri
70440	15758	3COM TOKENLINK III CARD		TRA	APTAKN	Takenaka	Nancy
70440	15759	3COM TOKENLINK III CARD		TRA	APSUZC	Suzuki	Charlene
70440	15760	3COM TOKENLINK III CARD		TRA	APHIGA	Higa	Alana
70440	15761	3COM TOKENLINK III CARD		TRA	APCHUI	Sekiya	Irene
70440	15762	3COM TOKENLINK III CARD		TRA	APCANC	Canete	Charmaine
70440	15763	3COM TOKENLINK III CARD		TRA	APLAUD	Lau	Debra
70440	15769	3COM TOKENLINK III CARD		TRA	APMURC	Kuriki	Collette
70440	15770	3COM TOKENLINK III CARD		TRA	APKEJM	Keju	Modrel
70440	15773	3COM TOKENLINK III CARD		TRA	APKEAF	Keaiohe	Faith
70440	15778	3COM TOKENLINK III CARD		TRA	APKONB	Konishi	Brad
70440	15779	3COM TOKENLINK III CARD		TRA	APROBT	Robinson	Ted
70440	15780	3COM TOKENLINK III CARD		TRA	APYEEB	Yee	Brien
70440	15781	3COM TOKENLINK III CARD		TRA	APSOUP	Souza	Peter
70440	15782	3COM TOKENLINK III CARD		TRA	APLOUR	Louis	Richard
70440	15783	3COM TOKENLINK III CARD		TRA	APAGPJ	Nakasone	Joy
70440	15784	3COM TOKENLINK III CARD		TRA	APSHIS	Shigemoto	Sharon
70440	15786	3COM TOKENLINK III CARD		TRA	APKASE	Kashiwamura	Eric
70440	15787	3COM TOKENLINK III CARD		TRA	APGAML	Gamundoy	Lisa
70440	15788	3COM TOKENLINK III CARD		TRA	APGOLS	Golden	Steve
70440	15789	3COM TOKENLINK III CARD		TRA	APPETR	Pettit	Robert
70440	15790	3COM TOKENLINK III CARD		TRA	APYAMA	Yamanoha	Audrey
70440	15791	3COM TOKENLINK III CARD		TRA	APGGAR	Gasco	Garage
70440	15792	3COM TOKENLINK III CARD		TRA	APUYEO	Uyehara	Dean
70440	15793	3COM TOKENLINK III CARD		TRA	APSAWE	Sawe	Ed
70440	15794	3COM TOKENLINK III CARD		TRA	APHAYM	Hayakawa	Marjorie
70440	15795	3COM TOKENLINK III CARD		TRA	APYASH	Yasukochi	Herbert
70440	15796	3COM TOKENLINK III CARD		TRA	APTANC	Tanaka	Colleen
70440	15797	3COM TOKENLINK III CARD		TRA	APYAMM	Yamamoto	Millie
70440	15798	3COM TOKENLINK III CARD		TRA	APSHIC	Shiramizu	Cheryl
70440	15799	3COM TOKENLINK III CARD		TRA	APSANJE	Sano	Jerome
70440	15800	3COM TOKENLINK III CARD		TRA	APCHOS	Chock	Stan
70440	15801	3COM TOKENLINK III CARD		TRA	APWOOT	Woo	Tracy
0440	15802	3COM TOKENLINK III CARD		TRA	APNISK	Nishimura	Kevin
70440	15803	3COM TOKENLINK III CARD		TRA	APSHIKR	Shinagawa	Karen
70440	15804	3COM TOKENLINK III CARD		TRA	APYAMKE	Yamamoto	Keith
70440	15805	3COM TOKENLINK III CARD		TRA	APLOOV	Loo	Vincent

GASCO HARDWARE

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70440	15806	3COM TOKENLINK III CARD		TRA	APYOSR	Yoshimoto	Roy
70440	15809	3COM TOKENLINK III CARD		TRA	APSAIB	Saito	Brad
70440	15810	3COM TOKENLINK III CARD		TRA	APKISG	Kishinami	Geri
70440	15811	3COM TOKENLINK III CARD		TRA	APHEND	Henton	Debbie
70440	15812	3COM TOKENLINK III CARD		TRA	APZAKG	Zakahi	George
70440	15814	3COM TOKENLINK III CARD		TRA	APJACM	Jacinto	Melba
70440	15815	3COM TOKENLINK III CARD		TRA	APNAGA	Nagamine	Alice
70440	15816	3COM TOKENLINK III CARD		TRA	APTABD	Tabura	Diane
70440	15817	3COM TOKENLINK III CARD		TRA	APAGUL	Aguinaldo	Luz
70440	15818	3COM TOKENLINK III CARD		TRA	APMINM	Min	Marvin
70440	15819	3COM TOKENLINK III CARD		TRA	APCARP	Carter	Pam
70440	15820	3COM TOKENLINK III CARD		TRA	APYORR	Yorioka	Richard
70440	15821	3COM TOKENLINK III CARD		TRA	APHIRL	Hirota	Lyle
70440	15822	3COM TOKENLINK III CARD		TRA	APIMOJ	Imoto	Jody
70440	15827	3COM TOKENLINK III CARD		TRA	APMIYRO	Miyasaki	Robert
70440	15828	3COM TOKENLINK III CARD		TRA	APCALC	Calivet	Charlie
70440	15837	3COM TOKENLINK III CARD		TRA	APFUKS	Fukutomi	Shirleen
70440	15839	3COM TOKENLINK III CARD		TRA	APDEMM	Demirbag	Mustafa
70440	15840	3COM TOKENLINK III CARD		TRA	APLEEG	Lee	George
70440	15842	3COM TOKENLINK III CARD		TRA	APDAIW	Daimaru	Wayne
70440	15843	3COM TOKENLINK III CARD		TRA	APECKG	Eckart	Gweyn
70440	15844	3COM TOKENLINK III CARD		TRA	APDEGG	DeGuair	Gwen
70440	15887	3COM TOKENLINK III CARD		TRA	APSUIC	Suiso	Constance
70440	15902	3COM TOKENLINK III CARD		TRA	APDENE	Denis	Edwina
70440	15933	3COM TOKENLINK III CARD		TRA	APSAKST	Sakurai	Stephanie
70440	16031	3COM TOKENLINK III CARD		TRA	APCHAL	Chang	Lorraine
70442	15685	3COM PCMCIA TOKEN RING CARD		TRA	APRUBH	Rubin	Harold
70442	15835	3COM PCMCIA TOKEN RING CARD		TRA	APLOOB	Loo	Brian
70442	15836	3COM PCMCIA TOKEN RING CARD		TRA	APYATJ	Yates	Jim
70448	15827	IBM TOKEN RING - PC (16/4)		TRA	APMIYRO	Miyasaki	Robert
70449	15075	IBM TOKEN RING - PS/2 (16/4)		TRA	APPOKJ	Poki	Jeffrey
70450	15015	IBM TOKEN RING ADAPTER (PC)		TRA	APDAGJ	Daguimol	James

Select Individual

System NO: 15881
Last Name: Aoki
Cost Center: 0140
First Name: George
BHPPAHID: APAOKG

ITEMNO:	DESCRIPTIO:	PLATFORM:	TYPE:
20001	COMPAQ DESKPRO XE466 (486)		CPU
30293	TOTAL MEMORY = 16MG		MEM
40333	HD CAPACITY= 525MB		DSK
50217	NEC XV15"		CRT
70440	3COM TOKENLINK III CARD		TRA

System NO: 16028
Last Name: Arakaki
Cost Center: 0114
First Name: Stan
BHPPAHID: APARAS

ITEMNO:	DESCRIPTIO:	PLATFORM:	TYPE:
20078	COMPAQ DESKPRO 590 586/90		CPU
30293	TOTAL MEMORY = 16MG		MEM
40338	HD CAPACITY= 1GIG		DSK
50217	NEC XV15"		CRT
70440	3COM TOKENLINK III CARD		TRA

System NO: 15016
Last Name: Batara
Cost Center: 0114
First Name: Roger
BHPPAHID: APBATR

ITEMNO:	DESCRIPTIO:	PLATFORM:	TYPE:
20048	IBM VALUE POINT 486DX/33		CPU
30303	TOTAL MEMORY = 8MG		MEM
40320	HD CAPACITY= 212MB		DSK
50194	IBM 6314		CRT
70406	MOUSE (SERIAL)		SQK
70418	COLORADO 250MB TAPE BACKUP		TAP
70440	3COM TOKENLINK III CARD		TRA

System NO: 15999
Last Name: Batara
Cost Center: 0114
First Name: Roger
BHPPAHID: APBATR

ITEMNO:	DESCRIPTIO:	PLATFORM:	TYPE:
20074	COMPAQ DESKPRO 575 MODEL 720		CPU
30313	TOTAL MEMORY = 24MG		MEM
40337	HD CAPACITY= 720MB		DSK
50217	NEC XV15"		CRT
70440	3COM TOKENLINK III CARD		TRA

System NO: 15670

Last Name: Ching

Cost Center: 0111

First Name: Jennifer

BHPPAHID: APCHIJ

ITEMNO:	DESCRIPTIO:	PLATFORM:	TYPE:
20001	COMPAQ DESKPRO XE466 (486)		CPU
30303	TOTAL MEMORY = 8MG		MEM
40333	HD CAPACITY= 525MB		DSK
50217	NEC XV15"		CRT
60108	OKIDATA 391		PRN
70440	3COM TOKENLINK III CARD		TRA

System NO: 15771

Last Name: Darnall

Cost Center: 0114

First Name: Mike

BHPPAHID: APDARM

ITEMNO:	DESCRIPTIO:	PLATFORM:	TYPE:
20001	COMPAQ DESKPRO XE466 (486)		CPU
30293	TOTAL MEMORY = 16MG		MEM
40333	HD CAPACITY= 525MB		DSK
50217	NEC XV15"		CRT
70440	3COM TOKENLINK III CARD		TRA

System NO: 16024

Last Name: Horton

Cost Center: 0114

First Name: George

BHPPAHID: APHORG

ITEMNO:	DESCRIPTIO:	PLATFORM:	TYPE:
20078	COMPAQ DESKPRO 590 586/90		CPU
30293	TOTAL MEMORY = 16MG		MEM
40063	COMPAQ INTERNAL QUAD-SPEED C		DSK
50217	NEC XV15"		CRT
70440	3COM TOKENLINK III CARD		TRA

System No: 16032 | Last Name: Imose

Cost Center: 0114 | First Name: Sue

BHPPATHID: APIMOS

ITEMNO:	DESCRIPTIO:	PLATFORM:	TYPE:
20078	COMPAQ DESKPRO 590 586/90		CPU
30293	TOTAL MEMORY = 16MG		MEM
40338	HD CAPACITY= 1GIG		DSK
50207	NEC MULTISYNC3FGX		CRT
70419	COLORADO 240MB TRAKKER BACK		TAP
70440	3COM TOKENLINK III CARD		TRA

System No: 15694 | Last Name: LaPorte

Cost Center: 4216 | First Name: Mike

BHPPATHID: APLAPM

ITEMNO:	DESCRIPTIO:	PLATFORM:	TYPE:
~~20001~~	~~COMPAQ DESKPRO XE466 (486)~~		~~CPU~~
30293	TOTAL MEMORY = 16MG		MEM
40333	HD CAPACITY= 525MB		DSK
50208	NEC MULTISYNC4FG		CRT
70419	COLORADO 240MB TRAKKER BACK		TAP
70440	3COM TOKENLINK III CARD		TRA

Compaq DP 5133

System No: 16029 | Last Name: Lee

Cost Center: 0114 | First Name: Penni

BHPPATHID: APLEEP

ITEMNO:	DESCRIPTIO:	PLATFORM:	TYPE:
20078	COMPAQ DESKPRO 590 586/90		CPU
30293	TOTAL MEMORY = 16MG		MEM
40338	HD CAPACITY= 1GIG		DSK
50208	NEC MULTISYNC4FG		CRT
70440	3COM TOKENLINK III CARD		TRA

System No: 15666 | Last Name: Sato

Cost Center: 0110 | First Name: Colleen

BHPPATHID: APSATC

ITEMNO:	DESCRIPTIO:	PLATFORM:	TYPE:
20001	COMPAQ DESKPRO XE466 (486)		CPU
30303	TOTAL MEMORY = 8MG		MEM
40333	HD CAPACITY= 525MB		DSK
50204	NEC MULTISYNC2A		CRT
50217	NEC XV15"		CRT
60110	OKIDATA 393		PRN
70343	HAYES 2400		MOD
70440	3COM TOKENLINK III CARD		TRA

SystemNO:	15657	LastName:	Tam
CostCenter:	0111	FirstName:	Laverne
BHPPAID:	APTAML		

ITEMNO:	DESCRIPTIO:	PLATFORM:	TYPE:
20001	COMPAQ DESKPRO XE466 (486)		CPU
30303	TOTAL MEMORY = 8MG		MEM
40333	HD CAPACITY= 525MB		DSK
50207	NEC MULTISYNC3FGX		CRT
70341	HAYES ACCURA 28.8 V.34		MOD
70440	3COM TOKENLINK III CARD		TRA

SystemNO:	15824	LastName:	Tatsuno
CostCenter:	0140	FirstName:	Ruby
BHPPAID:	APTATR		

ITEMNO:	DESCRIPTIO:	PLATFORM:	TYPE:
20001	COMPAQ DESKPRO XE466 (486)		CPU
30293	TOTAL MEMORY = 16MG		MEM
40333	HD CAPACITY= 525MB		DSK
50215	NEC MULTISYNC3FGE		CRT
70440	3COM TOKENLINK III CARD		TRA

SystemNO:	15665	LastName:	Yamamoto
CostCenter:	0111	FirstName:	Ken
BHPPAID:	APYAMK		

ITEMNO:	DESCRIPTIO:	PLATFORM:	TYPE:
20001	COMPAQ DESKPRO XE466 (486)		CPU
30303	TOTAL MEMORY = 8MG		MEM
40333	HD CAPACITY= 525MB		DSK
50217	NEC XV15"		CRT
60088	HP DESKJET 500		PRN
70343	HAYES 2400		MOD
70440	3COM TOKENLINK III CARD		TRA

System NO:	16022	Last Name:	Yee
Cost Center:	0114	First Name:	Everett
SHPPXHD:	APYEEE		

ITEMNO:	DESCRIPTIO:	PLATFORM:	TYPE:
~~29078~~	~~COMPAQ DESKPRO 590 586/90~~		CPU
30293	TOTAL MEMORY = 16MG		MEM
40063	COMPAQ INTERNAL QUAD-SPEED C		DSK
40338	HD CAPACITY= 1GIG		DSK
50217	NEC XV15"		CRT
60109	OKIDATA 391+		PRN
70339	COURIER HST 9600		MOD
70353	SYNCHRONOUS MODEM ELIMINATO		MOD
70440	3COM TOKENLINK III CARD		TRA

Compq DP 5166

SCHEDULE 6.2(b)

Subsidiary Capital Budgets for Fiscal Years 1997 and 1998*
(As of February 1996)
(Dollars in Millions)

	Adjusted FY97 Budget	Adjusted FY98 Budget
New Business	1.341	1.055
Maint/Renewal	0.990	1.103
Vehicles	0.826	0.757
Facilities	0.025	0.330
Equip/Tools	0.213	0.416
Safety	0.804	0.610
Environmental	0.420	0.000
Purch: Tanks/Mtrs, Regulators	0.560	0.570
Contra: Tanks/Mtrs, Regulators	-0.563	-0.559
Overhead	0.610	0.595
Major Projects-Iwilei	0.000	0.000
Major Projects-Pier 38	0.500	0.000
TOTAL	5.726	4.877

* The adjusted fiscal year budgets as presented match the budgets submitted by Subsidiary to the PUC in February 1996, except for reductions respecting projects for the Iwilei Property (put on hold) and the Pier 38 Property (reconfigured and reduced in scope).

SCHEDULE 6.2(c)

Certain Capital Expenditures
Potentially Related to Sections 6.11 and 6.19 that are Included in
Subsidiary's Capital Budgets for Fiscal Years 1997 and 1998

ITEM	FISCAL YEAR 1997	FISCAL YEAR 1998
Neutralizing Pit	$ 70,000	0
SPCC	$ 150,000	0
Back-Up Injection Well	$ 200,000	0
Pier 38 Reconfiguration	$ 500,000	0

SCHEDULE 6.16

Operating Owned Real Property

1. Office and Baseyard, Kamakee Street, as described in the Deeds, dated September 17, 1931 and March 23, 1936, respectively, by and between Bishop Trust Company Limited, grantor, and Honolulu Gas Company Limited, grantee, and the Deeds dated May 27, 1940 and September 28, 1931, respectively, by and between Hawaiian Dredging Company, Limited, grantor, and Honolulu Gas Company, Limited, grantee, TMK:#2-3-04:35,36.

2. Parcel of land situated in the City and County of Honolulu, as described in the Deed dated February 7, 1956, by and between Takeo Yoshikawa and Hatsume Yoshikawa, grantors, and Honolulu Gas Company, Limited, grantee, TMK:#9-4-020-024.

3. Sub-station Brannen Tract, Wahiawa, Oahu, as described in the Deed dated September 27, 1965, by and between Jonathan Manor, Inc., grantor, and Honolulu Gas Company, Limited, grantee, TMK:#7-5-025-120.

4. Holder Station, Kaelepulu Subdivision, Kailua, Oahu, as described in the Deed dated September 20, 1963, by and between the trustees under the will and of the Estate of Bernice P. Bishop, grantors, and Honolulu Gas Company, Limited, grantee.

5. Holder Station, Maili, Oahu, as described in the Exchange Deed dated March 30, 1962, by and between Ronald Y. Hirahara and Ruth M. Hirahara, grantors, and Honolulu Gas Company, Limited, as grantee, TMK:#8-7-020-040.

6. Tank Site, Sunset Beach, Oahu, as described in the Deed dated October 9, 1968, by and between Kaunala Properties, Inc., grantor, and Honolulu Gas Company, Ltd., grantee, TMK:#5-8-005-017.

7. Tank Site, Waipio, Oahu, as described in the Deed dated June 17, 1964, by and between Finance Realty, grantor, and Honolulu Gas Company, Ltd., grantee, TMK:#9-5-006-067.

8. Tank Site, Pine Street, Wahiawa, Oahu, as described in the Deed dated February 6, 1967, by and between Castle & Cooke, Inc., grantor, and Honolulu Gas Company, Ltd., grantee, TMK:#7-4-001-031.

9. Office and Baseyard, Waiakea, Hilo, HI, as described in Land Patent No. S-14,013, by and between State of Hawaii, grantor, and Honolulu Gas Company, Limited, grantee, dated [August 10, 1962], TMK:#2-1-000-008.

10. Wili Ko Subdivision, Lahaina, Maui, as described in the Deed, dated October 20, 1970, by and between Amfac, Inc., grantor, and Honolulu Gas Company, Limited, grantee, TMK:#4-5-007-020.

11. Tank Site, Kahului (Dream City), Maui, as described in the Deed dated June 30, 1960, by and between Kahului Development Co., Ltd., grantor, and Honolulu Gas Company, Limited, grantee, TMK:#3-8-032-022.

12. Office and Baseyard, Lihue Industrial Park, Lihue, Kauai, as described in the Deed, dated August 28, 1972, by and between Amfac, Inc., grantor, and Gasco, Inc., grantee, TMK:#3-6-012-023, 3-6-12-026.

13. Tank Site, Lawai Valley Estate, Lawai, Kauai, as described in the Deed dated May 9, 1975, by and between the general partners of Lawai Development Company, grantors, and Gasco, Inc., grantee, TMK:#2-5-003,004.

SCHEDULE 7.3

Authorizations Required Before Closing Pursuant to Section 7.3

A. Governmental Authorities

1. Hawaii Public Utilities Commission.

2. Hawaii Department of Health, with respect to the transfer of control of all Environmental Permits except for the permits listed in A.3 and A.4 immediately below.

3. The City and County of Honolulu, with respect to the transfer of control of the Kamakee St. Permit for Industrial Wastewater Discharge, Permit No. 19920427.

4. The Department of Land and Natural Resources of the State of Hawaii, with respect to the transfer of control of the Artesian Well - water use permit, Well No. 1952-14 (WUP No. 22).

5. The Department of Land Utilization, with respect to the issuance of an existing use or conditional use permit to Gasco, Inc. for the SNG Plant.

B. Easements and Leased Real Property

1. Agreement of Sublease, by and between BHP Hawaii Inc., as sublessor, and Gasco, Inc., sublessee, dated February 13, 1995, with respect to 4,264 square feet of rentable floor area located on the 26th and 30th floors of the Makai Tower, Grosvenor Center, 733 Bishop Street, Honolulu, Hawaii 96813.

2. State of Hawaii Department of Transportation Harbors Division Revocable Permit No. H-91-1705, Gasco, Inc., permittee, dated May 1, 1991, with respect to land located at Pier 38, Honolulu Harbor, Oahu, as more fully described therein.

3. Lease No. 20.400-1, Trustees of the Estate of Bernice Pauahi Bishop, owners, Rural Investments, Inc., tenant and lessor, and Gasco, Inc., lessee, dated October 18, 1971, with respect to Baseyard, Heeia Industrial Subdivision, Kaneohe, Oahu, as more fully described therein. TMK:#4-6-30-46.

4. Grant of Exclusive Easement, by and between Hawaii Reserves, Inc., as agent for Property Reserve, Inc., grantor, and Gasco, Inc., as grantee, dated May 20, 1994, with respect to the Tank Site, Laie Shopping Center, Laie, Oahu.

5. Memorandum of Lease, by and between Maxine Alexandria Bruns, lessor, and Gasco, Inc., lessee, dated June 23, 1986, with respect to the Tank Site, Puuloa, Ewa Beach, Oahu, TMK:#9-1-030-054.

6. Harbor Lease No. H-94-4, by and between State of Hawaii, Director of Transportation, lessor, and Gasco, Inc., lessee, dated January 1, 1995 with respect to pipeline easements for Pier 38, Honolulu, Oahu.

7. Ground Lease, Trustees Under the Will and of the Estate of James Campbell, lessors, and Pacific Resource, Inc., lessee (now named BHP Hawaii Inc.), dated May 31, 1974, as amended, and subsequently assigned to Enerco, Inc. (since merged into Gasco, Inc.), with respect to the SNG Plant site, Campbell Industrial Park. (Fee ownership since conveyed to BHP Hawaii Inc.)

8. Ground Sublease, by and between Enerco, Inc., sublessor (since merged into Gasco, Inc.), and Bishop Trust Company Limited, as trustee, sublessee, dated May 31, 1974, as amended.

9. Lease, by and between the Trustees of the Liliuokalani Trust, lessor, and Gasco, Inc., lessee, dated October 1, 1971, with respect to the Utility Holder Site and Operating Yard, Kailua-Kona, Hawaii, TMK:#7-4-010-007.

10. General Lease No. S-5170, State of Hawaii, lessor, and Gasco, Inc., lessee, dated April 11, 1991, with respect to the Utility Booster Station, Piihonua, Hilo, Hawaii, TMK:#2-3-26.

11. General Lease No. S-4139, State of Hawaii, lessor, and Honolulu Gas Company, Limited, lessee, dated April 14, 1967, with respect to the Booster Station, Waiakea, Hilo, Hawaii, TMK:#2-2-027.

12. General Lease No. S-4288, State of Hawaii, lessor, Honolulu Gas Company, Ltd., lessee, dated January 29, 1970, with respect to the Tank Site, Kealakehe, Kona, Hawaii, TMK:#7-4-008-022.

13. Lease, by and between Alexander & Baldwin, Inc., lessor, and Gasco, Inc., lessee, dated January 4, 1978, with respect to the Office and Baseyard, Kahului, Maui, TMK:#3-7-011-005.

14. General Lease No. 191, by and between State of Hawaii, lessor, and Gasco, Inc., lessee, dated June 1, 1976, as modified, with respect to the Tank Site, Paukukalu, Maui, TMK:#3-3-05:03 (POR.) Lots 3A and 88, and Lot 3B, unit 2.

15. Lease, by and between Hawaiian Commercial and Sugar Company, Limited, lessor, and Honolulu Gas Company Limited, lessee, dated May 1, 1960, as amended, and Lease dated July 5, 1961, as amended, with respect to the Office and Baseyard, Wailuku, Maui, TMK:#3-7-9-025.

16. General Lease No. S-4250, by and between State of Hawaii, lessor, and Honolulu Gas Company, Ltd., lessee, dated September 19, 1969, with respect to the Tank Farm/Baseyard, Nawiliwili Harbor, Nawiliwili, Kauai.

17. General Lease No. S-4517, by and between State of Hawaii, lessor, and Gasco, Inc., lessee, dated August 10, 1976, with respect to the Holder Station, Kekaha, Waimea, Kauai.

18. Non-exclusive Pipeline Easement, by and between the State of Hawaii, grantor, and Honolulu Gas Company, Limited, grantee, with respect to certain pipeline, Nawiliwili, Kauai, TMK:#3-2-004-052.

19. Lease, by and between Castle & Cooke, Inc., lessor, and Gasco, Inc., lessee, commencing January 1, 1993, with respect to an office at 617 Ilima Ave., Lanai City, Lanai.

20. License, by and between Castle & Cooke, Inc., licensor, and Gasco, Inc., licensee, dated April 19, 1982, with respect to the Tank Site, Lanai, TMK:#4-9-02-001.

21. Indenture, by and between George Gambone, as successor-in-interest to Thomas Butler, lessee, and Gasco, Inc., lessor, dated as of April 4, 1979, as amended.

C. Intellectual Property

1. Sublicense, Benfield Process, between Pacific Resources, Inc. and The Ralph M. Parsons Company, dated April 23, 1974 and amended by Amendment No. 1, dated May 11, 1979.

2. Sublicense, Benfield Process, between Pacific Resources, Inc. and The Ralph M. Parsons Company, dated May 11, 1979.

3. Agreement between OrCom Systems, Inc. and BHP Hawaii Inc., dated as of March 3, 1995.

4. Perpetual License Agreement for Computer Software Products between Group 1 Software, Inc. and BHP Hawaii Inc., dated March 31, 1995.

5. License for meter reading software, between ITRON and Gasco, Inc., dated June 30, 1986.

D. Commitments

1. Liquified Petroleum Gas Contract, dated February 3, 1982, between Chevron U.S.A. Inc., and Gasco, Inc., as amended.

2. Facilities Lease Agreement for SNG Plant, dated as of May 31, 1974, as amended, between Bishop Trust Company, Limited, as lessor, and Enerco, Inc., as lessee (since merged into Gasco, Inc.).

3. Additional Lease Agreement No. 1, dated May 16, 1979, between Bishop Trust Company, Limited, as lessor, and Enerco, Inc. (since merged into Gasco, Inc.), as lessee.

SCHEDULE 7.14

Certain Insurance Policies**

Policy	Policy Period	Insurer	Policy Number	Policy Limits	Policy Deductions	Est. Annual Premium
Corporate Excess Umbrella	6/1/96 - 97	World Marine & General	Not Assigned	$550,000,000	$5,000,000	$247,823
Marine (Propane Barges) Hull & Machinery	9/30/96 - 2/20/98	Zurich American	WCLA103	Stated Value	$25,000	$23,580
P & I Insurance	2/20/96 - 97	Steamship Mutual	90,654	Unlimited, except $500 mm/pol	$500,000 $10,000/pol	$14,000
Fidelity Guarantee	12/4/96 - 97	World Marine & General	FG93/A4613	$20,000,000 (1) $10,000,000 (2-4)	$50,000	No Charge
Property Insurance	12/31/96 - 97	World Marine & General (Fronting O.I.L. policy)	Pending	$220,000,000	$10,000,000	$41,779

**Only the occurrence-based coverage of the policies listed in this Schedule 7.14 come within the meaning of the term "Insurance Policy" for purposes of Section 7.14. Claims based coverages will cease as of the Closing Date.

SCHEDULE 8.3

Authorizations Required Before Closing Pursuant to Section 8.3

A. Governmental Authorities

1. Hawaii Public Utilities Commission.

2. Hawaii Department of Health, with respect to the transfer of control of all Environmental Permits except for the permits listed in A.3 and A.4 immediately below.

3. The City and County of Honolulu, with respect to the transfer of control of the Kamakee St. Permit for Industrial Wastewater Discharge, Permit No. 19920427.

4. The Department of Land and Natural Resources of the State of Hawaii, with respect to the transfer of control of the Artesian Well - water use permit, Well No. 1952-14 (WUP No. 22).

B. Easements and Leased Real Property

1. State of Hawaii Department of Transportation Harbors Division Revocable Permit No. H-91-1705, Gasco, Inc., permittee, dated May 1, 1991, with respect to land located at Pier 38, Honolulu Harbor, Oahu, as more fully described therein.

2. Lease No. 20.400-1, Trustees of the Estate of Bernice Pauahi Bishop, owners, Rural Investments, Inc., tenant and lessor, and Gasco, Inc., lessee, dated October 18, 1971, with respect to Baseyard, Heeia Industrial Subdivision, Kaneohe, Oahu, as more fully described therein. TMK:#4-6-30-46.

3. Grant of Exclusive Easement, by and between Hawaii Reserves, Inc., as agent for Property Reserve, Inc., grantor, and Gasco, Inc., as grantee, dated May 20, 1994, with respect to the Tank Site, Laie Shopping Center, Laie, Oahu.

4. Memorandum of Lease, by and between Maxine Alexandria Bruns, lessor, and Gasco, Inc., lessee, dated June 23, 1986, with respect to the Tank Site, Puuloa, Ewa Beach, Oahu, TMK:#9-1-030-054.

5. Harbor Lease No. H-94-4, by and between State of Hawaii, Director of Transportation, lessor, and Gasco, Inc., lessee, dated January 1, 1995 with respect to pipeline easements for Pier 38, Honolulu, Oahu.

6. Ground Lease, Trustees Under the Will and of the Estate of James Campbell, lessors, and Pacific Resource, Inc., lessee, dated May 31, 1974, as amended, and subsequently assigned to Enerco, Inc. (since merged into Gasco, Inc.), with respect to the SNG Plant site, Campbell Industrial Park. (Fee ownership since conveyed to BHP Hawaii Inc.)

7. Ground Sublease, by and between Enerco, Inc., sublessor (since merged into Gasco, Inc.), and Bishop Trust Company Limited, as trustee, sublessee, dated May 31, 1974, as amended.

8. Lease, by and between the Trustees of the Liliuokalani Trust, lessor, and Gasco, Inc., lessee, dated October 1, 1971, with respect to the Utility Holder Site and Operating Yard, Kailua-Kona, Hawaii, TMK:#7-4-010-007.

9. General Lease No. S-5170, State of Hawaii, lessor, and Gasco, Inc., lessee, dated April 11, 1991, with respect to the Utility Booster Station, Piihonua, Hilo, Hawaii, TMK:#2-3-26.

10. General Lease No. S-4139, State of Hawaii, lessor, and Honolulu Gas Company, Limited, lessee, dated April 14, 1967, with respect to the Booster Station, Waiakea, Hilo, Hawaii, TMK:#2-2-027.

11. General Lease No. S-4288, State of Hawaii, lessor, Honolulu Gas Company, Ltd., lessee, dated January 29, 1970, with respect to the Tank Site, Kealakehe, Kona, Hawaii, TMK:#7-4-008-022.

12. Lease, by and between Alexander & Baldwin, Inc., lessor, and Gasco, Inc., lessee, dated January 4, 1978, with respect to the Office and Baseyard, Kahului, Maui, TMK:#3-7-011-005.

13. General Lease No. 191, by and between State of Hawaii, lessor, and Gasco, Inc., lessee, dated June 1, 1976, as modified, with respect to the Tank Site, Paukukalu, Maui, TMK:#3-3-05:03 (POR.) Lots 3A and 88, and Lot 3B, unit 2.

14. Lease, by and between Hawaiian Commercial and Sugar Company, Limited, lessor, and Honolulu Gas Company Limited, lessee, dated May 1, 1960, as amended, and Lease dated July 5, 1961, as amended, with respect to the Office and Baseyard, Wailuku, Maui, TMK:#3-7-9-025.

15. General Lease No. S-4250, by and between State of Hawaii, lessor, and Honolulu Gas Company, Ltd., lessee, dated September 19, 1969, with respect to the Tank Farm/Baseyard, Nawiliwili Harbor, Nawiliwili, Kauai.

16. General Lease No. S-4517, by and between State of Hawaii, lessor, and Gasco, Inc., lessee, dated August 10, 1976, with respect to the Holder Station, Kekaha, Waimea, Kauai.

17. Non-exclusive Pipeline Easement, by and between the State of Hawaii, grantor, and Honolulu Gas Company, Limited, grantee, with respect to certain pipeline, Nawiliwili, Kauai, TMK:#3-2-004-052.

18. Lease, by and between Castle & Cooke, Inc., lessor, and Gasco, Inc., lessee, commencing January 1, 1993, with respect to an office at 617 Ilima Ave., Lanai City, Lanai.

19. License, by and between Castle & Cooke, Inc., licensor, and Gasco, Inc., licensee, dated April 19, 1982, with respect to the Tank Site, Lanai, TMK:#4-9-02-001.

20. Indenture, by and between George Gambone, as successor-in-interest to Thomas Butler, lessee, and Gasco, Inc., lessor, dated as of April 4, 1979, as amended.

C. Intellectual Property

1. Sublicense, Benfield Process, between Pacific Resources, Inc. and The Ralph M. Parsons Company, dated April 23, 1974 and amended by Amendment No. 1, dated May 11, 1979.

2. Sublicense, Benfield Process, between Pacific Resources, Inc. and The Ralph M. Parsons Company, dated May 11, 1979.

3. Agreement between OrCom Systems, Inc. and BHP Hawaii Inc., dated as of March 3, 1995.

4. Perpetual License Agreement for Computer Software Products between Group 1 Software, Inc. and BHP Hawaii Inc., dated March 31, 1995.

5. License for meter reading software, between ITRON and Gasco, Inc., dated June 30, 1986.

D. Commitments

1. Liquified Petroleum Gas Contract, dated February 3, 1982, between Chevron U.S.A. Inc., and Gasco, Inc., as amended.

2. Facilities Lease Agreement for SNG Plant, dated as of May 31, 1974, as amended, between Bishop Trust Company, Limited, as lessor, and Enerco, Inc., as lessee (since merged into Gasco, Inc.).

3. Additional Lease Agreement No. 1, dated May 16, 1979, between Bishop Trust Company, Limited, as lessor, and Enerco, Inc., as lessee (since merged into Gasco, Inc.).

SCHEDULE 11.1(b)

Persons Eligible for Hiring by Seller

1. Jim R. Yates
2. Brian K. Loo
3. Darlene Wynn

SCHEDULE 13.4(a)

George T. Aoki	-	General Counsel Gasco, Inc.
George E. Bates	-	Vice President, Environmental, Health & Safety and Government Affairs BHP Hawaii Inc.
Steven P. Golden	-	Manager, Marketing and Customer Relations Gasco, Inc.
Faye W. Kurren	-	Vice President, Legal and General Counsel BHP Hawaii Inc.
George H.N. Lee	-	Branch Manager, Maui Gasco, Inc.
Brian K. Loo	-	Manager, Finance and Regulatory Affairs Gasco, Inc.
Robert M. Miyasaki	-	Manager, LPG Supply & Distribution Gasco, Inc.
Henry G. Neal	-	President BHP Hawaii Inc.
Howard Rubin	-	Manager, EHS and Training Gasco, Inc.
Kenneth T. Yamamoto	-	Manager, Human Resources Gasco, Inc.
Jim R. Yates	-	Vice President, Gas Services Gasco, Inc.
Richard Yorioka	-	Branch Manager, Big Island Gasco, Inc.
Roy H. Yoshimoto	-	Director, Distribution Operations Gasco, Inc.
Thomas K.L.M. Young	-	Manager, Manufacturing and Supply Gasco, Inc.
George Zakahi	-	Branch Manager, Kauai Gasco, Inc.

SCHEDULE 13.4(b)

Faye Akasaki	-	Manager - Customer Services Kauai Electric Division Citizens Utilities Company
Ricky Burke	-	Vice President - Energy Supply Energy Sector Citizens Utilities Company
Robert J. DeSantis	-	Vice President and Treasurer Citizens Utilities Company
Carol L. Etter	-	Director, Market Development Energy Sector Citizens Utilities Company
Bill Hines	-	Manager - Technical Services Arizona Energy Division Citizens Utilities Company
Edward O. Kipperman	-	Vice President - Tax Citizens Utilities Company
Michael Love	-	Vice President - Corporate Planning Citizens Utilities Company
Craig A. Marks	-	Associate General Counsel Citizens Utilities Company
Dan McCarthy	-	Acting General Manager Arizona Energy Division Citizens Utilities Company
Al Miles	-	Director of Strategic Architect Information Systems Citizens Utilities Company
L. Russell Mitten, II	-	Vice President and General Counsel Citizens Utilities Company
Alton Miyamoto	-	Manager - Planning and Regulatory Affairs Kauai Electric Division Citizens Utilities Company

SCHEDULE 13.4(b)
(continued)

Michael Mount	-	Vice President - Planning Energy Sector Citizens Utilities Company
Dennis Polaski	-	Vice President - Operations Kauai Electric Division Citizens Utilities Company
James Ranton	-	Vice President - Human Resources Citizens Utilities Company
Richard M. Reice	-	Associate General Counsel Citizens Utilities Company
John A. Rogers	-	Vice President and General Manager - Louisiana Gas Company Citizens Utilities Company
Livingston Ross	-	Vice President and Controller Citizens Utilities Company
Kim Somoskovec	-	Supervisor - Financial Planning Citizens Utilities Company
Ray Steinbach, III	-	Risk Manager Citizens Utilities Company
Donald P. Weinstein	-	Director, Financial Planning and Administration Citizens Utilities Company

DISCLOSURE SCHEDULE OF

BHP HAWAII INC.

PURSUANT TO

STOCK SALE AGREEMENT,

DATED AS OF JANUARY 9, 1997,

BY AND BETWEEN

BHP HAWAII INC.

AND

CITIZENS UTILITIES COMPANY

ALL CAPITALIZED TERMS USED HEREIN AND NOT OTHERWISE DEFINED SHALL HAVE THE MEANINGS ASCRIBED THERETO IN SUCH STOCK SALE AGREEMENT.

SECTION 4.1

Investments

1. Agreement of Limited Partnership of Kalakaua/Gas Promotional Limited Partnership, dated as of July 31, 1992, by and between Gasco, Inc., as limited partner, and The Development Group, Inc., as general partner. (This agreement shall terminate upon satisfaction of the terms and conditions set forth in the Agreement, dated as of December 31, 1996, between One Kalakaua Partners, Amusement Park Hawaii, Inc., 412249 B.C. Ltd., Ira Young and Gasco, Inc.)

SECTION 4.2(c)

Authorizations

1. Agreement of Sublease, by and between BHP Hawaii Inc., as sublessor, and Gasco, Inc., sublessee, dated February 13, 1995, with respect to 4,264 square feet of rentable floor area located on the 26th and 30th floors of the Makai Tower, Grosvenor Center, 733 Bishop Street, Honolulu, Hawaii 96813.

2. State of Hawaii Department of Transportation Harbors Division Revocable Permit No. H-91-1705, Gasco, Inc., permittee, dated May 1, 1991, with respect to land located at Pier 38, Honolulu Harbor, Oahu, as more fully described therein.

3. Lease No. 20.400-1, Trustees of the Estate of Bernice Pauahi Bishop, owners, Rural Investments, Inc., tenant and lessor, and Gasco, Inc., lessee, dated October 18, 1971, with respect to Baseyard, Heeia Industrial Subdivision, Kaneohe, Oahu, as more fully described therein. TMK:#4-6-30-46.

4. Grant of Exclusive Easement, by and between Hawaii Reserves, Inc., as agent for Property Reserve, Inc., grantor, and Gasco, Inc., as grantee, dated May 20, 1994, with respect to the Tank Site, Laie Shopping Center, Laie, Oahu.

5. Memorandum of Lease, by and between Maxine Alexandria Bruns, lessor, and Gasco, Inc., lessee, dated June 23, 1986, with respect to the Tank Site, Puuloa, Ewa Beach, Oahu, TMK:#9-1-030-054.

6. Harbor Lease No. H-94-4, by and between State of Hawaii, Director of Transportation, lessor, and Gasco, Inc., lessee, dated January 1, 1995 with respect to pipeline easements for Pier 38, Honolulu, Oahu.

7. Ground Lease, Trustees Under the Will and of the Estate of James Campbell, lessors, and Pacific Resource, Inc., lessee (now named BHP Hawaii Inc.), dated May 31, 1974, as amended, and subsequently assigned to Enerco, Inc. (since merged into Gasco, Inc.), with respect to the SNG Plant site, Campbell Industrial Park. (Includes the consent or approval of First Hawaiian Bank, J. P. Morgan Interfunding Corporation, Hawaiian Trust Company, Limited, as successor to Bishop Trust Company, Limited, and the Majority Interest of Investors (as defined in the Mortgage, Financing Statement and Indenture of Trust, dated May 31, 1974).) (Fee ownership has since been conveyed to BHP Hawaii Inc.)

8. Ground Sublease, by and between Enerco, Inc. (since merged into Gasco, Inc.), sublessor, and Bishop Trust Company Limited, as trustee, sublessee, dated May 31,

SECTION 4.2(c) (Continued)

1971, as amended. (Includes the consent or approval of First Hawaiian Bank, J. P. Morgan Interfunding Corporation, Hawaiian Trust Company, Limited, as successor to Bishop Trust Company, Limited, and the Majority Interest of Investors (as defined in the Mortgage, Financing Statement and Indenture of Trust, dated May 31, 1974).)

9. Lease, by and between the Trustees of the Liliuokalani Trust, lessor, and Gasco, Inc., lessee, dated October 1, 1971, with respect to the Utility Holder Site and Operating Yard, Kailua-Kona, Hawaii, TMK:#7-4-010-007.

10. General Lease No. S-5170, State of Hawaii, lessor, and Gasco, Inc., lessee, dated April 11, 1991, with respect to the Utility Booster Station, Piihonua, Hilo, Hawaii, TMK:#2-3-26.

11. General Lease No. S-4139, State of Hawaii, lessor, and Honolulu Gas Company, Limited, lessee, dated April 14, 1967, with respect to the Booster Station, Waiakea, Hilo, Hawaii, TMK:#2-2-027.

12. General Lease No. S-4288, State of Hawaii, lessor, Honolulu Gas Company, Ltd., lessee, dated January 29, 1970, with respect to the Tank Site, Kealakehe, Kona, Hawaii, TMK:#7-4-008-022.

13. Lease, by and between Alexander & Baldwin, Inc., lessor, and Gasco, Inc., lessee, dated January 4, 1978, with respect to the Office and Baseyard, Kahului, Maui, TMK:#3-7-011-005.

14. General Lease No. 191, by and between State of Hawaii, lessor, and Gasco, Inc., lessee, dated June 1, 1976, as modified, with respect to the Tank Site, Paukukalu, Maui, TMK:#3-3-05:03 (POR.) Lots 3A and 88, and Lot 3B, unit 2.

15. Lease, by and between Hawaiian Commercial and Sugar Company, Limited, lessor, and Honolulu Gas Company Limited, lessee, dated May 1, 1960, as amended, and Lease dated July 5, 1961, as amended, with respect to the Office and Baseyard, Wailuku, Maui, TMK:#3-7-9-025.

16. General Lease No. S-4250, by and between State of Hawaii, lessor, and Honolulu Gas Company, Ltd., lessee, dated September 19, 1969, with respect to the Tank Farm/Baseyard, Nawiliwili Harbor, Nawiliwili, Kauai.

17. General Lease No. S-4517, by and between State of Hawaii, lessor, and Gasco, Inc., lessee, dated August 10, 1976, with respect to the Holder Station, Kekaha, Waimea, Kauai.

18. Non-exclusive Pipeline Easement, by and between the State of Hawaii, grantor, and Honolulu Gas Company, Limited, grantee, with respect to certain pipeline, Nawiliwili, Kauai, TMK:#3-2-004-052.

SECTION 4.2(c) (Continued)

19. Lease, by and between Castle & Cooke, Inc., lessor, and Gasco, Inc., lessee, commencing January 1, 1993, with respect to an office at 617 Ilima Ave., Lanai City, Lanai.

20. License, by and between Castle & Cooke, Inc., licensor, and Gasco, Inc., licensee, dated April 19, 1982, with respect to the Tank Site, Lanai, TMK:#4-9-02-001.

21. Indenture, by and between George Gambone, as successor-in-interest to Thomas Butler, lessee, and Gasco, Inc., lessor, dated as of April 4, 1979, as amended.

22. Liquefied Petroleum Gas Contract, dated February 3, 1982, between Chevron U.S.A. Inc., and Gasco, Inc., as amended.

23. Facilities Lease Agreement, dated as of May 31, 1974, between The Bishop Trust Company, Limited and Enerco, Inc. (since merged into Gasco, Inc.), as amended.

24. Additional Lease Agreement No. 1, dated May 16, 1979, between Bishop Trust Company, Limited, as Lessor, and Enerco, Inc. (since merged into Gasco, Inc.), as Lessee.

25. Sublicense, Benfield Process, between Pacific Resources, Inc. and The Ralph M. Parsons Company, dated April 23, 1974 and amended by Amendment No. 1, dated May 11, 1979 (non-exclusive).

26. Sublicense, Benfield Process, between Pacific Resources, Inc. and The Ralph M. Parsons Company, dated May 11, 1979 (non-exclusive).

27. Non-exclusive perpetual right and license to use Application Software modules listed in Exhibit A of Agreement between OrCom Systems, Inc. and BHP Hawaii Inc., Licensee, dated as of March 3, 1995.

28. Perpetual License Agreement for Computer Software Products, by and between Group 1 Software, Inc. and BHP Hawaii Inc., Licensee, dated March 31, 1995 (non-exclusive).

29. License for meter reading software, dated June 30, 1986, between ITRON, licensor, and Gasco, Inc., licensee.

30. Environmental permits set forth in item no. 4 of Disclosure Schedule, Section 4.12.

31. Notice pursuant to federal and state Plant Closing Law.

32. The Department of Land Utilization, with respect to the issuance of an existing use or conditional use permit to Gasco, Inc. for the SNG Plant.

SECTION 4.3

Non-Contravention

1. Compliance with the HSR Act

2. PUC Approval

3. Authorizations, notices, consents and other approvals as set forth in Disclosure Schedule, Section 4.2(c)

SECTION 4.4(a)

Financial Statements

See attached:

1. Subsidiary unaudited balance sheet as at September 30, 1996.

2. Subsidiary audited balance sheet as at May 31, 1996 and audited statements of income for the fiscal years ended May 31, 1996 and May 31, 1995.

GASCO, INC.
BALANCE SHEET
as of September 30, 1996

SECTION 4.4(a) 1

	General Ledger Balance as of 9/30/96
ASSETS	
CURRENT ASSETS	
Cash	
100024 Cash - BOH Gasco Lockbox & Misc 01-0157	-42,473
100101 Cash - FHB Gasco Cust Refund Account 01	-50,813
100310 Cash - Central Pacific Bank	4,033
100320 Cash - City Bank	3,063
100340 Cash - Hawaii National Bank	379
100500 Cash - Check Redeemed/Return	9,875
100700 Cash on Hand/Petty Cash/Working Fund	9,035
Cash	-66,901
Trade Receivables	
110004 A/R Trade - Manual	8,263,241
Trade Receivables	8,263,241
Other Receivables	
110106 A/R Refund/Check Redeemed/Credit Bal	260
110140 A/R Other	107,430
110154 A/R Due from Employees	40
110171 A/R Rents	24,551
110401 Notes Receivable - Contract Sales	1,038
110590 Business Area Clearing Account	1,800
Other Receivables	135,120
Allowance for Bad Debts	
110610 Allowance for Bad Debts (Manual Acct)	-129,766
Allowance for Bad Debts	-129,766
Due From Related Companies	
110030 Intra-Company Receiv Recon (Hawaii Grou	132,532
110031 Intra-Company Receiv Adjust (Hawaii Gro	-22,666
115400 Due from BHP Hawaii - Loan	9,221,897
Due From Related Companies	9,331,764
Inventories	
120200 Inventory - Fuel Stock Propane	93,907
120210 Inventory - LPG Purchase Cost	1,067,346
120220 Inventory - LPG on Customer Premise	49,762
120240 Inventory - LPG Inter-Isle Haul	39,279

GASCO, INC.
BALANCE SHEET
as of September 30, 1996

	General Ledger Balance as of 9/30/96
120250 Inventory - LPG Inter-Zone Haul	6,395
120260 Inventory - Resv for Propane Inv	-31,200
120265 Inventory - SNG	1,706,432
120270 Inventory - Resv for Inventory Adjust.	-34,382
120300 Current Deferred Fuel Cost	283,161
120400 Inventory - Mfg Gas in Holders	20,127
121131 Inventory - Materials & Supplies - Gasc	877,900
121132 Inventory - Catalyst/Chemicals	260,387
121133 Inventory - Reserve - Gasco	-20,717
121134 Prepaid Inventory - SNG	26,671
121135 Prepaid Freight - SNG	16,751
121600 Inventory - Truck Stock	672
121610 Inventory - Postage Stamps	19,667
Inventories	4,382,157
Prepayments	
130010 Prepaid Insurance	106,448
130130 Prepaid Property Tax	22,104
130141 Prepaid PUC Tax	674,288
130400 Prepaid Subscriptions	3,382
130600 Prepaid Rent	9,937
130700 Prepaid Auto License	-40,477
Prepayments	775,682
TOTAL CURRENT ASSETS	22,691,297
PROPERTY, PLANT & EQUIPMENT	
Land and Buildings	
140010 Land & Land Rights - Iwilei	65,678
140020 Land & Land Rights - Local Storage Plan	113,068
140030 Land & Land Rights - Holders	22,447
140040 Land & Land Rights - Distribution Plant	275,832
140050 Land - Kona Street Paving	1,735
140070 Land & Land Rights - Other	210,524
140105 Structures & Improvements	4,034,534
140110 Structures & Improvements - Hilo	14,483
140115 Structures & Improvements - SNG Facilit	8,451,167
140120 Structures & Improvements - Local Stora	6,463
140130 Structures & Improvements - Holders	52,650
140140 Structures & Improvements - Distributio	1,378,792
140170 Structures & Improvements - Grosvenor	68,721

GASCO, INC.
BALANCE SHEET
as of September 30, 1996

	General Ledger Balance as of 9/30/96
140180 Structures & Improvements - CO2 Facilit	169,549
Land and Buildings	14,865,644
Plant and Equipment	
140250 Gas Mixing Equipment	11,705
140260 Other Equipment	2,068,076
140270 Gas Holders	2,523,319
140310 LPG Storage Facilities	4,247,868
140320 LPG Loading Facilities	406,031
140330 LPG Skid Tanks - Company Owned	145,808
140340 Tanks on Customers' Premises	18,060,593
140350 Tanks in Stock	2,684,124
140360 Propane Barge & Tank Farm	3,561,167
140370 Propane Barge Improvements - Add'l Char	30,911
140380 Dock to Storage Pipeline	812,760
140390 Meters on Customer Premises	321,800
140400 Mains - Energy Corridor	5,800,422
140410 Measuring & Regulating Station Equipmen	210,612
140420 Communication Equipment	10,871
140500 Mains - New	32,204,667
140520 Services - New	17,614,386
140550 Meters & Regulators in Service	3,333,917
140560 Meters in Stock	890,413
140570 Regulators in Stock	196,561
140580 Meters & Reulators - Installation	2,378,540
140600 Office Furniture & Fixtures - SNG	36,496
140601 Office Equip - SNG	254,277
140610 Office Furniture & Equip at Distributio	114,428
140611 Office Equip at Distribution - Mechanic	489,489
140620 Office Furniture & Equip at Office	403,541
140621 Office Equip at Office - Mechanical	1,542,337
140630 Waehouse Furniture & Fixtures - Distrib	21,911
140631 Warehouse Mechanical Equip - Distributi	56,025
140640 Stores Equipment - Distribution	30,750
140650 Stores Equipment - IG Yard	13,649
140660 Tools & Work Equipment - IG Yard	132,498
140670 Tools & Work Equipment - Gasco Solar	8,230
140700 Other Mechanical Equipment	685,165
140710 Transportation Equipment	3,804,476
140730 Shop Equipment - General	246,741
140731 Shop Equipment at Works - Fire Fighting	6,907

GASCO, INC.
BALANCE SHEET
as of September 30, 1996

	General Ledger Balance as of 9/30/96
140732 Shop Equipment at Works - Garage	108,277
140733 Shop Equipment at Works - Meter Shop	127,079
140734 Shop Equipment at Distribution	62,689
140740 Hand Tools - Meter Shop	2,034
140741 Hand Tools - Garage	19,376
140742 Hand Tools - Distribution	19,256
140770 Fire Fighting Equipment	7,176
140790 Capitalized Lease - NU Vehicles	1,273,972
140800 Laboratory Equipment	122,075
140810 Floating Equipment for Construction	787,208
140820 Communication Equipment	134,498
140890 Utility Plant Acquisition Adjustment	-16,607
140900 Franchises & Consents	51,131
140910 Misc Intangible Plant - Patent Rights	17,472
140920 Misc Intangible Plant - CWH Promo	1,357,106
140930 Misc Intangible Plant - Other Promo	2,213,350
140932 Misc Intangible Plant - Promo Allowance	1,159,533
140935 Misc Intangible Plant - Other	427,222
140940 Appliances Out on Rental	243,370
140945 Hi-Octane Equipment on Lease	3,466
Plant and Equipment	113,481,155
Work-in-Progress	
149000 Work in Progress	4,640,824
Work-in-Progress	4,640,824
Accumulated Depreciation	
153110 Accum Depr - Gasco Land & Building	-4,184,729
153200 Accum Depr - Gasco Plant & Equipment	-39,341,846
153300 Accum Depr - Gasco Intangible	-3,570,456
153400 Accum Depr - Gasco Capitalized Leases	-6,470,090
Accumulated Depreciation	-53,567,121
TOTAL PROPERTY, PLANT & EQUIPMENT	79,420,501
OTHER ASSETS	
Investments	
160100 Investment in Honolulu Gas	-46,000
160110 Investment in Oahu Original Investment	-19,746
160200 Investment in Hawaii Original Investmen	46,000
160210 Investment in Hawaii Prior Year	351,890

GASCO, INC.
BALANCE SHEET
as of September 30, 1996

	General Ledger Balance as of 9/30/96
160300 Investment in Maui Prior Year	-808,909
160350 Investment in Kauai Prior Year	348,840
160380 Investment in Molokai Prior Year	127,925
160500 Investment in Oahu Current Year	1,349,342
160600 Investment in Hawaii Current Year	-112,654
160700 Investment in Maui Current Year	-19,666
160800 Investment in Kauai Current Year	-17,316
160850 Investment in Molokai Current Year	-5,599
160900 Investment in Oahu Equip Current Year	-1,194,107
162010 Investment in Kalakaua One Partnership	400,000
Investments	400,000
Deferred Costs	
170040 Deferred Charges	644,203
170045 Charges to Gasco from BHP (Clearing Acc	64,796
170112 Unamortized Debt - $8,875 Note Penalty	49,137
170400 Clearing Transportation Equipment	25,957
170410 Clearing Tools	469
170450 Clearing Barge Expense	58,487
170700 Deferred Job Control	1,831,532
Deferred Costs	2,674,582
Regulatory Assets - Net	
179120 Property Loss Iwilei	3,159,690
179150 Property Loss Moiliili	314,542
179160 Reorganization Cost - Gasco	1,386,395
IRP	
Rate Case Cost	
Bishop Street-Gain	
Regulatory Assets - Net	4,860,627
Pension and Related Costs	
170350 Prepaid Classified Pension Cost	5,493,311
Reclass from Liabilities	
Total Pension and Related Costs	5,493,311
TOTAL OTHER ASSETS	13,428,520
TOTAL ASSETS	115,540,318

GASCO, INC.
BALANCE SHEET
as of September 30, 1996

	General Ledger Balance as of 9/30/96
LIABILITIES AND EQUITY	
CURRENT LIABILITIES	
Accounts Payable	
200003 Accounts Payable Trade - Manual	-233,453
200005 Accounts Payable Trade - Other	-604,908
200345 Chevron Payable	-711,740
Accounts Payable	-1,550,102
Due to Related Companies	
200030 Intra-Company Payable Recon (Hawaii Gro	-10,771,739
200031 Intra-Company Payable Adjust (Hawaii Gr	3,894,021
205031 Due to/from Refining	-1,937,873
205033 Due to/from Terminals	-60,005
205072 Due to/from Gas Express	-17,021
Due to Related Companies	-8,892,616
Accrued Liabilities	
200321 Workers' Compensation Payable	-799,404
200322 General Liability Payable	-56,699
Accrued Liabilities	-856,103
Current Requirements - Long Term Debt	
211000 Current Requirements-LTD	-1,175,700
212000 Current Requirements-Capital Leases	-879,143
Current Requirements - Long Term Debt	-2,054,843
Income Taxes Payable	
220010 Federal Income Tax Payable	-4,733,621
220020 Hawaii Income Tax Payable	-578,150
Income Taxes Payable	-5,311,771
Interest Payable	
230011 Interest Payable-Capital Leases	-170,012
230012 Interest Payable/Receivable $19,800,000	-432,432
230013 Interest Payable/Receivable $8,875,000	-193,830
230014 Interest Payable/Receivable $717,000	-15,670
Interest Payable	-811,944

GASCO, INC.
BALANCE SHEET
as of September 30, 1996

	General Ledger Balance as of 9/30/96
Taxes, Other than Income Taxes	
230023 Federal LPG Excise Tax	1,067
230041 Hawaii General Excise Tax - Wholesale	-120,647
230042 Hawaii Use Tax	-2,941
230043 Hawaii Liquid Fuels Tax - Oahu	-8,757
230053 Hawaii State Franchise Tax	-924,166
230054 Hawaii Public Utilities Commission Tax	-674,330
230055 Hawaii Public Utilities Commission Fee	-57,289
231310 Employer FICA Taxes	0
231320 Employer FUTA Taxes	-477
231330 Employer SUI-Hawaii	-17,180
Taxes, Other than Income Taxes	-1,804,719
Other Current Liabilities	
230130 Customer Refunds Due to State	-95,538
230135 Customer Deposits	-1,048,116
230136 Interest on Customer Deposits	-18,733
230140 Deferred Cr Customer Adv Cons	-157,566
230145 Rental Deposits	-1,200
230200 Junk Plant Sales	-34,014
230300 Other Deferred Credits	-361,649
230500 Reserve for Injuries & Damages	-569,998
230520 Reserve for Legal Expenses	-6,708
230530 Audit Fees	-134,847
231000 Payroll	-1,083,176
231100 Wages & Salaries	14
231110 Vacation	-1,088,500
231430 W/H State Taxes-HI	-14,896
231510 W/H Prime Spending	-5,947
231535 Deferred Compensation	-35,203
231550 W/H Union Dues	-7,903
231610 W/H Garnishment	-1,444
231630 W/H Aloha United Way	-2,994
231640 W/H Political	-253
232000 Current Provisions-Environmental	-283,357
Other Current Liabilities	-4,952,028
TOTAL CURRENT LIABILITIES	-26,234,125
LONG TERM DEBT	
Long Term Debt	

GASCO, INC.
BALANCE SHEET
as of September 30, 1996

	General Ledger Balance as of 9/30/96
240112 LTD Note Payable to BHPH $19,800,000	-19,008,000
240113 LTD Note Payable to BHPH $8,875,000	-8,520,000
240114 LTD Note Payable to BHPH $717,500	-688,800
240149 LTD Current Requirements Transfer	1,175,700
Long Term Debt	-27,041,100
Capital Leases	
242100 SNG Plant Lease	-3,525,052
242199 Cap Leases - Current Requirement Transf	879,143
Capital Leases	-2,645,908
TOTAL LONG TERM DEBT	-29,687,008
OTHER LIABILITIES	
Deferred Income Taxes	
250010 Deferred Federal Income Tax Payable	-7,903,731
250012 Deferred Federal Income Tax - Iwilei	3,037,196
250016 Unamortized Investment Credit	-869,110
Deferred Income Taxes	-5,735,645
Pensions and Related Costs	
231240 Classified Pension Plan	-2,666,767
231242 Current Provision-Pension	20,029
231243 BHP Retirement Plan	-1,254,459
260457 Pre-Merger Pension	-320,473
261077 Postretirement Benefits	-758,537
Pensions and Related Costs	-4,980,207
Other Non-current Liabilities	
260400 Tax Benefits Amortization	-1,399,398
260600 Contribution in Aid of Construction	-302,988
260950 Deferred Gain on Sale of Bishop Street	-965,880
262000 Non-Current Provision - Environmental	0
Other Non-current Liabilities	-2,668,267
TOTAL OTHER LIABILITIES	-13,384,118
STOCKHOLDER'S EQUITY	
Common Stock	
290200 Common Stock	-6,400,000
Common Stock	-6,400,000

GASCO, INC.
BALANCE SHEET
as of September 30, 1996

	General Ledger Balance as of 9/30/96
Additional Paid-in Capital	
290300 Additional Paid In Capital	-4,532,410
Additional Paid-in Capital	-4,532,410
Retained Earnings	
290401 Retained Earnings	-33,487,204
Profit, Year-to-Date	-1,815,452
Retained Earnings	-35,302,656
TOTAL STOCKHOLDER'S EQUITY	-46,235,066
TOTAL LIABILITIES AND EQUITY	-115,540,318

Section 4.4(a)1 continued

Notes to Unaudited Balance Sheet as at September 30, 1996

1. Effective from August, 1996, BHP Hawaii Inc. and Gasco, Inc. switched to the SAP system for preparation of financial statements. Overall, the September balance sheet is consistent with those prepared for prior periods. However, some changes in categorization for individual items may have occurred as a result of the switch to the new system.

ARTHUR ANDERSEN LLP

Section 4.4(a)2

GASCO, INC.

FINANCIAL STATEMENTS
AS OF MAY 31, 1996 AND 1995
TOGETHER WITH AUDITORS' REPORT

ARTHUR ANDERSEN LLP

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Gasco, Inc.:

We have audited the accompanying balance sheets of Gasco, Inc. (a Hawaii corporation) as of May 31, 1996 and 1995, and the related statements of income and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gasco, Inc. as of May 31, 1996 and 1995, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

As more fully discussed in Note 2 to the financial statements, effective June 1, 1995, the Company changed its method of accounting for gas sales revenues.

Arthur Andersen LLP

August 23, 1996
Honolulu, Hawaii

GASCO, INC.
Balance Sheets, May 31, 1996 and 1995
(In Thousands)

Assets	1996	1995
Property, plant and equipment:		
Utility plant in service	$86,752	$83,451
Non-utility plant and property	39,810	38,002
Under construction	5,708	4,186
Total	132,270	125,639
Less accumulated depreciation	52,371	47,167
Property, plant and equipment, net	79,899	78,472
Current assets:		
Cash	26	43
Trade receivables (less allowance for uncollectible accounts of $249 in 1996 and $125 in 1995)	5,872	6,051
Unbilled revenues	2,258	---
Inventories	4,616	4,540
Prepayments and other	1,606	1,772
Total current assets	14,378	12,406
Other assets:		
Regulatory assets, net	5,632	3,998
Prepaid pension and related costs	792	1,517
Investment in partnership	400	490
Other deferred costs	1,059	597
Total other assets	7,883	6,602
Total	$102,160	$97,480

Liabilities and Stockholders' Equity	1996	1995
Stockholders' equity:		
Preferred stock	$ ---	$833
Common stock	6,400	6,400
Additional paid-in capital	4,532	4,532
Retained earnings	33,488	26,916
Total	44,420	38,681
Long-term debt (less current requirements):		
First Mortgage Bonds	---	8,750
Payable to BHP Hawaii	27,630	13,435
Capital leases payable	2,645	3,540
Total	30,275	25,725
Total capitalization	74,695	64,406
Current liabilities:		
Current requirements on long-term debt	2,055	914
Accounts payable	2,365	3,139
Payroll and related items	2,232	1,812
Due to affiliates	3,901	8,557
Taxes, other than income taxes	2,366	2,243
Insurance and related accruals	1,348	800
Income taxes payable	4,276	6,578
Customers' deposits and related interest	1,010	925
Other	551	756
Total current liabilities	20,134	25,724
Other liabilities:		
Deferred income taxes	4,746	4,616
Deferred investment tax credits	869	933
Tax benefits amortizable to customers	1,413	1,498
Other	303	303
Total other liabilities	7,331	7,350
Total	$102,160	$97,480

See notes to financial statements.

GASCO, INC.
Statements of Income and Retained Earnings
For the Years Ended May 31, 1996 and 1995
(In Thousands)

	1996	1995
Operating revenues:		
Utility gas service	$47,070	$44,707
Non-utility gas service	33,046	31,992
Total	80,116	76,699
Operating expenses:		
Gas production and fuel costs	30,240	28,695
Other operating and administrative expenses	23,211	23,304
Taxes, other than income taxes	6,655	6,514
Maintenance	3,494	4,511
Depreciation and amortization	4,607	4,138
Income taxes	3,308	2,679
Total	71,515	69,841
Net operating income	8,601	6,858
Other income (expense) - net of income taxes	(170)	130
Total	8,431	6,988
Interest expense and other related charges	3,189	2,155
Income before cumulative effect of change in accounting principle	5,242	4,833
Cumulative effect of change in accounting principle-net of income taxes	1,379	---
Net income	6,621	4,833
Retained earnings, beginning of year	26,916	17,791
Total	33,537	22,624
Less: Cash dividends on preferred stock	49	73
Add: Pension adjustment	---	4,365
Retained earnings, end of year	$33,488	$26,916

See notes to financial statements

GASCO, INC.
Statements of Cash Flows
For the Years Ended May 31, 1996 and 1995
(In Thousands)

	1996	1995
Operating Activities:		
Net Income	$6,621	$4,833
Adjustments to Reconcile Net Income to Cash provided by Operating Activities:		
Depreciation and amortization	4,607	4,138
Deferred income taxes, investment tax credits and tax benefits amortizable to customers	(19)	1,008
Net accrual of (payment on) pensions and related costs	725	(2,398)
Write-off of assets	809	1,097
Changes in Working Capital Items:		
Trade receivables	179	(407)
Unbilled revenues	(2,258)	---
Inventories	(76)	299
Other current assets	166	45
Accounts payable	(774)	(230)
Due to affiliates	(4,656)	1,254
Income taxes payable	(2,302)	1,753
Other current liabilities	1,001	290
Cash Provided by Operating Activities	4,023	11,682
Investing Activities:		
Additions to property, plant and equipment	(6,843)	(8,807)
Other	(2,006)	(210)
Cash Used for Investing Activities	(8,849)	(9,017)
Financing Activities:		
Net borrowings from (payments to) BHP Hawaii Inc.	15,370	(1,915)
Redemption of preferred stock	(833)	(139)
Payments on long-term debt	(9,679)	(834)
Dividends	(49)	(73)
Cash Provided by (Used for) Financing Activities	4,809	(2,961)
Net Decrease in Cash	(17)	(296)
Cash at beginning of year	43	339
Cash at end of year	$26	$43
Supplemental Disclosures of Cash Flow Information:		
Cash Paid during the Year for:		
Interest	$2,505	$2,143
Income Taxes	6,400	---

See notes to financial statements

GASCO, INC.
Notes to Financial Statements
May 31, 1996
(Dollars in Thousands)

1. Organization

Gasco, Inc. (Gasco or the Company) is in the business of manufacturing, purchasing, and distributing gas energy to both utility and non-utility customers in the State of Hawaii. Gasco is a wholly-owned subsidiary of BHP Hawaii Inc. formerly known as Pacific Resources, Inc. (PRI). Effective March 1989, The Broken Hill Proprietary Company Limited (BHP) acquired PRI pursuant to the terms of the Agreement and Plan of Merger, dated January 7, 1989, and PRI became an indirect wholly-owned subsidiary of BHP.

In 1996, management of BHP engaged an investment banker to assist it in evaluating opportunities for divesting of Gasco. BHP is currently in discussion with various parties concerning the sale.

2. Significant Accounting Policies

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Major replacements, renewals and improvements are capitalized. Maintenance, repairs and replacements that do not improve or extend the lives of the assets are charged to expense as incurred.

Leases that transfer substantially all of the benefits and risks of ownership to the Company are treated as "capital leases" and are included in the respective property accounts. Other leases are treated as "operating leases".

Depreciation and amortization, including amortization of assets held under capital leases, are computed using the straight-line method at rates based on the shorter of estimated useful lives or lease terms. Depreciation expense approximates composite rates of 3% for utility plant and 5% for non-utility property. No gain or loss is recognized upon normal disposition of property items.

The Company, as authorized by the Hawaii Public Utilities Commission (PUC), depreciates its utility meters over a period of 100 years. The average life of these meters is closer to 25 years. While the meters are in service, the Company is allowed to earn a return on the undepreciated balance of the meters and recovery of the meters through a charge to depreciation expense. When the meters are taken out of service, the Company charges the current cost of a meter against the accumulated depreciation account. This treatment has resulted in a debit balance in the Company's accumulated depreciation account in excess of $2,000 at May 31, 1996. The Company includes the accumulated debit in rate base and believes the costs are recoverable.

Included in property under construction is approximately $2,700 of design and other preconstruction costs related to a proposed office site in Iwilei. This project is currently suspended pending the outcome of the potential sale of the Company discussed above.

Inventories

Inventories consisting of liquefied petroleum gas (LPG), materials, parts and supplies are stated at the lower of cost or market.

Income Taxes

Gasco accounts for income taxes in accordance with the Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes." Under SFAS 109, deferred income tax assets and liabilities are computed at current tax rates for temporary differences between the financial statements and income tax returns.

The excess of deferred income tax liabilities relating to the utility operations over the amounts required by SFAS No. 109 was reclassified to Tax Benefits Amortizable to Customers, and is being amortized in accordance with regulatory requirements.

Investment tax credits related to utility plant were deferred and are being amortized over the estimated composite life of the plant which gave rise to the tax credits.

The results of Gasco's operations for federal and state income tax purposes are included in the consolidated income tax returns of BHP Operations Inc. and BHP Hawaii, respectively. It is BHP Hawaii's policy to allocate income tax expense as though its subsidiaries were filing separate income tax returns. Income taxes payable represent amounts due to BHP Hawaii. Additional detail is presented in Note 9.

Revenue Recognition

In 1996, Gasco changed its method of recognizing revenues from the as billed method to the utility industry preferred method of recognizing revenues based on volumes delivered. The change was made in order to record revenues in the period that service and related product is supplied. The cumulative effect of this change in accounting principle totaled $1,379 after tax.

Utility Industry Practices

The accounting records of Gasco's public utility operations are maintained in accordance with the Uniform System of Accounts for Class A and B Gas Utilities as ordered by the PUC.

The utility rates include fuel adjustment clauses through which fuel costs above or below base rate levels authorized by the PUC are recoverable from or refundable to customers. Fluctuations between current base rates, as they relate to fuel, and actual costs of fuel are deferred until recovered or refunded through subsequent adjustment clauses in order to properly match costs with related revenues.

Rate Case

In January 1995, the Company filed an application with the PUC for a general rate increase, which included the recovery of certain deferred costs. The application requested an annual revenue increase of $7,413. In November 1995, the PUC issued an interim order granting the Company an annual increase in revenue of $3,817. The interim order also allowed for recovery of certain deferred costs (see Note 3). The effects of this interim order have been fully reflected in the accompanying financial statements. Management expects the final order to be consistent with the PUC's interim decision.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Regulatory Assets, Net

The regulatory asset balances as of May 31, 1996 and 1995, consisted of the following:

	1996	1995
Iwilei demolition cost, net	$3,327	$3,792
Bishop Street gain, net	(1,017)	(1,159)
Early separation cost	1,495	---
Integrated resource planning cost	881	916
Rate case cost	599	449
Other	347	---
	$5,632	$3,998

These regulatory assets are currently earning a return and being recovered through rates.

In 1988, with PUC permission, Gasco began demolition of its back-up gas plant located in the Iwilei section of Honolulu, Hawaii. In connection with Gasco's 1990 rate case filing, the PUC ordered the demolished plant's remaining net book value of $4,900 and the removal cost of $3,100, less the related income tax benefit of $3,000, be allowed as a cost of service and amortized over a ten-year period along with an 8.46% carrying charge.

Subsequent to this filing, Gasco incurred additional demolition costs of approximately $809. At May 31, 1995, these amounts were recorded in accumulated depreciation pursuant to public utility accounting practices. The PUC disallowed the recovery of these costs in its November 1995 interim order and, as a result, the Company wrote-off such amounts in 1996.

In 1990, with PUC permission, Gasco sold its leasehold interest in the Bishop Street building for $3,000. The resulting gain, net of deferred income taxes of $900, was approximately $1,500. In April 1992, the PUC ordered that the gain be amortized over a ten-year period together with an 8.46% carrying credit as a reduction in cost of service.

In June 1993, BHP Hawaii Inc. offered an early retirement option to certain Company employees and accrued costs of approximately $4,491. The utility operation's share of these costs (approximately $2,707) were recorded in Other Deferred Costs and were fully reserved at May 31, 1995. The Company sought recovery of these costs in its January 1995 rate application. In the PUC's November 1995 interim order, the Company was granted recovery of approximately $1,631 of these costs, which in accordance with the order, shall be amortized over 5 years beginning December 1995. As a result, the Company reversed $1,631 of the original reserve and began amortizing these costs in 1996.

The Iwilei demolition cost and Bishop Street gain are presented net of taxes in accordance with the PUC order. The deferred taxes related to this regulatory asset and liability were $2,037 and $623 in 1996 and $2,321 and $709 in 1995, respectively.

In March 1995, the FASB issued SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed Of." This statement imposes a stricter criterion for regulatory assets by requiring that such assets be probable of future recovery at each balance sheet date. The Company will adopt this standard on June 1, 1996, and does not expect that adoption will have a material impact on its financial position or results of operations based on the current regulatory structure in which the Company operates.

4. Inventories

Inventories consisted of the following:

	1996	1995
Liquefied petroleum gas (LPG)	$1,811	$1,643
Parts	509	299
Materials and supplies	2,296	2,598
Total	$4,616	$4,540

5. Investment in Partnership

Gasco has a $490 limited partner interest in a partnership that is involved in the development of a senior living project in Honolulu, Hawaii. As a result of a settlement of a 1993 lawsuit involving Gasco, the general partners of the limited partnership, and the developers of the project, Gasco is to have priority as to any profit distributions from the project to the limited partnership, up to an amount of $490. Gasco has no further subscription commitments beyond it's $490 investment in the limited partnership.

The developer of the project, by separate agreement with Gasco, is obligated to build the project "all gas." Gasco and the developer are currently in the process of negotiating a cancellation of this agreement. It is currently proposed that the project be partially gas, and that the developer pay Gasco the sum of $415 upon completion of the project. Such payment would be made to Gasco after certain mortgage loans and other construction costs have been paid, but prior to any distributions to the developer. This $415 payment would be in lieu of any distributions under the 1993 settlement agreement. Management has provided a $90 reserve against the investment at May 31, 1996 and believes the remaining balance is realizable.

6. Leases

Gasco leases various assets, including transportation and storage equipment, used in its operations under agreements covering periods through 2039.

Capital leased assets included in property, plant and equipment were as follows:

	1996	1995
Property, plant and equipment	$9,725	$9,725
Less accumulated amortization	6,200	5,396
Net	$3,525	$4,329

Certain operating leases contain provisions for renegotiation or escalation of rents based on operating costs or usage. Rent expense for operating leases, except those with terms of a month or less that were not renewed, was $ 1,186 in 1996 and $1,452 in 1995.

Minimum rent commitments under noncancellable leases at May 31, 1996 are summarized as follows:

Year Ending May 31	Operating Leases	Capital Leases
1997	$421	$1,241
1998	367	1,241
1999	339	1,241
2000	318	620
2001	302	---
Thereafter	5,737	---
Total minimum lease rents	$7,484	4,343
Less amount representing interest		818
Present value of minimum lease payments		$3,525

7. Long-Term Debt

Long-term debt is summarized as follows:

	1996	1995
First Mortgage Bonds:		
9% Series, due 1996	$---	$2,500
8-1/4% Series, due 1997	---	2,000
8-1/8% Series, due 1998	---	3,500
9% Series, due 2001	---	875
Total	---	8,875
Notes payable to BHP Hawaii	28,805	---
Amounts due to BHP Hawaii	---	13,435
Capital leases payable	3,525	4,329
Total	32,330	26,639
Less current requirements	2,055	914
Non-current portion	$30,275	$25,725

In 1996, Gasco issued three unsecured promissory notes to BHP Hawaii totaling $29,392. These notes bear interest at a fixed rate of 9.1 percent and are payable semi-annually through the year 2020. Gasco used these promissory notes to fully redeem its First Mortgage Bonds, pay the $13,435 due to BHP Hawaii and additional amounts due to affiliates. The amounts due to BHP Hawaii as of May 31, 1995 bore interest at the applicable federal rate (7.1 percent at May 31, 1995) and had no specific due date.

Collateral for the bonds at May 31, 1995 was represented by an Indenture of Mortgage and Deed of Trust which constituted a lien on substantially all of the properties of Gasco. Sinking fund requirements under the Indenture of Mortgage and Deed of Trust were satisfied in 1995 by either certification of property additions or payment in cash.

The aggregate amounts of maturities for all long-term debt (excluding capital leases) are approximately $ 1,176 annually through 2001 and $22,925 thereafter.

8. Stockholders' Equity

	Shares Authorized	Outstanding 1996 Shares	Outstanding 1996 Amounts	Outstanding 1995 Shares	Outstanding 1995 Amounts
Cumulative preferred stock - $20 par value:					
4.90%, Series C ...	40,000	---	---	4,000	$80
8-1/4%, Series D ..	75,000	---	---	25,125	503
9%, Series E	50,000	---	---	12,500	250
Undesignated	412,500	---	---	---	---
Total	577,500	---	---	41,625	$833

All of Gasco's outstanding preferred stock was redeemed in November 1995. Undesignated preferred shares may be issued by the Company's Board of Directors on such terms and with such provisions as it may determine appropriate, subject to the approval of the PUC.

All of the Company's common stock is owned by BHP Hawaii. There were 3,000,000 shares of common stock, $ 6-2/3 par value, authorized and 960,000 shares outstanding at May 31, 1996 and 1995.

An order of the PUC contains provisions that restrict the payment of cash dividends and the purchase and redemption of the Company's common stock. At May 31, 1996, approximately $4,671 of retained earnings were unrestricted.

9. Income Taxes

Income tax expense consisted of the following:

	1996	1995
Current	$4,098	$1,753
Deferred	45	1,072
Investment tax credits	(64)	(64)
Total	$4,079	$2,761
Charged to operations	$3,308	$2,679
Charged to other income	(108)	82
Charged to cumulative effect of change in accounting principle	879	---
Total	$4,079	$2,761

The principal temporary differences that gave rise to the net deferred income tax liabilities were excess tax depreciation and other accrued expenses. The Company's effective tax rate

was approximately 38 percent for 1996 and 36 percent for 1995. The total income tax expense differed from amounts computed by applying the statutory federal rate to income before income taxes as follows:

	1996	1995
Income before income taxes	$10,700	$7,594
Income tax expense at statutory federal rate	$3,745	$2,658
Adjusted for:		
State income taxes, net of federal benefit	439	176
Investment tax benefit	(64)	(64)
Other	(41)	(9)
Total income tax expense	$4,079	$2,761

10. Pension Plans

Substantially all employees are covered by non-contributory defined benefit pension plans. The Company's funding policy is consistent with the funding requirements of federal laws and regulations. Funding is based on a review of specific requirements and an evaluation of the assets and liabilities of each plan.

Bargaining unit employees are covered by the Pension Plan for Classified Employees of Gasco, Inc. (Classified Plan) and salaried employees are covered by the BHP USA Pension Plan II. Benefits for salaried employees are based on final average compensation while benefits for bargaining unit employees are based on a non-pay-related plan.

The effective date of BHP's acquisition of PRI (see Note 1) was March 18, 1989, and BHP's purchase price was allocated to PRI's assets and liabilities based on their fair values at the date of acquisition. In allocating the purchase price, PRI recognized an asset for the excess of the pension plans' assets over the projected benefit obligations, and eliminated the accrued pension liabilities as of the acquisition date. Gasco's assets and liabilities were not adjusted in allocating the purchase price primarily because of ratemaking concepts; accordingly, Gasco did not eliminate its accrued pension liability of approximately $680 as of the acquisition date. Starting in 1991, Gasco began amortizing this liability over a ten-year period as a credit to income.

The actuarial valuations of BHP Hawaii's pension plans, including the Classified Plan, comprehend the above-described purchase price allocations. Accordingly, Gasco's pension expense for bargaining and salaried employees are based on the actuarial valuations.

Prepaid (accrued) pension and related costs consisted of the following:

	1996	1995
Classified Plan	$4,256	$4,292
BHP USA Pension Plan II	(2,264)	(1,690)
Pre-acquisition pension liability	(320)	(400)
Other postretirement benefits (see Note 11)	(880)	(685)
	$792	$1,517

Prior to 1995, the Classified Plan was in an underfunded position. In accordance with the additional minimum liability provision of SFAS No. 87 "Employers' Accounting for Pensions," Gasco established a minimum liability of $2,323 (net of prepaid pension cost of $3,171), an intangible asset representing the unrecognized service cost of $1,129 and recorded a reduction to equity of $4,365. In 1995, the Company contributed $3,390 to the plan which resulted in the plan being overfunded at May 31, 1995. Accordingly, the Company reversed the minimum liability, intangible asset and the amount originally charged to equity.

The following tables present the composition of pension expense, the funded status of the Classified Plan and major actuarial assumptions used to determine the amounts.

Pension expense:

	1996	1995
Service costs for benefits earned during the period	$263	$255
Interest costs	997	1,015
Actual return on plan assets	(2,512)	(1,923)
Net amortization and deferrals	1,400	1,074
Net periodic pension expense	$148	$421

Funded status of the Classified Plan:

	1996	1995
Plan Assets at Fair Value (primarily equity securities and U.S. Government obligations)	$16,239	$14,422
Actuarial Present Value of Projected Benefit Obligation and Accumulated Benefit Obligation:		
Vested	13,952	12,742
Non-vested	680	531
Plan assets in excess of projected benefit obligation	1,607	1,149
Unrecognized prior service cost	1,673	1,050
Unrecognized net loss	2,838	3,955
BHP purchase price adjustments	(1,862)	(1,862)
	$4,256	$4,292
Major Actuarial Assumptions:		
Discount rate	7.75%	8.0%
Expected long-term rate of return on plan assets	8.5%	8.5%

Pension expense is allocated from BHP Hawaii for the BHP USA Pension Plan II, based on employee salary levels. The amount allocated for the BHP USA Pension Plan II amounted to approximately $520 in 1996 and $189 in 1995.

In addition to the defined benefit plans described above, BHP Holdings (USA) Inc. sponsors a defined contribution plan. The BHP Retirement Savings Plan (RSP) is a deferred compensation plan for non-bargaining employees of BHP Hawaii and subsidiaries. The Company matches and contributes an amount equal to each employee's contribution up to 6 percent of the employee's regular compensation. Gasco contributed $333 and $359 to the RSP in 1996 and 1995, respectively.

11. Other Postretirement Benefits

In addition to pension benefits, Gasco provides certain medical and life insurance benefits for retired employees. Substantially all Gasco employees with at least five years of service become eligible for these benefits if they attain normal retirement age. Effective June 1, 1993, Gasco adopted SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." The new standard requires that the expected costs of postretirement benefits be charged to expense during the years that the employees render service. The Company elected to adopt this new accounting standard on the delayed recognition method and began recognizing the unrecorded accumulated postretirement benefit obligation over sixteen years. For ratemaking purposes, the Company is on the pay-as-you-go method.

The following tables present the composition of postretirement benefits expense and the accrued postretirement benefit obligation.

Postretirement benefit expense for 1996 and 1995:

	1996	1995
Service cost benefits earned during the year	$60	$66
Interest cost on accumulated postretirement benefit obligation	372	413
Amortization of unrecognized net transition obligation	(28)	(28)
Amortization of unrecognized prior service costs	14	14
Amortization of loss	---	3
Net postretirement benefit expense	$418	$468

Accrued Postretirement Benefit Obligation as of May 31, 1996 and 1995:

Accumulated postretirement benefit obligation	$(4,750)	$(5,025)
Fair value of plan assets	---	---
Unrecognized prior service cost	148	162
Unrecognized actuarial gain	(662)	(212)
Unrecognized transition obligation being amortized over sixteen years	4,384	4,390
Accrued postretirement benefit obligation	$(880)	$(685)

For measurement purposes, future benefit costs were estimated assuming health care costs would decrease by 0.5% per year from an initial rate of 8% to a rate of 5% in 2003 and thereafter. A 1% increase in the health care cost trend rate would increase the accumulated postretirement benefit obligation by $156 at May 31, 1996 and the net periodic cost by $19 for the year. The weighted average discount rate used to estimate the accumulated postretirement benefit obligation was 7%.

12. Related Party Transactions

	1996	1995
Amounts due to (from) affiliates:		
Current:		
BHP Hawaii	$(711)	$5,574
BHP Refining	4,468	2,854
Other affiliates	144	129
Total	$3,901	$8,557
Transactions with affiliates:		
Purchases of fuel products from		
BHP Refining	$21,599	$21,552
Other purchases	$3,098	$2,893

13. Contingent Liabilities

In 1996, a complaint was filed by an employee of a customer against Gasco for personal injuries the employee received from a gas explosion. The plaintiff alleges negligence by Gasco in relighting a boiler at the customer's site. The suit seeks special and general damages. This matter is in early discovery stages.

In 1995, the Hawaii Department of Health (HDOH) issued notices to, and requested information from, current property owners and facility operators around Honolulu Harbor, including the Company, relating to the HDOH's intent to conduct a regional assessment of environmental conditions under authority of the Hawaii Environmental Response Law (HRS Chapter 128D). The Company has provided information in response to the HDOH request relating to two sites within the Iwilei area currently under HDOH review. These include the Company's former gas plant site at Iwilei Road (see Note 3) and the Company's Pier 38 facilities. To date the HDOH has not completed its environmental assessment of the Iwilei area.

In addition to the above, Gasco is party to various legal and environmental proceedings arising in the normal course of business. The outcome of individual matters is not predictable. However, management believes that the ultimate resolution of all such matters, after considering insurance coverages, will not have a material adverse effect on Gasco's financial position, results of operations or its cash flows.

SECTION 4.4(b)

Certain Liabilities

1. Civ. Case No. 96-051K Lewi v. BHP Gas Company, Complaint dated February 28, 1996.

2. Case Type 378-32 before the Department of Labor and Industrial Relations with respect to Joseph Amoral, Sr.

3. Age/disability case before the Hawaii Civil Rights Commission with respect to Joseph Amoral, Sr.

4. Grievance/arbitration matter with respect to the termination of Angel Veles.

5. Grievance/arbitration matter with respect to the termination of Val Mahuka.

6. Grievance/arbitration matter with respect to Mel Kahele.

7. Litigation-related liabilities as set forth in Disclosure Schedule, Section 4.9.

SECTION 4.5

Absence of Certain Changes

1. Special Severance Pay Plan, relating to Gasco, Inc. employees.

2. Letter Agreement, dated November 27, 1996, between Gasco, Inc. and Shelly Eurocars, Inc., dba BMW of Honolulu, regarding 509 Kamakee Street property.

3. Item No. 1, Disclosure Schedule Section 4.1.

4. Item No. 23, Disclosure Schedule Section 4.13.

5. Agreement, dated as of December 31, 1996, between One Kalakaua Partners, Amusement Park Hawaii, Inc., 412249 B.C. Ltd., Ira Young and Gasco, Inc.

SECTION 4.6

Title to Assets

1. Jacobson Drag Dump Bed Trailer, SN# 1J9DE1H20LF015707, security interest by Hawaii National Bank per UCC Financing Statement, No. 91-007153.

SECTION 4.7(a)

Owned Real Property

1. Office and Baseyard, Kamakee Street, as described in the Deeds, dated September 17, 1931 and March 23, 1936, respectively, by and between Bishop Trust Company Limited, grantor, and Honolulu Gas Company Limited, grantee, and the Deeds dated May 27, 1940 and September 28, 1931, respectively, by and between Hawaiian Dredging Company, Limited, grantor, and Honolulu Gas Company, Limited, grantee, TMK:#2-3-04:35,36.

2. Parcel of land situated in the City and County of Honolulu, as described in the Deed dated February 7, 1956, by and between Takeo Yoshikawa and Hatsume Yoshikawa, grantors, and Honolulu Gas Company, Limited, grantee, TMK:#9-4-020-024.

3. Sub-station Brannen Tract, Wahiawa, Oahu, as described in the Deed dated September 27, 1965, by and between Jonathan Manor, Inc., grantor, and Honolulu Gas Company, Limited, grantee, TMK:#7-5-025-120.

4. Holder Station, Kaelepulu Subdivision, Kailua, Oahu, as described in the Deed dated September 20, 1963, by and between the trustees under the will and of the Estate of Bernice P. Bishop, grantors, and Honolulu Gas Company, Limited, grantee.

5. Holder Station, Maili, Oahu, as described in the Exchange Deed dated March 30, 1962, by and between Ronald Y. Hirahara and Ruth M. Hirahara, grantors, and Honolulu Gas Company, Limited, as grantee, TMK:#8-7-020-040.

6. Tank Site, Sunset Beach, Oahu, as described in the Deed dated October 9, 1968, by and between Kaunala Properties, Inc., grantor, and Honolulu Gas Company, Ltd., grantee, TMK:#5-8-005-017.

7. Tank Site, Waipio, Oahu, as described in the Deed dated June 17, 1964, by and between Finance Realty, grantor, and Honolulu Gas Company, Ltd., grantee, TMK:#9-5-006-067.

8. Tank Site, Pine Street, Wahiawa, Oahu, as described in the Deed dated February 6, 1967, by and between Castle & Cooke, Inc., grantor, and Honolulu Gas Company, Ltd., grantee, TMK:#7-4-001-031.

9. Office and Baseyard, Waiakea, Hilo, HI, as described in Land Patent No. S-14,013, by and between State of Hawaii, grantor, and Honolulu Gas Company, Limited, grantee, dated August 10, 1962, TMK:#2-1-000-008.

Section 4.7(a) continued

10. Land at Kealakekua, Hawaii described in Warranty Deed, dated May 6, 1957, by and between Fukutaro & Kiyoko Kishi, grantors, and Honolulu Gas Company, Limited, grantee, TMK:#8-1-12-4.

11. Tank Site at Kona Palisades, Kona, Hawaii, described in Warranty Deed dated December 12, 1968, by and between Kona Palisades Estates, Inc., grantor, and Honolulu Gas Company Limited, grantee, TMK:#7-3-029-038.

12. Wili Ko Subdivision, Lahaina, Maui, as described in the Deed, dated October 20, 1970, by and between Amfac, Inc., grantor, and Honolulu Gas Company, Limited, grantee, TMK:#4-5-007-020.

13. Tank Site, Kahului (Dream City), Maui, as described in the Deed dated June 30, 1960, by and between Kahului Development Co., Ltd., grantor, and Honolulu Gas Company, Limited, grantee, TMK:#3-8-032-022.

14. Office and Baseyard, Lihue Industrial Park, Lihue, Kauai, as described in the Deed, dated August 28, 1972, by and between Amfac, Inc., grantor, and Gasco, Inc., grantee, TMK:#3-6-012-023, 3-6-12-026.

15. Tank Site, Lawai Valley Estate, Lawai, Kauai, as described in the Deed dated May 9, 1975, by and between the general partners of Lawai Development Company, grantors, and Gasco, Inc., grantee, TMK:#2-5-003,004.

16. Iwilei site, Iwilei, Honolulu, as described in Transfer Certificate of Title, dated February 3, 1958, No. 70,611. (To be sold by Gasco, Inc. prior to Closing pursuant to Section 6.10.)

SECTION 4.7(b)

Easements and Leased Real Property

The real property which is the subject of the following agreements:

1. Agreement of Sublease, by and between BHP Hawaii Inc., as sublessor, and Gasco, Inc., sublessee, dated February 13, 1995, with respect to 4,264 square feet of rentable floor area located on the 26th and 30th floors of the Makai Tower, Grosvenor Center, 733 Bishop Street, Honolulu, Hawaii 96813.

2. State of Hawaii Department of Transportation Harbors Division Revocable Permit No. H-91-1705, Gasco, Inc., permittee, dated May 1, 1991, with respect to land located at Pier 38, Honolulu Harbor, Oahu, as more fully described therein.

3. State of Hawaii, Department of Transportation Energy Corridor Lease No. H-80-9, State of Hawaii, as lessor and Subsidiary as lessee, dated January 9, 1981, with respect to an energy corridor from Barbers Point to Honolulu Harbor.

4. Lease No. 20.400-1, Trustees of the Estate of Bernice Pauahi Bishop, owners, Rural Investments, Inc., tenant and lessor, and Gasco, Inc., lessee, dated October 18, 1971, with respect to Baseyard, Heeia Industrial Subdivision, Kaneohe, Oahu, as more fully described therein. TMK:#4-6-30-46.

5. License Easement 211, State of Hawaii, Department of Hawaiian Home Lands, licensor, and Gasco, Inc., licensee, dated August 27, 1986, with respect to the Holder Station, Waimanalo, Oahu, as more fully described therein, TMK:#4-1-003-029.

6. Easement, by and between the trustees under the will and estate of Samuel Mills Damon, grantors, and Honolulu Gas Company, Limited, grantee, dated February 8, 1946, with respect to the Tank Site, Puuloa, Oahu, as modified by the condemnation of certain parcels by the U.S. Navy pursuant to Law No. 18268 as described in a letter dated April 17, 1947 from the Hawaii Superintendent of Public Works to Honolulu Gas Company, Ltd., and a Grant Deed, dated October 27, 1947, between the trustees and Honolulu Gas Company.

7. Grant of Exclusive Easement, by and between Hawaii Reserves, Inc., as agent for Property Reserve, Inc., grantor, and Gasco, Inc., as grantee, dated May 20, 1994, with respect to the Tank Site, Laie Shopping Center, Laie, Oahu.

8. Memorandum of Lease, by and between Maxine Alexandria Bruns, lessor, and Gasco, Inc., lessee, dated June 23, 1986, with respect to the Tank Site, Puuloa, Ewa Beach, Oahu, TMK:#9-1-030-054.

Section 4.7(b) continued

9. Harbor Lease No. H-94-4, by and between State of Hawaii, Director of Transportation, lessor, and Gasco, Inc., lessee, dated January 1, 1995 with respect to pipeline easements for Pier 38, Honolulu, Oahu.

10. Ground Lease, Trustees Under the Will and of the Estate of James Campbell, lessors, and Pacific Resource, Inc. (now named BHP Hawaii Inc.), lessee, dated May 31, 1974, as amended, and subsequently assigned to Enerco, Inc. (since merged into Gasco, Inc.), with respect to the SNG Plant site, Campbell Industrial Park. (Fee ownership has since been conveyed to BHP Hawaii Inc.)

11. Ground Sublease, by and between Enerco, Inc. (since merged into Gasco, Inc.), sublessor, and Bishop Trust Company Limited, as trustee, sublessee, dated May 31, 1974, as amended.

12. Lease, by and between the Trustees of the Liliuokalani Trust, lessor, and Gasco, Inc., lessee, dated October 1, 1971, with respect to the Utility Holder Site and Operating Yard, Kailua-Kona, Hawaii, TMK:#7-4-010-007.

13. General Lease No. S-5170, State of Hawaii, lessor, and Gasco, Inc., lessee, dated April 11, 1991, with respect to the Utility Booster Station, Piihonua, Hilo, Hawaii, TMK:#2-3-26.

14. General Lease No. S-4139, State of Hawaii, lessor, and Honolulu Gas Company, Limited, lessee, dated April 14, 1967, with respect to the Booster Station, Waiakea, Hilo, Hawaii, TMK:#2-2-027.

15. General Lease No. S-4288, State of Hawaii, lessor, Honolulu Gas Company, Ltd., lessee, dated January 29, 1970, with respect to the Tank Site, Kealakehe, Kona, Hawaii, TMK:#7-4-008-022.

16. Lease (Easement) No. 21,979, Trustees of the Estate of Bernice Pauahi Bishop, lessor, and Gasco, Inc., lessee, dated April 1, 1973, with respect to the Tank Site, Keauhou, Kona, Hawaii, TMK:#7-8-10-053.

17. Lease, by and between Alexander & Baldwin, Inc., lessor, and Gasco, Inc., lessee, dated January 4, 1978, with respect to the Office and Baseyard, Kahului, Maui, TMK:#3-7-011-005.

18. General Lease No. 191, by and between State of Hawaii, lessor, and Gasco, Inc., lessee, dated June 1, 1976, as modified, with respect to the Tank Site, Paukukalu, Maui, TMK:#3-3-05:03 (POR.) Lots 3A and 88, and Lot 3B, unit 2.

19. Lease, by and between Hawaiian Commercial and Sugar Company, Limited, lessor, and Honolulu Gas Company Limited, lessee, dated May 1, 1960, as amended, and Lease

Section 4.7(b) continued

dated July 5, 1961, as amended, with respect to the Office and Baseyard, Wailuku, Maui, TMK:#3-7-9-025.

20. General Lease No. S-4250, by and between State of Hawaii, lessor, and Honolulu Gas Company, Ltd., lessee, dated September 19, 1969, with respect to the Tank Farm/Baseyard, Nawiliwili Harbor, Nawiliwili, Kauai.

21. General Lease No. S-4517, by and between State of Hawaii, lessor, and Gasco, Inc., lessee, dated August 10, 1976, with respect to the Holder Station, Kekaha, Waimea, Kauai.

22. Non-exclusive Pipeline Easement, by and between the State of Hawaii, grantor, and Honolulu Gas Company, Limited, grantee, with respect to certain pipeline, Nawiliwili, Kauai, TMK:#3-2-004-052.

23. Lease, by and between Castle & Cooke, Inc., lessor, and Gasco, Inc., lessee, commencing January 1, 1993, with respect to an office at 617 Ilima Ave., Lanai City, Lanai.

24. License, by and between Castle & Cooke, Inc., licensor, and Gasco, Inc., licensee, dated April 19, 1982, with respect to the Tank Site, Lanai, TMK:#4-9-02-001.

25. Indenture, by and between George Gambone, as successor-in-interest to Thomas Butler, lessee, and Gasco, Inc., lessor, dated as of April 4, 1979, as amended.

SECTION 4.8

Patents, Trademarks, Etc.

1. Intellectual Property used or held for permitted use by Subsidiary:

   a. Sublicense, Benfield Process, between Pacific Resources, Inc. and The Ralph M. Parsons Company, dated April 23, 1974 and amended by Amendment No. 1, dated May 11, 1979 (non-exclusive).

   b. Sublicense, Benfield Process, between Pacific Resources, Inc. and The Ralph M. Parsons Company, dated May 11, 1979 (non-exclusive).

   c. Non-exclusive perpetual right and license to use Application Software modules listed in Exhibit A of Agreement between OrCom Systems, Inc. and BHP Hawaii Inc., Licensee, dated as of March 3, 1995.

   d. Perpetual License Agreement, by and between PeopleSoft, Inc. and Pacific Resources, Inc., Licensee, dated December 5, 1990 (non-exclusive).

   e. Perpetual License Agreement for Computer Software Products, by and between Group 1 Software, Inc. and BHP Hawaii Inc., Licensee, dated March 31, 1995 (non-exclusive).

   f. License Agreement, between SAP Australia, licensor, and BHP Hawaii Inc., licensee, (non-exclusive) regarding financial information processing.

   g. Distribution Maintenance software application license, date unknown, parties unknown (non-exclusive).

   h. Gasynthan License Agreement, dated January 28, 1974, between Lurgi Mineraloltechnik GmbH, licensor, and Pacific Resources, Inc., licensee, for the Lurgi process. The license has terminated, but pursuant to a letter, undated, from the licensor's U.S. patent counsel, the licensee is authorized to continue using the Lurgi technology without license fee.

   i. License Agreement between Oracle and BHP Hawaii Inc., licensee (non-exclusive), regarding database management system and development environment.

   j. On-Line Timesheet Entry (TES) software application developed by BHP Hawaii Inc., non-exclusive use by Gasco, Inc.

   k. IBM maintenance agreement for AS400 computer and associated software.

Section 4.8 (Continued)

2. Intellectual Property licensed to or owned by Subsidiary:

   a. Customer Information System (CIS) software developed by Gasco, Inc. (non-exclusive) (to be replaced by OrCom).

   b. Gas Delivery System (GDS) software application developed by Gasco, Inc. (Note: GDS software requires an Oracle license to operate).

   c. Installment Contract System software application developed by Gasco, Inc.

   d. Contract Administration software application developed by Gasco, Inc.

   e. Fixed Assets software application developed by Gasco, Inc. (to be replaced by OrCom).

   f. Non-exclusive license for meter reading software, dated June 30, 1986, between ITRON, licensor, Gasco, Inc., licensee.

   g. Tradenames as follows:

	APPLICANT	TRADE NAME	JURISDICTION	TERM
i.	Gasco, Inc.	BHP Gas Company	State of Hawaii	10/20/95-10/19/05 (but as modified pursuant to Section 6.6 of this Agreement)
ii.	Gasco, Inc.	Hawaii's Energy Saver	State of Hawaii	5/1/93-4/30/03
iii.	Gasco, Inc.	Gas Services	State of Hawaii	8/31/91-8/30/01
iv.	Gasco, Inc.	The Gas Company	State of Hawaii	2/17/92-2/16/02
v.	Gasco, Inc.	Honolulu Gas Equipment Company	State of Hawaii	6/9/92-6/8/2002

SECTION 4.9

Litigation

	Case No.	Parties
1.	Civil No. 96-2450-06	Leu & Okuda v. Gasco, Inc.
2.	OSHCO ID: NO727	Hawaii Occupational Safety & Health Division
3.	Civil No. 96-051K	Lewi v. BHP Gas Company
4.	Civil No. 94-4721-12	Kozcovich v. GTE Hawaiian Telephone, et al.
5.	Darrell Biseria	Threatened termination claim by Union.
6.	Civil No. 96-0818(2)	Schmidt v. Gasco Inc.
7.	Civil No. 96-077(5)(1)	Gasco, Inc. v. Schmidt
8.	Civil No. 96-0154	United States of America v. Pacheco, et al
9.		Item nos. 1 through 4 of Disclosure Schedule, Section 4.15.
10.		Letter from Castle & Cooke Properties, Inc., dated November 27, 1996, regarding the Iwilei property.

SECTION 4.10

Employee Benefit Matters

4.10(a): See attached list.

4.10(a)(i) and (ii):

Benefit Plan	ERISA	Non-ERISA
Medical, dental, drug & vision	X	
Employee life insurance	X	
Dependent life insurance	X	
Employee AD&D	X	
Long term disability	X	
Pre-tax flexible spending accounts	X	
Severance pay	X	
Travel accident insurance	X	
BHP USA Pension Plan II	X	
Pension Plan for Classified Employees of Gasco	X	
BHP Retirement Savings Plan (401K)	X	
Paid time off: Vacation, holidays, sick leave, jury duty, funeral leave, military service, voting		X
Educational assistance program		X
Workers' Compensation		X
Deferred Compensation		X
BHP Supplemental Plan	X	
BHP Incentive Compensation Plan		X
Employee Assistance Plan ("EAP")	X	
Post-retirement medical subsidy	X	
BHP stock ownership plan (Employee Share Plan)		X
BHP stock option plan (Employee Share Plan - Options)		X
Safety incentive programs (1 formalized; several informal)		X
Attendance incentive plans (1 in CBA; 1 informal)		X
Productivity Improvement Plan (in CBA)		X
E.E. Black Scholarship		X
Matching contributions to charities ($100)		X
Matching contributions to education ($1,000)		X
1/3rd off on gas bills		X
$5.00 Gallonage Plus cards from Gas Express		X
Selected employees provided gasoline cards		X
Selected employees with Runzheimer car allowances		X
Free parking at all facilities except the Tower		X
Service awards		X
Ross Tada Memorial Award (in development)		X

Benefit Plan	ERISA	Non-ERISA
Leave without pay		X
Post retirement life insurance	X	
Moving allowances		X

4.10(a)(iii):

Collective Bargaining/Union Agreements:

(1) Agreement between Gasco, Inc. and Hawaii Teamsters and Allied Workers Union, Local 996, dated December 19, 1995.

(2) Memorandum of Agreement, between Gasco, Inc. and Hawaii Teamsters and Allied Workers Union, Local 996, dated December 19, 1995.

(3) Letter of Understanding between Gasco, Inc. and Hawaii Teamsters and Allied Workers Union, Local 996, dated December 19, 1995.

(4) Subscriber Agreement, between Gasco, Inc. and Hawaii Teamsters Health and Welfare Trust Fund, dated February 22, 1996.

Employment/Managerial/Advisory/Consulting/Other Agreements

(1) Agreement between Environmental Resources, Inc. and BHP Gas Company, dated February 16, 1996 covering the services of Stephanie Sakurai, Environmental Specialist.

(2) Agreement between S-P Employment and BHP Hawaii, covering the services of George Yamanouchi, effective 7/29/96.

(3) Agreement between S-P Employment and BHP Hawaii, covering the services of George Yangco, effective 1/3/94 and James Tomita, effective 1/10/94.

(4) Agreements covering two Gasco employees, the specifics of which will be disclosed by confidential letter dated December 23, 1996.

(5) Agreement effective August 1, 1996 with Hawaii Employee Assistance Services providing for an "Employee Assistance Program" for Gasco.

Confidentiality Agreements

(1) Agreements signed by virtually all employees as part of the original employment process.

(2) Agreements signed by a select number of employees involved in this transaction.

4.10(b):

1. On November 21, 1996, Gasco, Inc. applied to the Internal Revenue Service for a refund of $123,993 from the Pension Plan for Classified Employees of Gasco, Inc., on the basis that such contribution represented the non-deductible portion or the contribution Gasco, Inc. made to the Plan for the 1996 Plan year.

SECTION 4.11

Taxes

1. Pursuant to a letter dated October 17, 1996, Seller has been notified that the Hawaii Department of Taxation intends to examine the Tax Returns of Seller, which will include the activities of Subsidiary.

2. The time in which to file the federal income Tax Return of the consolidated group, which includes the Subsidiary, for the taxable year ended May 31, 1996, has been extended for the automatic six-month period to February 15, 1997.

3. Partnership tax return must be filed in connection with the Subsidiary's partnership interest in Kalakaua/Gas Promotional Limited Partnership.

SECTION 4.12

Environmental Laws

1. Written notice(s) from any Governmental Authority that Subsidiary is in violation of any Environmental Law arising out of Subsidiary's ownership, use or operation of its assets or properties or the operation of the Business:

   None.

2. Pending, or to Seller's knowledge, threatened Actions with respect to Subsidiary's compliance with Environmental Laws or its Environmental Permits:

   HDOH correspondence ("Request for Information Honolulu Harbor Petroleum Contaminated Area Honolulu, Hawaii"), dated February 16, 1995, stating the HDOH's intent to investigate and assess the nature and extent of contamination in the Honolulu Harbor area under authority of the Hawaii Environmental Response Law (Hawaii Revised Statutes Chapter 128D). Correspondence to and from the HDOH (included in the data room documentation) provide the Subsidiary's response with respect to its properties and describe subsequent actions and statements of the HDOH with respect to its continuing investigation. We also call attention to related private correspondence from Castle & Cooke Properties, Inc. ("CCPI"), dated November 27, 1996, regarding the Iwilei property. The letter states that, during redevelopment of adjacent properties, CCPI identified the presence of subsurface petroleum product contamination and alleges that material amounts of such products may have emanated from Subsidiary's Iwilei property. CCPI requests a meeting to discuss its allegations, the remedial measures it has put in place and potential mechanisms for Seller and Subsidiary to participate in response actions.

3. Written notice from any Governmental Authority that Subsidiary does not have all Environmental Permits required by Environmental Laws for the ownership, use or operation by Subsidiary of its assets or properties or the operation of the Business by Subsidiary:

   None. However, we call to Buyer's attention (i) correspondence from the USEPA to the Subsidiary's SNG Plant (fka Enerco, Inc.) dated January 25, 1994, requesting submittal of a federal permit application and related data for use of the SNG Plant's injection wells; (ii) correspondence from Subsidiary to the HDOH Clean Air Branch, dated October 7, 1993, requesting confirmation that eight stationary and portable flares do not require air permits because of infrequent use or minimal emissions in the flaring of propane or SNG; and (iii) correspondence from the Subsidiary to the HDOH, dated April 11, 1995, noting the trace presence of acetone detected in the SNG Plant's process wastewater.

4. List of Environmental Permits held by Subsidiary:

Section 4.12 (Continued)

a. SNG Plant

-Hawaii Clean Air Permit
Permit NSP No. 0004-01-N
Expires: 11/1/99

-Underground Injection Well (storm drainage)
UIC Permit No. UP-1321
Expires: 2/27/97 (a temporary variance to use this well for both industrial and storm water use has been granted by the HDOH by correspondences dated June 19, 1996 and September 12, 1996, respectively.)

-Industrial Injection Well No. 1
UIC Permit No. UO-1320
Expires: 11/28/99

b. Kamakee St.:

-Permit for Industrial Wastewater Discharge
Permit No. 19920427 (City and County of Honolulu)
Expires: 11/27/97

c. Iwilei Property:

-Artesian Well - water use permit Well No. 1952-14 (WUP No. 22)
(By letter, dated October 18, 1996, the Commission on Water Resource Management for the State Department of Land and Natural Resources acknowledged receipt of a Well Abandonment Report which fulfilled the regulatory requirements for closure of this well.)

d. Isle Gas (Campbell Industrial Park):

-Hawaii Clean Air Permit -- Propane Loading Facility
Permit NSP 0263-01-N
Expires: 8/1/00 (The propane loading facility is located on the refinery property near its makai (i.e., seaward) boundary and is, therefore, not part of the sale under this Agreement. Necessary steps will be taken to transfer the permit from the Subsidiary to the refinery.)

-Hawaii Clean Air Permit -- Maintenance Facility Permit NSP 0292-01-N
Expires: 3/1/01

SECTION 4.13

Contracts and Commitments

1. Petroleum Feedstock Supply Agreement, dated May 30, 1986, by and between Hawaiian Independent Refinery, Inc. and Enerco, Inc., as amended.

2. Fuel Supply Agreement, dated October 28, 1981, by and between Hawaiian Independent Refinery, Inc. and Enerco, Inc., as amended.

3. BHP Refinery LPG Purchase Agreement, dated June 15, 1988, by and between Gasco, Inc., and Hawaiian Independent Refinery, Inc.

4. Hydrogen Sales Agreement, dated June 1, 1981, by and between Enerco, Inc., and Hawaiian Independent Refinery, Inc.

5. Miscellaneous Services Agreement, dated July 1, 1974, by and between Hawaiian Independent Refinery, Inc., and Enerco, Inc.

6. Liquefied Petroleum Gas Contract, dated February 3, 1982, between Chevron U.S.A. Inc., and Gasco, Inc., as amended.

7. Carbon Dioxide Supply Contract, by and between Gasco, Inc. and Gaspro, dated December 27, 1994.

8. Facilities Lease Agreement for SNG Plant, dated as of May 31, 1974, by and between Bishop Trust Company and Enerco, Inc. (since merged into Gasco, Inc.), as amended.

9. Additional Lease Agreement No. 1, dated May 16, 1979, by and between Bishop Trust Company, Limited, as Lessor, and Enerco, Inc. (since merged into Gasco, Inc.) as Lessee.

10. Ground Lease, trustees under the will and of the estate of James Campbell, lessors, and Pacific Resource, Inc. (now named BHP Hawaii Inc.), lessee, dated May 31, 1974, as amended, and subsequently assigned to Enerco, Inc. (since merged into Gasco, Inc.), with respect to the SNG Plant site, Campbell Industrial Park. (Fee ownership has since been conveyed to BHP Hawaii Inc.)

11. Agreement between OrCom Systems, Inc. and BHP Hawaii Inc., dated March 3, 1995.

12. Other intellectual property licenses set forth in Disclosure Schedule Section 4.8.

13. Extended Support Agreement with OrCom Systems, Inc.

Section 4.13 (Continued)

14. Lease No. 141541, dated April 15, 1996, with Computer Sales International.

15. IBM maintenance agreement for AS400 computer and associated software.

16. Agreement between Gasco, Inc. and Hawaii Teamsters and Allied Workers Union, Local 996, dated December 19, 1995.

17. Premium payments to Hawaii Teamsters Health & Welfare Trust Fund for employee benefits.

18. Premium payments to Hawaii Medical Service Association for employee benefits.

19. Premium payments to Metropolitan Life Insurance Co. for employee insurance.

20. Payments to Vanguard Group Inc. for employee 401(k) plans.

21. Master Equipment Lease Agreement, dated July 30, 1984, by and between Hawaii National Bank and Gasco, Inc.

22. Fleet Leasing Agreement, dated November 1, 1960, by and between The Commonwealth Plan, Inc. and Honolulu Gas Company, Ltd.

23. Agreement dated November 27, 1996, between Gasco, Inc. and Shelly Eurocars, Inc. regarding the possible sale of the 509 Kamakee Street property.

24. See agreements set out on Disclosure Schedule Section 4.7(b).

25. Unwritten arrangement for the provision of barge towing services from BHP Hawaii Inc. to Gasco, Inc.

26. Letter Agreement, dated December 14, 1996, between BHP Hawaii Inc. and Gasco, Inc. regarding transfer of approximately 1200 feet of pipeline (never operational and without any easement or other real property right).

27. Letter agreement dated April 22, 1994 between Gasco, Inc. and Grand Wailea Resort, Hotel & Spa, providing for (1) the acquisition by Gasco, Inc. of 250 room nights per year ($95,000); (2) the right of Grand Wailea to use, four times per year, gas bills to promote the resort; and (3) special 4% discount Gallonage Plus cards from BHP Gas Express for the resort employees.

28. Letter agreement dated December 2, 1994 agreeing to pay Zippy's, Inc. (LPG restaurant customer) a schedule of fees for advertising BHP businesses on its restaurant check stubs.

Section 4.13 (Continued)

29. Letter agreement dated November 3, 1994 between Gasco, Inc. and Aston Hotels & Resorts, providing for a $.015 per gallon rebate for all propane delivered on Maui if Aston meets or exceeds 200,000 gallons per year.

30. Agreement with Tellus Institute, a consulting organization, to support Gasco, Inc. in developing its Demand Side Management Programs, dated August 3, 1993 and subsequently amended.

31. See agreements set out on Disclosure Schedule Section 4.10(a)(iii) under the caption Employment/Managerial/Advisory/Consulting/Other Agreements".

32. Lease Agreement dated August 21, 1973 between Gasco, Inc., as lessor, and Thomas F. Schmidt and Lorina J. Schmit, as lessees by assignment, covering TMK 4-5-07, Parcel 22 in Lahaina, Maui, as amended.

Section 4.13 (Continued)

29. Letter agreement dated November 3, 1994 between Gasco, Inc. and Aston Hotels & Resorts, providing for a $.015 per gallon rebate for all propane delivered on Maui if Aston meets or exceeds 200,000 gallons per year.

30. Agreement with Tellus Institute, a consulting organization, to support Gasco, Inc. in developing its Demand Side Management Programs, dated August 3, 1993 and subsequently amended.

31. See agreements set out on Disclosure Schedule Section 4.10(a)(iii) under the caption Employment/Managerial/Advisory/Consulting/Other Agreements".

32. Lease Agreement dated August 21, 1973 between Gasco, Inc., as lessor, and Thomas F. Schmidt and Lorina J. Schmit, as lessees by assignment, covering TMK 4-5-07, Parcel 22 in Lahaina, Maui, as amended.

33. Agreement, dated as of December 31, 1996, between One Kalakaua Partners, Amusement Park Hawaii, Inc., 412249 B.C. Ltd., Ira Young and Gasco, Inc.

SECTION 4.14

Permits and Operating Rights

1. The SNG Plant was originally constructed under a conditional use permit granted to Hawaiian Independent Refinery, Inc., predecessor-in-interest to BHP Petroleum Americas Refinery Inc. (the "Refinery"), and authorized by Resolution No. 66 passed by the City and County of Honolulu on March 16, 1971. The Department of Land Utilization has recently advised Subsidiary that because the land under the SNG Plant has since been subdivided into a separate legal parcel, Subsidiary should file an administrative application with the Department of Land Utilization to establish the SNG Plant as an existing use that is separate from the Refinery's conditional use permit, and which would permit future construction projects at the SNG Plant to be approved under Subsidiary's use permit.

2. A certain portion of the gas distribution pipeline leading to Pier 38, as described in Exhibit A attached hereto, crosses federal and state properties is without formal easements which are in the process of being acquired.

DESCRIPTION OF SECTION 4.14 EXHIBIT

EASEMENT D

FOR PIPELINE PURPOSES

ALL that certain piece or parcel of land being a portion of Lot 3156 of Land Court Application 1069 as shown on Map 322 filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii and being a portion of the land covered by Owner's Transfer Certificate of Title No. 235,391 issued to the State of Hawaii.

Situate at Honouliuli, Ewa, Oahu, Hawaii.

Beginning at the southeast corner of this easement, the direct azimuth and distance from the south corner of Lot 3156 being 135° 00' - 185.52 feet and thence running by azimuths measured clockwise from true South:

1.	135°	00'		14.26	feet along Lot 3158, Ld. Ct. App. 1069;
2.	159°	53'	13"	1197.96	feet along the remainder of Lot 3156, Ld. Ct. App. 1069;
3.	225°	00'		682.80	feet along the remainder of Lot 3156, Ld. Ct. App. 1069;
4.	135°	00'		103.00	feet along the remainder of Lot 3156, Ld. Ct. App. 1069;
5.	225°	00'		5.00	feet along the remainder of Lot 3156, Ld. Ct. App. 1069;
6.	315°	00'		103.00	feet along the remainder of Lot 3156, Ld. Ct. App. 1069;
7.	225°	00'		772.83	feet along the remainder of Lot 3156, Ld. Ct. App. 1069;
8.	135°	00'		103.00	feet along the remainder of Lot 3156, Ld. Ct. App. 1069;
9.	225°	00'		6.00	feet along the remainder of Lot 3156, Ld. Ct. App. 1069;

EXHIBIT "A"

10.	315°	00'		109.00 feet	along the remainder of Lot 3156, Ld. Ct. App. 1069;
11.	45°	00'		1462.80 feet	along the remainder of Lot 3156, Ld. Ct. App. 1069;
12.	339°	53'	13"	1207.07 feet	along the remainder of Lot 3156, Ld. Ct. App. 1069 to the point of beginning and containing an area of 0.393 acre.

WALTER P. THOMPSON, INC.

Honolulu, Hawaii
May 25, 1990

JAMES R. THOMPSON
REGISTERED PROFESSIONAL LAND SURVEYOR
No. 3627
HAWAII, U.S.A.

By James R. Thompson
Registered Professional
Land Surveyor 3627-S

SECTION 4.15

Labor Matters

Employee	Type	Status
1. Mel Kahele	Termination	Matter before arbitration under collective bargaining agreement.
2. Mel Kahele	Suspension	Matter before arbitration under collective bargaining agreement.
3. Angel Veles	Termination	Matter before arbitration under collective bargaining agreement.
4. Val Mahuka	Termination	Matter before arbitration under collective bargaining agreement.
5. Action by Teamster Union	Unfair Labor Practice	Matter not actively pursued since 1993, but never officially dropped by Teamsters Union.
6. Darrell Biseria	Termination	Threatened under collective bargaining agreement.
7. Eugene Sakata	Wage	Request for arbitration submitted.

SECTION 4.21

Actions Before PUC

1. Docket No. 94-0307	Approval of Rate Increase (reserving the issue of refund for Gasco's next rate case filing)
2. Docket No. 96-0159	Approval of Demand Side Management Program
3. Docket No. 96-0265	Regarding Integrated Resource Planning

SECTION 4.22

Pending or Planned PUC Action

1. Docket No. 94-0307	Approval of Rate Increase (reserving the issue of refund for Gasco's next rate case filing)

SECTION 4.23

Assets Necessary to the Business

1. SAP financial management and accounting software
2. PeopleSoft and TES human resources management software
3. Microsoft Office Software
4. Local area network server hardware and software, and associated interconnects.
5. Personal computer hardware support.
6. Office furniture and telephone equipment owned by BHP Hawaii and used and located at the Gasco offices in the Grosvenor Center Tower, if any, as of the Closing Date.

DISCLOSURE SCHEDULE
Section 4.28 (a)

GASCO MATERIAL INSURANCE POLICIES

Policy	Policy Period	Insurer	Policy Number	Policy Limits	Policy Deductions	Est. Annual Premium
Corporate Excess Umbrella	6/1/96 - 97	World Marine & General	Not Assigned	$550,000,000	$5,000,000	$247,823
Marine (Propane Barges) Hull & Machinery	9/30/96 - 2/20/98	Zurich American	WCLA103	Stated Value	$25,000	$23,560
P & I Insurance	2/20/96 - 97	Steamship Mutual	90,654	Unlimited, except $500mm/pol	$500,000 $10,000/pol	$14,000
Fidelity Guarantee	12/4/96 - 97	World Marine & General	FG93/A4613	$20,000,000 (1) $10,000,000 (2-4)	$50,000	No Charge
Property Insurance	12/31/96 - 97	World Marine & General (Fronting O.I.L. policy)	Pending	$220,000,000	$10,000,000	$41,779
Fiduciary Liability (ERISA Bond)	1/31/96 - 97	Federal Insurance	8107-71-55-D	$15,000,000	$100,000	No Charge
Casualty Program Workers' Comp	4/2/96 - 97	(all are C.N.A. Companies) Transportation Ins.	WC15-734-7983	Statutory	$250,000	$259,000
C.G.L.		Continental Casualty	GL15-734-8017	$5,000,000	$5,000,000	$40,000
Business Auto		Continental Casualty	BUA15-734-8051	$5,000,000	$5,000,000	$25,000

OPEN AUTO LIABILITY PROPERTY DAMAGE

Accident	Name	Total Paid	Total Reserved	Total Incurred
08/11/95	Kuh	0	5,000	5,000
07/02/96	Bosque	105	4,700	4,805

OPEN GENERAL LIABILITY PERSONAL INJURY

Accident	Name	Total Paid	Total Reserved	Total Incurred
12/31/91	Hong	0	5,000	5,000
11/29/95	Lewi	57,064	442,936	500,000

DISCLOSURE SCHEDULE
Section 4.26 (a)

OPEN WORKERS' COMPENSATION

Accident	Name	Total Paid	Total Reserved	Total Incurred
08/17/81	Sasaki	157,069	5,000	162,069
03/07/89	Talisayan	26,928	50,434	77,362
10/09/90	Ainge	59,879	6,118	65,997
06/22/92	Amoral	25,456	21,177	46,633
07/06/92	Pancho	98,292	12,133	110,425
08/23/93	Milstein	100,189	41,091	141,280
04/18/94	Lyman	91,046	92,285	183,331
08/31/94	Rivera	25,451	36,354	61,805
08/31/94	Gomes	77,540	16,005	93,545
02/22/95	Pettit	3,110	2,678	5,788
08/02/95	Chong	14,417	19,807	34,224
11/02/95	Hayno	13,435	34,847	48,282
11/06/95	Manaba	20,488	3,119	23,607
11/28/95	Taketa	41,465	42,204	83,669
12/19/95	Shimahara	12,200	23,984	36,184
01/15/96	Asakura	861	5,794	6,655
01/18/96	Yoshimoto	46,335	49,495	95,830
05/17/96	Calventas	6,006	4,794	10,800
07/12/96	Gouveia	326	510	836
09/05/96	Chock	0	130	130
09/19/96	Ah Quin, Sr.	0	130	130
10/24/96	Oshiro	0	1,000	1,000
10/28/96	Kepoo	0	750	750
11/04/96	Takeshita	0	1,500	1,500
11/26/96	Young	0	750	750

BHP HAWAII INC.
CORPORATE UMBRELLA HISTORY
ONSHORE INSURANCE PROGRAM

SECTION 4.26(b)

UMBRELHX

POLICY PERIOD	INSURERS	POLICY NUMBER	POLICY LIMITS			RETENTION
5/31/96 - 5/31/97	BHP Marine & General Insurances	1352-55	$555,000,000	$125,000,000		$5,000,000
	The World Marine & General Insurance	9672 4020			$425,000,000	
6/1/95 - 5/31/96	BHP Marine & General Insurances	PL95/A5101	$550,000,000	$100,000,000		$5,000,000
	The World Marine & General Insurance	9572 407			$350,000,000	
	BHP Marine & General Insurances	N/R			$25,000,000	
	AEIA	HR0000944695			$70,000,000	
5/31/94 - 5/31/95	BHP Marine & General Insurances	PL91/A3501	$500,000,000	$75,000,000		$5,000,000
	X.L. Europe Insurance	XLEXS-00059			$100,000,000	
	ELMS	D7070493			$25,000,000	
	BHP Marine & General Insurances	N/R			$25,000,000	
	AEIA	HR000083794			$70,000,000	
	A.C.E. Insurance Coy	BHP-861/4			$200,000,000	
6/1/93 - 6/1/94	BHP Marine & General Insurances	PL91/A3501	$500,000,000	$75,000,000		$5,000,000
	X.L. Europe Insurance	XLEXS-00059			$100,000,000	
	ELMS	D7070493			$25,000,000	
	BHP Marine & General Insurances	N/R			$25,000,000	
	AEIA	HN000071093			$70,000,000	
	A.C.E. Insurance Coy	BHP-86114			$200,000,000	
6/1/92 - 6/1/93	BHP Marine & General Insurances	PL91/A3501	$505,000,000	$75,000,000		$5,000,000
	BHP Marine & General Insurances	SC74/HO803			$125,000,000	
	X.L. Europe Insurance	XLEXS-00059			$100,000,000	
	A.C.E. Insurance Coy	BHP-861/4			$200,000,000 (from 10/21/92)	
6/1/91 - 6/1/92	BHP Marine & General Insurances	PL91/A3501	$280,000,000	$75,000,000		$5,000,000
	BHP Marine & General Insurances	SC74/HO803			$200,000,000	
6/1/90 - 6/1/91	BHP Marine & General Insurances	SC74/HO803	$255,000,000	$125,000,000	$125,000,000	$5,000,000
10/1/89 - 6/1/90	BHP Marine & General Insurances	SC74/HO803	$255,000,000	$125,000,000	$125,000,000	$5,000,000
9/30/88 - 9/30/89	Lloyds of London and London Companie	EN8800568 (Non-Marine)	$50,000,000	$0	$50,000,000	$5,000,000
		EN8800569 (Marine)	$100,000,000	$100,000,000	$0	

NOTES: GASCO, Inc. is an insured under all of the above scheduled policies.

BHP acquired Pacific Resources, Inc. on May 11, 1989. The 9/30/88 - 9/30/89 policy was allowed to run until expiration date. PRI then attached to the BHP corporate umbrella.

Both BHP Marine & General Insurance and The World Marine & General Insurance are wholly owned subsidiaries of BHP.

Prior to June 1, 1991 the excess liability program was written in the Marine market.
Subsequent to that date the Onshore program became a separate placement although some layers straddled both the Offshore and Onshore program. The above Schedule shows the Onshore program but the Offshore program is similar although the first layer of $125 million has an occurrence wording.

STATE OF HAWAII

DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

Honolulu

CERTIFICATE OF MERGER

I, KATHRYN S. MATAYOSHI, Director of Commerce and Consumer Affairs of the State of Hawaii, do hereby certify that pursuant to the Articles of Merger and Plan of Merger of CITIZENS UTILITIES COMPANY, a Delaware corporation, filed in this Department on October 31, 1997, in accordance with the provision with Section 415-75 of the Hawaii Revised Statutes, GASCO, INC., a Hawaii corporation, was merged with and into CITIZENS UTILITIES COMPANY on November 1, 1997, at 12:01a.m., Hawaiian Standard Time.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Department of Commerce & Consumer Affairs, at Honolulu, State of Hawaii, this 7th day of November, 1997.

Kathryn S. Matayoshi

Director of Commerce and Consumer Affairs

By Amy Oha

for Commissioner of Securities

PLAN OF MERGER

OF

GASCO, INC.

INTO

CITIZENS UTILITIES COMPANY

PLAN OF MERGER, dated for identification purposes only as of January 31, 1997, adopted by Citizens Utilities Company ("CUC"), a Delaware corporation, and Gasco, Inc. ("Gasco"), a Hawaii corporation.

WITNESSETH THAT:

WHEREAS, CUC is a corporation duly organized on November 12, 1935, existing and in good standing under the laws of the State of Delaware, and

WHEREAS, Gasco, originally formed under the name Honolulu Gas Company, Limited, on August 2, 1904 is a corporation duly organized and existing and in good standing under the laws of the State of Hawaii, and

WHEREAS, on the date of this Plan of Merger, the total number of shares of capital stock of CUC and Gasco issued and outstanding is set forth below:

CORPORATION	CLASS OF STOCK	PAR VALUE	NUMBER OF SHARES OUTSTANDING
Citizens Utilities Company	Series A Common Series B Common	$ .25	154,593,336 85,004,689
Gasco, Inc.	Common	$6 2/3	960,000

All of the shares of Gasco are issued to, owned and held by CUC.

WHEREAS, the Board of Directors of CUC and Gasco deem it advantageous for their respective customers and for the benefit of the shareholders thereof to merge CUC and Gasco into CUC in accordance with the applicable laws of the States of Delaware and Hawaii,

NOW THEREFORE, CUC and Gasco and the respective Board of Directors thereof do hereby agree upon, approve and adopt the following Plan of Merger and do hereby prescribe and state the terms and conditions of said merger, the mode of carrying

EXHIBIT A

same into effect and such other pertinent matters as are required or permitted by law to be set forth herein as follows:

First: Gasco shall be merged into CUC (hereinafter sometimes referred to as the "Surviving Corporation") and the Surviving Corporation shall be governed by the laws of the State of Delaware and the Certificate of Incorporation of CUC shall be the Certificate of Incorporation for the Surviving Corporation.

Second: The terms and conditions of the merger and the mode of carrying the same into effect are as follows:

If the Board of Directors of CUC shall have approved the proposed merger, the approval of the Hawaiian Public Utilities Commission to consummate the merger having been received, and upon the conditions herein set forth, the Board of Directors of CUC shall not have determined to abandon the merger, then in such event, A Certificate of Merger setting forth this Plan of Merger (and such other documents and certificates as may be required by law) shall be signed, certified, acknowledged, filed and recorded pursuant to the applicable laws of the State of Delaware and Hawaii. When the merger herein provided shall become effective, the separate existence of Gasco shall cease and Gasco shall be merged into the Surviving Corporation in accordance with the provisions of the Plan of Merger.

Third: The Board of Directors of CUC and Gasco, have agreed that as of the effective date of the merger, all of the issued and outstanding shares of Gasco shall cease to exist and be canceled without further action and there shall be no conversion of any shares of Gasco into shares of the Surviving Corporation.

Fourth: By-laws of CUC as presently in effect shall remain and be the By-laws of the Surviving Corporation until altered or amended according to the provisions thereof.

Fifth: The Board of Directors of the Surviving Corporation shall consist of the individuals who are the Directors of CUC at the time the merger becomes effective and the said persons shall be, and continue to be, Directors of the Surviving Corporation until the next ensuing meeting of its stockholders for the election of the Board of Directors and/or until their respective successors are elected and qualified.

Sixth: The officers of the Surviving Corporation shall consist of the individuals who are officers of CUC at the time the merger becomes effective and the said persons shall be, and continue to be, officers of the Surviving Corporation until the next ensuing meeting of its Board of Directors for the election of the officers and/or until their respective successors are elected and qualified.

Seventh: From and after the effective date of the merger, the separate existence of Gasco shall cease and the Surviving Corporation shall continue to conduct the businesses theretofore conducted by Gasco and the Surviving Corporation shall possess all the

rights, privileges, immunities and franchises of a public as well as a private nature of Gasco; and all property, real, personal and mixed, and all debts due or whatever account and all other choses in action and every other interest or belonging to or due to Gasco shall be transferred to and vested in the Surviving Corporation without further act or deed; and the title to any real estate or any interest therein vested in Gasco shall not revert or be in any way impaired by reason of the merger provided for hereby. From and after the effective date of the merger, the Surviving Corporation shall be responsible and liable for all the liabilities and obligations of Gasco and any claim existing or action or proceeding pending by or against Gasco may be prosecuted through judgment as if the merger had not taken place or the Surviving Corporation may be substituted in place of Gasco. Neither the rights of creditors nor any liens upon the property of Gasco shall be impaired by the consummation of the merger.

CITIZENS UTILITIES COMPANY

By: J. Michael Love

J. Michael Love, Vice President

GASCO, INC.

By: J. Michael Love

J. Michael Love, Vice President