

Disclosure Statement

Pricing: This is a variable rate that will change in response to market conditions. The rate is calculated as the posted utility supply rate plus an adder. The posted utility supply rate is specific to the account's utility load zone, service class, and meter reading date. The rate includes energy, capacity, ancillaries, losses, purchase of receivables, and margin. It is for electric supply service only and does not include utility delivery charges. Sales tax will be imposed when applicable. The customer will avoid any utility Merchant Function Charge, ESRM and Sales Tax on delivery charges if applicable.

Term and Renewal: The term of this agreement is month to month. Residential customers have the right to rescind this agreement within 3 business days of the receipt of the sales agreement by providing written notice. There are no termination fees.

Firm Sales: Sales under this Contract shall be made on a "firm" basis. If the Company fails to deliver the stated quantity of electricity for reasons other than force majeure, as defined in the Terms and Conditions, the customer shall be entitled to damages equal to customer's "cost of cover" less any expenses saved.

Billing and Late Payment: The customer's utility company will continue to issue a monthly bill which will incorporate the Company's charges for the services hereunder. The Company imposes no late payment fee. The utility company assesses a late payment fee as outlined in its tariff.

Guaranteed Savings: This sales agreement guarantees that the customer will pay no more than if they were a full-service customer of the utility. The total amount billed when purchasing the supply under this agreement (inclusive of all supply charges, utility delivery charges and taxes) will be less than what the customer would have paid as a full service customer of the utility (inclusive of all utility supply components, Merchant Function Charge, ESRM Charge, and any additional delivery charges, surcharges and taxes imposed as a result of being a full-service electric supply customer of the utility), over a twelve month period.

TERMS AND CONDITIONS

The terms and conditions stated below and the Electricity Agreement Form are referred to as the contract ("Contract" or "Agreement") that you have with U.S. Energy Partners LLC (or the "Company").

Office locations and hours. Our office is located at 8205 Main Street Suite 11, Williamsville, New York 14221, and the office is open 9 AM to 5 PM Monday through Friday. A request for service can be made by calling 716-580-3187.

Emergencies. In the event of a service interruption or other emergency, Customer should immediately call their utility (NYSEG: 1.800.572.1131, RGE: 1.800.743.1701, National Grid, 1.800.867.5222) or 911.

Termination of service, Expiration of Contract. The Company reserves the right to terminate the Agreement if the Customer breaches the Agreement, or there are changes in regulatory rules governing the Company's ability to operate the program. If the Company elects to terminate service, the Company will notify the Customer and the Customer's local utility company at least 15 days prior to the termination of service. Advance notice will allow the Customer to (1) renegotiate a new agreement, or (2) select another supplier, or (3) return to the default level service from the local utility company. The Company reserves the right not to enroll any customer in the Company's sole opinion. The local utility company has the right to terminate service as outlined in its tariff, including cause from non-payment of the Company's supply charges included on the local utility company monthly bills.

Taxes. Customer is responsible for any federal, Indian, state, local, sales, use or consumption taxes or similar taxes which are now or hereafter imposed. You shall pay such taxes unless the Company is required by law to collect and remit such taxes, in which case the Customer shall remit payment to the Company. If claiming exemption from any such taxes, the Customer must provide the Company a proper exemption certificate. The Company reserves the right to amend the Customer's supply price if additional taxes, fees or assessments are imposed by any governmental entity.

Breach of Agreement. If the Customer breaches this contract prior to the service expiration date, the Company is entitled to consequential damages and lost profits from the Customer. Except as provided herein, neither party shall be liable to the other for incidental, consequential or punitive damages or lost profits.

Force Majeure. If either party is unable to perform its obligations under this Agreement due to force majeure, performance of such obligations shall be suspended until the force majeure is corrected. The party claiming such inability shall provide written notice thereof to the other party as soon as practicable after the occurrence of the force majeure. Force majeure shall mean acts of God, labor strikes, lightning, fires, floods, explosions, storms or storm warnings, breakage of machinery or pipelines, or generating equipment, failure of electric supply, failure or curtailment of firm transmission, and any other cause not within the control of the party claiming force majeure.

Title. All electricity sold under this Agreement shall be delivered to a location considered the "Point of Delivery", which shall be at the NYISO load bus (located outside of the municipality where the Customer resides), and shall constitute the point at which title transfers and the sale occurs.

Assignability. This Contract cannot be assigned by the customer without the written consent of the Company. This Contract may be assigned to another party provided that the assignee is qualified to sell electricity in New York State. A merger or change in control shall not be considered an assignment.

Delay or failure to exercise rights/No Warranties. No partial performance, delay or failure on the part of the Company in exercising any rights hereunder, shall constitute a waiver of such rights or of any other rights hereunder. Unless expressly set forth in this

Agreement, the Company provides no warranty, express or implied, statutory, or in any provision of this Agreement, or any other communication from the company and its agents, and the Company specifically disclaims any warranty of merchantability and fitness for a particular purpose.

Entire Agreement, Modification, and Choice of Law. This is the complete Contract between the parties and can only be amended in writing signed by both parties. However, the Company may modify any terms of this Agreement at any time by notifying you of the change in writing within 30 days' notice to the customer. If any change affects your price, payment terms, or the term of the Agreement, the Company will give you written notice before the change is effective. After the receipt of notice, you shall have the option of canceling the agreement, without any fee for cancellation, by providing written notice to the Company before the commencement of the next billing cycle. This Contract shall be governed by and construed in accordance with laws of the State of New York. Customers with questions regarding how the competitive energy market works and the role played by ESCOs should call the Department of Public Service ("DPS") Retail Access number at 888-697-7728.

Dispute Resolution. (Commercial Customers) In the event of a billing dispute or disagreement involving the Company's service, Customer must notify us in writing within 60 days after the due date, otherwise the dispute is deemed waived. Customer must pay the bill in full, except for the specific disputed amount, during the pendency of the dispute. If the parties cannot resolve the dispute within 45 days, either party may avail itself of all remedies available under law or equity. The DPS will not resolve non-residential disputes associated with the services provided under this Sales Agreement. However, the DPS will monitor inquiries and contacts from non-residential customers regarding energy service companies and an excessive number of confirmed complaints may result in an energy service company no longer being eligible to supply electricity or natural gas in New York State. (see DPS address and phone number below). (Residential Customers) In the event of a billing dispute or a disagreement involving service hereunder, the parties will use their best efforts to resolve the dispute. Customer should contact us by telephone or in writing as provided above. The dispute or complaint relating to a residential customer may be submitted by either party at any time to the DPS pursuant to its Complaint Handling Procedures ("Procedures") by calling the DPS at 1.800.342.3377 or by writing to the DPS at: New York State Department of Public Service, Office of Consumer Services, Three Empire State Plaza, Albany, New York 12223, or through its website at: <http://www.dps.ny.gov>. Customer must pay the bill in full, except for the specific disputed amount, during the pendency of the dispute, and such payment shall be refunded if warranted by the decision of DPS.