

**MACKENZIE GAS GATHERING AND PROCESSING FACILITIES
FIRM TRANSPORTATION AND PROCESSING AGREEMENT**

BETWEEN

IMPERIAL OIL RESOURCES VENTURES LIMITED

AND

COMPANY ABC

DATED THE • DAY OF •, 2005

TABLE OF CONTENTS

		Page
ARTICLE 1	DEFINITIONS	1
1.1	Definitions	1
ARTICLE 2	EXHIBITS	9
2.1	Exhibits	9
2.2	Revision of Exhibits	10
2.3	Conflicts	10
ARTICLE 3	DELIVERY	10
3.1	Conditions Precedent.....	10
3.2	Firm Service	11
3.3	Authorized Overrun Service.....	11
3.4	Interruptible Service.....	11
3.5	Nominations	11
3.6	Possession, Title, Commingling and Pressure	12
3.7	Priority of Gathering, Processing and Transportation.....	12
3.8	Specifications of Producer's Inlet Substances	13
3.9	Priority of Access for CO2 in the Facilities	13
3.10	Temporary Capacity Limitations	14
3.11	Notification of Curtailment	15
3.12	Planned Maintenance and Operations Forecast	15
3.13	Facilities Fill.....	15
3.14	Status of Producer's Authorizations	15
3.15	Status of Construction of Facilities	16
ARTICLE 4	CHARGES	16
4.1	Charges for Service	16
4.2	Service Costs	16
ARTICLE 5	MEASUREMENT	17
5.1	Measurement	17
ARTICLE 6	OWNERSHIP AND DISPOSITION OF GAS PRODUCTS AND FACILITY PRODUCTS.....	17
6.1	Producer's Share of Gas Products and Facility Products	17

Pro Forma TPA for Shipper Review/Sept 7.

TABLE OF CONTENTS
(continued)

	Page
6.2 Delivery of Gas Products and Facility Products	17
6.3 Failure to Take in Kind	18
6.4 Volume Losses	19
ARTICLE 7 BILLINGS AND PAYMENT.....	19
7.1 Billings	19
7.2 Commingling of Funds.....	19
7.3 Right to Protest or Question Bills	19
7.4 Books and Records and Audits	20
7.5 Operator's Lien	20
7.6 Producer Default in Payment	20
7.7 Remedies Cumulative	21
7.8 Royalties and Taxes	22
ARTICLE 8 FORCE MAJEURE	22
8.1 Force Majeure	22
ARTICLE 9 CREDIT REQUIREMENTS AND CHANGE IN CIRCUMSTANCES	23
9.1 Credit Requirements.....	23
9.2 Change in Circumstances	23
9.3 Information.....	25
ARTICLE 10 DEFAULT AND TERMINATION RIGHTS.....	26
10.1 Operator Default.....	26
10.2 Producer Default	26
10.3 Termination for Default	26
10.4 Default or Termination by Either Party.....	27
ARTICLE 11 LIABILITY AND INDEMNIFICATION	29
11.1 Liability and Indemnification.....	29
ARTICLE 12 TERM.....	30
12.1 Term	30
ARTICLE 13 DISPUTE RESOLUTION	31
13.1 Dispute Resolution	31

TABLE OF CONTENTS

(continued)

	Page
13.2 Arbitration	31
ARTICLE 14 THIRD PARTY REQUESTS FOR CAPACITY	33
14.1 Offers to Release Contracted Capacity	33
14.2 Requests for Term Capacity	35
ARTICLE 15 REPRESENTATIONS AND WARRANTIES	38
15.1 Representations and Warranties of Operator	38
15.2 Representations and Warranties of Producer	38
ARTICLE 16 ASSIGNMENT	39
16.1 By Producer	39
16.2 Streamed Interest	39
16.3 By Operator	40
16.4 Succession	40
16.5 Assignment as Security	40
ARTICLE 17 MISCELLANEOUS PROVISIONS	41
17.1 Interpretation	41
17.2 Number and Gender	41
17.3 Laws and Regulations	41
17.4 Applicable Laws	41
17.5 Waivers	41
17.6 Further Assurances	41
17.7 No Implied Covenants	41
17.8 Notices	42
17.9 Enuring Clause	42
17.10 Supersedence	43
17.11 Counterpart	43
17.12 Time of the Essence	43
17.13 Statute of Limitations	43
17.14 Confidentiality	43

TABLE OF CONTENTS

(continued)

Page

EXHIBITS

EXHIBIT "A1" - DAILY CONTRACT VOLUME AND RECEIPT POINT

EXHIBIT "A2" - MAP OF FACILITIES AND FUNCTIONAL UNIT DESCRIPTIONS

EXHIBIT "B" - SPECIFICATIONS

EXHIBIT "C1" - GATHERING AND PROCESSING SERVICE CHARGES

EXHIBIT "C2" - LIQUIDS PIPELINE TRANSPORTATION SERVICE CHARGES

EXHIBIT "D" - ADDRESSES FOR SERVICE

EXHIBIT "E" - MEASUREMENT

EXHIBIT "F" - RATING AGENCIES AND MINIMUM RATINGS REQUIREMENT

**Mackenzie Gas Gathering and Processing Facilities
Firm Transportation and Processing Agreement**

AGREEMENT made this • day of •, 2005

Between

**IMPERIAL OIL RESOURCES VENTURES LIMITED,
a corporation having an office
in the City of Calgary, in the Province of Alberta,
(hereinafter called "Operator")**

- and -

**COMPANY ABC, a • having an office
in the City of Calgary, in the Province of Alberta
(hereinafter called "Producer")**

WHEREAS Producer desires to have Producer's Inlet Substances gathered, processed and transported, as applicable, in the Facilities for the recovery of Gas Products and Facility Products; and

WHEREAS Operator, as representative of and on behalf of the Owners, has agreed to receive Producer's Inlet Substances to be gathered, processed and transported, as applicable, in the Facilities on the terms and conditions as hereinafter set forth;

NOW THEREFORE, in consideration of the premises and the mutual covenants and conditions hereinafter set forth, the Parties covenant and agree as follows:

**ARTICLE 1
DEFINITIONS**

1.1 Definitions

In this Agreement, including the recitals, definitions and Exhibits hereto:

- (a) **"Affiliate"** means, with respect to a Party, a corporation, partnership or trust which is affiliated with such Party, and for the purposes hereof:
- (i) a corporation, partnership or trust is affiliated with another corporation, partnership or trust if it directly or indirectly controls, or is controlled by, that other corporation, partnership or trust, and for the purpose of determining whether a corporation, partnership or trust so controls or is so controlled, it will be deemed that:
 - (A) a corporation is directly controlled by another corporation, partnership or trust if shares of the corporation to which are attached more than fifty percent (50%) of the votes that may be cast to elect directors of the corporation are beneficially owned by that other corporation, partnership or trust and the votes attached to those shares are sufficient, if exercised, to elect a majority of the directors of the corporation;
 - (B) subject to subsection 1.1(a)(i)(C) below, a partnership is directly controlled by another partnership, corporation or trust if that partnership, corporation or trust holds more than a fifty percent (50%) aggregate voting interest in the partnership;
 - (C) a limited partnership is controlled by the Person that controls the general partner of such limited partnership or, if there is more than one (1) general partner, by any Person that controls a general partner or general partners having more than a fifty percent (50%) aggregate voting interest in the limited partnership;
 - (D) a trust is controlled by the Person that is entitled to elect or appoint the majority of the trustees of the trust; and
 - (E) a corporation, partnership or trust is indirectly controlled by another corporation, partnership or trust if control, as defined in subsection 1.1(a)(i)(A) through (D) above is exercised through one (1) or more other corporations, partnerships or trusts;
 - (ii) where two (2) or more corporations, partnerships or trusts are affiliated at the same time with the same corporation, partnership or trust, they will be deemed to be affiliated with each other;
- (b) **"Affiliated Guarantor"** means either: (a) an Affiliate of Producer which has a Qualifying Credit Rating at the relevant time, and which Affiliate has provided to Operator a guarantee, in a form acceptable to Operator at the time of the execution of such guarantee, guaranteeing all of the obligations of Producer pursuant to this Agreement, which guarantee shall not require the Affiliate to guarantee anything in excess of Producer's obligations under this Agreement; or (b) an Affiliate of an assignee which has a Qualifying Credit Rating at the relevant time, and which Affiliate has provided to Operator, a guarantee, in a form

acceptable to Operator at the time of the execution of such guarantee, guaranteeing all of the obligations of such assignee pursuant to this Agreement, which guarantee shall not require the Affiliate to guarantee anything in excess of the assignee's obligations under this Agreement;

- (c) **"Allocation Procedure"** means the procedure used by the Operator from time to time to allocate System Substances, Gas Products and Facility Products;
- (d) **"Authorized Overrun Service"** means the category of Service described in Section 3.3(a);
- (e) **"Business Day"** means any day except Saturday, Sunday or statutory holidays in Calgary, Alberta;
- (f) **"Capacity Use Notice"** shall have the meaning ascribed to it in Section 14.2(a);
- (g) **"Confidential Information"** has the meaning ascribed to it in Section 17.14(a);
- (h) **"Contracted Volumes"** means the volume in respect of which a User is entitled to have its System Substances gathered, processed and transported in the Facilities on a firm basis pursuant to a TPA or the Development and Operating Agreement or both;
- (i) **"Contributing Owner"** means, in respect of a Functional Unit, an Owner that has provided a portion of its capacity in such Functional Unit to Producer, with the result that the Daily Contract Volume, or a portion thereof, is derived from that capacity;
- (j) **"Controlling Party"** means in respect of Producer, any corporation, partnership or trust which exercises direct or indirect control over Producer, and for the purpose of determining whether a corporation, partnership or trust directly or indirectly controls Producer, "control" will be determined in the manner described in subsection (i)A - E inclusive of the definition of Affiliate above;
- (k) **"Daily Contract Volume"** means the volume set forth in Exhibit "A1" for each Functional Unit, which shall not in any case be less than the Inlet Substances equivalent of Producer's contracted daily quantity under its Firm Service Transportation Agreement, and where the volume set forth in Exhibit "A1" for a Functional Unit is zero (0), Producer shall have no entitlement to capacity in that Functional Unit;
- (l) **"Date of Commencement"** means the earlier of: (a) the first Day for which Producer makes a nomination and Operator receives Producer's Inlet Substances hereunder; and (b) the tenth (10th) Day following the Day on which Producer receives notice from Operator that the Facilities are available to provide Service;
- (m) **"Day"** means a calendar day;

- (n) **"Decision to Construct Sanction Date"** means 12:01 a.m. on the date that the Owners or some of them decide to construct the Facilities; provided that if such decision has been made subject to conditions, such date shall mean the date that all such conditions have been waived by the Owners or satisfied;
- (o) **"Delivered Substances"** means Producer's Inlet Substances which have been delivered to Operator at the Receipt Point under this Agreement;
- (p) **"Development and Operating Agreement"** means the Mackenzie Gas Gathering and Processing Facilities Development and Operating Agreement dated _____, 2005 among the Owners;
- (q) **"Dollars"** shall mean the lawful currency of Canada;
- (r) **"Effective Date"** means the date first above written, or if this Agreement arises pursuant to an agreement executed prior to the date of this Agreement, the Decision to Construct Sanction Date; or in the case of an Exhibit, the date on which the Exhibit becomes effective;
- (s) **"Facilities"** means the Gathering System, the Plant and the Liquids Pipeline;
- (t) **"Facilities Outlet"** means, for Facility Products, a point of delivery for Facility Products at the interconnection of the Facilities and the Enbridge pipeline at Norman Wells; and for Gas Products, a point of delivery for Gas Products at the interconnection of the Facilities and the Mackenzie Valley Pipeline; or any other point of delivery agreed to by Operator and Producer for Facility Products or Gas Products;
- (u) **"Facility Products"** means all substances which are recovered from the processing of System Substances in the Facilities and the System Substances, if any, which have not been processed in the Facilities but are being transported in the Liquids Pipeline, which in each case are available for delivery from the Facilities, including but not limited to, ethane, propane, butane and pentanes plus, or any mixture thereof, but excluding Gas Products and System Use Gas;
- (v) **"Field"** means:
 - (i) where there is a "development plan" approved pursuant to the *Canada Oil and Gas Operations Act*, any pools or fields which are the subject of such development plan or analogous approval;
 - (ii) where governed by the *Canada Petroleum Resources Act* ("CPRA"), a "commercial discovery area" (as defined in the CPRA), or, if a "production licence" (as defined in the CPRA) or a successor land tenure document has been issued, then the lands to which such production licence or successor land tenure document applies; and

- (iii) where not governed by the CPRA, those lands determined in a manner which is analogous to that described in paragraph (ii) above;

as any such lands may be modified from time to time, provided that if there is a development plan approval as referred to in paragraph (i) and a land tenure document exists concurrently as described in paragraph (ii) or (iii), as applicable, the "Field" shall comprise whichever is the larger area of land;

- (w) **"Firm Service"** means the category of Service described in Section 3.2;
- (x) **"Firm Service Transportation Agreement"** means an agreement for firm transportation service on the Mackenzie Valley Pipeline between Producer and the Transporter;
- (y) **"Functional Unit"** means a separate component of the Facilities as described in Exhibit "A2";
- (z) **"Gas"** means natural gas and includes all substances that are produced in association with natural gas, other than oil as defined in the *Canada Oil and Gas Operations Act* and the regulations thereto;
- (aa) **"Gas Products"** means the gaseous mixture of substances remaining after the processing of System Substances in the Facilities, composed primarily of methane, excluding System Use Gas;
- (bb) **"Gathering System"** means Functional Units 1-4a;
- (cc) **"GJ"** means gigajoules or one billion (1,000,000,000) joules;
- (dd) **"Government"** means the government of Canada or of a province or territory of Canada, or of a municipality and any political subdivision, agency, instrumentality, department, commission or board of any of them and any agency, department, commission or regulatory authority to the extent it has lawful jurisdiction over the Facilities or the Services (or part thereof) or any Aboriginal authority to the extent it has lawful jurisdiction over the Facilities or the Services (or part thereof) pursuant to the powers granted to such Aboriginal authority under a settlement agreement entered into by it and the government of Canada or pursuant to any statute lawfully enacted by any of the government of Canada or of a province or territory of Canada;
- (ee) **"Initial Term"** shall have the meaning ascribed to it in Article 12;
- (ff) **"Inlet Substances"** means any mixture primarily of hydrocarbons to be delivered to the Facilities;
- (gg) **"Interest Rate"** means an annual rate of interest equal to the prime rate of interest used and announced from time to time by the principal chartered bank in Canada used by Operator as the reference rate then in effect for determining

interest on Canadian dollar commercial demand loans, plus two percent (2%) per annum;

- (hh) **"Interruptible Service"** means the category of Service described in Section 3.4;
- (ii) **"Issuer Rating"** means the opinion of a particular Rating Agency of the ability of the applicable Person to honour senior unsecured financial obligations and contracts, without taking into account any form of credit enhancements, with such opinion focusing on the capacity and willingness of such Person to meet its financial commitments as they become due;
- (jj) **"Letter of Credit"** means an irrevocable letter of credit issued in favour of Operator by a bank, trust company or other financial institution which has a combined capital surplus of at least one billion dollars and whose unsecured, unsubordinated, non-credit enhanced long term debt is rated, in each case, no lower than: A2 by Moody's Investor Service, A by Standard and Poor's and A by Dominion Bond Rating Service or the then equivalent rating used by any such Rating Agency in substitution or replacement for such rating. The Letter of Credit shall: (a) be issued for an initial period that is no less than the lesser of (i) twelve (12) Months from the initial date of issue; and (ii) one hundred and twenty (120) Days beyond the expiry of the Initial Term of this Agreement; (b) unless waived by Operator, be renewed or replaced no less than ninety (90) Days before its expiry date, for a period that is no less than the lesser of: twelve (12) Months from the date of expiry of the initial, renewal or replacement Letter of Credit, and one hundred and twenty (120) Days after the expiry of the Initial Term of this Agreement and for an amount no less than that stipulated in Section 9.2(b); (c) provide that Operator shall have the right to draw upon the same in the event of Producer's failure to pay amounts due Operator under this Agreement or renew the Letter of Credit when required hereunder; (d) be immediately reinstated to the full amount set forth in Section 9.2(b) following a valid draw by Operator; (e) be payable upon the execution and presentation by an officer of Operator of a sight draft to the issuer of such Letter of Credit supported by a signed statement of Operator that Producer has failed to pay amounts due Operator under this Agreement or renew the Letter of Credit when required hereunder; and (f) otherwise be in a form and substance reasonably acceptable to Operator;
- (kk) **"Liquids Pipeline"** means Functional Unit 6;
- (ll) **"Market Price"** means a price which is not unreasonable having regard to market conditions applicable to similar products in arm's length transactions at the time of such sale or purchase, taking into consideration such factors as the volumes available, the quality of Gas Products or Facility Products to be sold, the effective date of the sale, the term of the sale agreement, the point of sale of the Gas Products or Facility Products and the type of transportation service available for the delivery of the Gas Products or Facility Products to be sold;

- (mm) **"Month"** means a period of time beginning on the first Day of a calendar month and ending at the beginning of the first Day of the next calendar month;
- (nn) **"Monthly Service Fee"** means the sum of the charges for Service provided under this Agreement as determined in accordance with Exhibits "C1" and "C2";
- (oo) **"Nameplate Capacity"** means the daily volumetric handling capacity of a Functional Unit to gather, process or transport System Substances, as applicable, on a summer design day at design pressures and temperatures, as such capacity is determined by the Owners and identified by Operator from time to time;
- (pp) **"Offering Person"** means a User (including Producer) which has delivered a notice to Operator offering to release capacity in response to a Capacity Use Notice delivered to it by Operator;
- (qq) **"Owner"** means any of Imperial Oil Resources Ventures Limited, ExxonMobil Canada Properties, ConocoPhillips Canada (North) Limited and Shell Canada Limited, and any successor or permitted assign of any of them under the Development and Operating Agreement;
- (rr) **"Party"** means a party to this Agreement;
- (ss) **"Performance Assurance"** means any assurance of performance of Producer's obligations under this Agreement which may be in the form of cash, a Letter of Credit or other form of security in favour of Operator, in an amount and a form and for a term acceptable to Operator, acting reasonably;
- (tt) **"Person"** means an individual, firm, corporation, trust or other legal entity, or partnership, as the case may be;
- (uu) **"Plant"** means Functional Units 4b and 5;
- (vv) **"Producer's Inlet Substances"** means those substances which are a mixture primarily of hydrocarbons ("Hydrocarbon Substances") which are owned and produced by or for Producer, or any of its Affiliates, from any Field in which Producer, or any of its Affiliates, has an ownership interest, and includes:
 - (i) the royalty interest share of Hydrocarbon Substances produced from such Field by or for Producer or any of its Affiliates;
 - (ii) any Hydrocarbon Substances from such Field which are owned by a third Person, or which a third Person is entitled to produce or take, when produced under the underlying operating agreement, along with the Hydrocarbon Substances owned by Producer or any of its Affiliates; and
 - (iii) any Hydrocarbon Substances from such Field that Producer or any of its Affiliates is entitled to take under the underlying operating agreement, which is in excess of Producer's or its Affiliates' aggregate working

interest share of Hydrocarbon Substances which were produced from such Field, as a result of the recovery of penalty gas after an independent operation or the enforcement of an operator's lien;

- (ww) **"Qualifying Credit Rating"** means with respect to any Person, a credit rating for its unsecured, unsubordinated, non credit enhanced long term debt ("Applicable Debt") that meets the minimum threshold rating specified in Exhibit "F" for the relevant Rating Agency (the "Minimum Ratings Requirement"), provided that:
- (i) in assessing Applicable Debt, long term debt, as determined at any date, means the indebtedness of such Person, which would be classified as such on its balance sheet in accordance with generally accepted accounting principles in Canada or, at the option of such Person if it trades on a United States stock exchange, in accordance with generally accepted accounting principles in the United States, and which in all events matures by its terms at a date more than one year after the date of determination;
 - (ii) if the Applicable Debt of such Person is rated by more than two Rating Agencies, at least two of such ratings, established by such Rating Agencies, must meet the Minimum Ratings Requirement for such Rating Agency;
 - (iii) if such Person does not have any Applicable Debt or its Applicable Debt has not been rated by any Rating Agency, then it must have obtained an Issuer Rating from at least one of the Rating Agencies which meets the Minimum Ratings Requirements of such Ratings Agency; and
 - (iv) if such Person is a partnership, the partners of which are all Affiliates, the credit rating or Issuer Rating, as the case may be, of such Person shall be deemed to be that of the partner of the partnership (other than a limited partner) having the highest of such ratings, unless the partnership itself is a rated entity, in which case the credit rating or Issuer Rating of the partnership shall be used;
- (xx) **"Rating Agency"** means a rating agency listed in Exhibit "F";
- (yy) **"Receipt Point"** means the point set forth in Exhibit "A1" where Producer's Inlet Substances first enter the Facilities;
- (zz) **"Regulations"** means all statutes, laws, rules, orders and regulations in effect from time to time (including any amendments thereto or replacements thereof) and made by a Government;
- (aaa) **"Service"** means any one or more of the following services:
- (i) the receipt of Producer's Inlet Substances at the Receipt Point, and the gathering and processing of Delivered Substances in the Gathering System and the Plant;

- (ii) the delivery, to the Facilities Outlet for Gas Products, of Gas Products derived from Delivered Substances and allocated to Producer;
 - (iii) the transportation in the Liquids Pipeline of Facility Products which are recovered from Delivered Substances and allocated to Producer, and the delivery of such Facility Products to the Facilities Outlet for Facility Products; and
 - (iv) the transportation in the Liquids Pipeline of Delivered Substances, and the delivery of such substances to the Facilities Outlet for Facility Products;
- (bbb) "**System Substances**" means any hydrocarbon mixture that is, from time to time, in the Facilities or any portion thereof;
- (ccc) "**System Use Gas**" means the quantities of Gas used for day to day operation and maintenance of the Facilities, including the quantities of Gas used as fuel for compressors or other equipment and the quantities of Gas otherwise lost or unaccounted for in connection with the operation and maintenance of the Facilities, including measurement variance or Gas lost due to flaring, venting, leakage or rupture;
- (ddd) "**TPA**" means an agreement between Operator and a Person for the gathering, processing or transportation, as the case may be, of System Substances in the Facilities (or a portion thereof) on a firm basis (excluding the Development and Operating Agreement), and for the purposes of the definition of "User" and Section 3.9 includes this Agreement;
- (eee) "**Term**" has the meaning ascribed to it in Section 12.1;
- (fff) "**Transporter**" means Imperial Oil Resources Ventures Limited, or any successor or permitted assign of "Transporter" under the Firm Service Transportation Agreement, as that term is defined in the Firm Service Transportation Agreement; and
- (ggg) "**User**" means an Owner or a party to a TPA, other than Operator in the latter case.

ARTICLE 2 EXHIBITS

2.1 Exhibits

The following Exhibits are attached to and incorporated into this Agreement:

- (a) Exhibit "A1" - Daily Contract Volume and Receipt Point;
- (b) Exhibit "A2" - Map of Facilities and Functional Unit Descriptions;

- (c) Exhibit "B" - Specifications;
- (d) Exhibit "C1" - Gathering and Processing Service Charges;
- (e) Exhibit "C2" - Liquids Pipeline Transportation Service Charges;
- (f) Exhibit "D" - Addresses for Service;
- (g) Exhibit "E" - Measurement; and
- (h) Exhibit "F" - Rating Agencies and Minimum Ratings Requirement.

2.2 Revision of Exhibits

Subject to Section 12.1(d) and Article 14, Operator and Producer may review Exhibits "A1", "C1", "C2" and "F" from time to time and any revisions shall be mutually agreed upon in writing. Exhibits "A2", "B" and "E" shall be revised by Operator from time to time as required in order to reflect corresponding amendments to the Development and Operating Agreement. Exhibit "D" may be revised in accordance with the provisions of Section 17.8. Exhibits that are revised shall show the Effective Date of the revision and shall be numbered consecutively. Operator shall forthwith, upon revision of any Exhibit, supply Producer with a copy thereof. If Operator becomes aware of a mistake or mechanical error in any Exhibit, Operator shall prepare a corrected Exhibit and supply Producer with a copy thereof.

2.3 Conflicts

If a provision of an Exhibit conflicts with a provision in the body of this Agreement, the latter shall prevail.

ARTICLE 3 DELIVERY

3.1 Conditions Precedent

- (a) The commencement of the obligation of Operator to provide Service under this Agreement is subject to the satisfaction of the following conditions precedent:
 - (i) the construction of the Facilities and Mackenzie Valley Pipeline has been completed;
 - (ii) any facilities interconnecting with the Facilities Outlet are capable of receiving, handling and transporting Facility Products or Gas Products, as applicable; and
 - (iii) Operator has advised Producer that the Facilities are available to provide Service.
- (b) Should any of the conditions precedent outlined in Section 3.1(a) remain unsatisfied as at November 1, 2012, either Party may thereafter terminate this

Agreement upon sixty (60) Days written notice to the other Party. If a notice to terminate this Agreement is given pursuant to this Section, but within the sixty (60) Day notice period all of the conditions precedent are satisfied, this Agreement shall not terminate as a result of such notice.

3.2 Firm Service

Subject to the other terms and conditions of this Agreement, Operator shall provide Service in the applicable Functional Units, as set forth in Exhibit "A1" for the quantities of Producer's Inlet Substances delivered by Producer at the Receipt Point up to the Daily Contract Volume in such Functional Units.

3.3 Authorized Overrun Service

- (a) If on any day during the Term, Producer wishes to have Operator provide Service for a volume which exceeds Producer's Daily Contract Volume but does not exceed one hundred and ten percent (110%) of its Daily Contract Volume, Producer shall so notify Operator, and subject to Section 3.3(b) and the other provisions of this Agreement, Operator shall provide Service in the applicable Functional Units for such volume.
- (b) Nominations from Producer for the Authorized Overrun Service described in Section 3.3(a) shall be allocated daily by Operator to Producer in a quantity equal to the lesser of:
 - (i) a proportionate share of available capacity in such Functional Units, in the proportion described in Section 3.7(b);
 - (ii) ten percent (10%) of Producer's Daily Contract Volume in such Functional Units; and
 - (iii) the Authorized Overrun Service nominated by Producer in such Functional Units.

3.4 Interruptible Service

If on any day during the Term, Producer wishes to have Operator provide Service for a volume in excess of one hundred and ten percent (110%) of the Daily Contract Volume, Producer shall so notify Operator, and Operator shall use reasonable efforts to provide Service in the applicable Functional Units for such excess volume on an interruptible basis, meaning that Operator shall provide Service for such excess volume if there is available capacity, but shall not be obligated to give such excess volume any priority over any other volumes of Inlet Substances delivered to the Facilities.

3.5 Nominations

Producer shall, from time to time as required by Operator, provide nominations to Operator, specifying the quantities of Producer's Inlet Substances which will be delivered to the

Receipt Point each day, provided that, unless a nomination expresses a contrary intention, Operator shall be entitled to rely on such nomination until it receives a later nomination containing contrary information. Notices under Sections 3.3 and 3.4 may be made pursuant to this nomination procedure. Nominations may be made by electronic means. Operator shall determine and advise Producer on a periodic basis as to the anticipated amount of capacity available in the Facilities.

3.6 Possession, Title, Commingling and Pressure

- (a) Operator shall have possession of Delivered Substances, and of all Gas Products and Facility Products derived therefrom or allocated thereto, from the point at which it receives such substances at the Receipt Point to the point at which it delivers the Gas Products and Facility Products out of the Facilities at the Facilities Outlet for Gas Products and the Facilities Outlet for Facility Products. Operator shall not acquire any title to any Delivered Substances, Gas Products or Facility Products except as a purchaser of Producer's allocated share of Gas Products or Facility Products under Section 6.3 or as provided for in Section 7.6.
- (b) Producer represents and warrants to Operator that it will, at the time of delivery to Operator, have good title to, or the full right and authority to deliver, all Inlet Substances delivered by it under this Agreement and all Gas Products and Facility Products derived therefrom or allocated thereto, free and clear from all liens, encumbrances and claims of any nature whatsoever that might affect Operator or any of its rights hereunder. Producer shall indemnify and hold Operator and Owners harmless from and against any and all actions, causes of action, claims, damages, losses, liabilities, costs and expenses arising from any adverse claims to such Inlet Substances, or the Gas Products or Facility Products attributable thereto.
- (c) Delivered Substances may be commingled with other System Substances.
- (d) Producer shall be responsible for ensuring that all Producer's Inlet Substances are capable of being delivered at the Gathering System operating conditions from time to time in effect at the Receipt Point.

3.7 Priority of Gathering, Processing and Transportation

Delivered Substances will be gathered, processed, and transported to the extent that capacity is available in the Facilities. If on any day, the actual available capacity of a Functional Unit is insufficient to accommodate all of the System Substances which Users wish to have handled by such Functional Unit at that time, Operator shall be entitled to curtail the receipt of Producer's Inlet Substances, in accordance with the following sequence:

- (a) volumes nominated for Interruptible Service;
- (b) volumes nominated for Authorized Overrun Service, such that Producer shall be entitled to share any available capacity in such Functional Unit for volumes in excess of Producer's Daily Contract Volume up to an additional ten percent (10%)

of Producer's Daily Contract Volume in the proportion that the Producer's Daily Contract Volume in that Functional Unit bears to the total of the Contracted Volumes of all Users in that Functional Unit that have nominated for capacity in excess of their Contracted Volumes in that Functional Unit on that day; and

- (c) volumes nominated for Firm Service, such that Producer shall be entitled to share all available capacity in a Functional Unit in the proportion that the Producer's Daily Contract Volume in that Functional Unit bears to the total of the Contracted Volumes of all Users in that Functional Unit.

The above sequence will be subject to the provisions of Section 3.8 and 3.9. Intermittent curtailments during a day that may be necessary pursuant to this Section 3.7 shall be made at the Operator's discretion, acting reasonably, and applying the principles described in Sections 3.7(a), (b) and (c) to the extent possible.

3.8 Specifications of Producer's Inlet Substances

- (a) Producer's Inlet Substances which are delivered to the Receipt Point shall meet the specifications as set forth in Exhibit "B". If a Party becomes aware that Producer's Inlet Substances fail to meet the specifications set forth in Exhibit "B", then such Party shall notify the other Party of such failure immediately upon becoming aware of that fact. Operator shall be entitled, with or without notice to the Producer, to refuse to receive all or any portion of any Producer's Inlet Substances tendered by Producer for receipt into the Gathering System or Liquids Pipeline which fail to meet the specifications set forth in Exhibit "B".
- (b) Notwithstanding Section 3.8(a), Operator may accept Producer's Inlet Substances which fail to meet the specifications set forth in Exhibit "B", provided that such acceptance by Operator will not relieve Producer from any consequences arising as a result of such substances not meeting the specifications set forth in Exhibit "B".
- (c) Operator shall be entitled to refuse to receive any Producer's Inlet Substances which meet the specifications set forth in Exhibit "B" if, in the reasonable opinion of the Operator, such substances would be deleterious to the marketability of the Gas Products or Facility Products, or would adversely affect the Facilities and/or the operation thereof.

3.9 Priority of Access for CO₂ in the Facilities

- (a) Producer shall have the right (hereinafter referred to as "CO₂ Priority Right") on a prioritized basis to deliver Producer's Inlet Substances to the Facilities that exceed the maximum CO₂ content specification permitted in the Mackenzie Valley Pipeline from time to time (the "CO₂ Content Limit"). Such CO₂ Priority Right is subject to Gas Products at the Facilities Outlet for Gas Products continuing to meet the CO₂ Content Limit.

- (b) For the sole purpose of determining access to the CO₂ Priority Right, the following shall apply:
 - (i) Inlet Substances which meet the CO₂ Content Limit shall have first priority;
 - (ii) Inlet Substances which exceed the CO₂ Content Limit shall have second priority, on a first come, first served basis.
- (c) The ranking of priority rights for Inlet Substances in Section 3.9(b)(ii) on a first come, first served basis will be established in accordance with the following priority sequence:
 - (i) first, Inlet Substances produced from any of the Niglintgak, Taglu or Parsons Lake Fields;
 - (ii) and, second, all other Inlet Substances, which will have a priority of ranking established by the applicable "Access Date", for which purpose "Access Date" means the later of (A) the date of the Government approval of the application for development of the Field from which such Inlet Substances are produced and (B) the date of execution by the User of the TPA or Development and Operating Agreement, as applicable, pursuant to which such Inlet Substances are received at the Facilities.
- (d) If there is an assignment of a TPA or Development and Operating Agreement, or any interest therein, in accordance with the provisions of such TPA or Development and Operating Agreement, as applicable, then for purposes of Section 3.9(c)(ii), the date of execution shall be the same date that applied to the assignor of such TPA or Development and Operating Agreement.
- (e) Where the CO₂ content of Gas Products at the Facilities Outlet for Gas Products exceeds the CO₂ Content Limit, the Operator shall be entitled to curtail the receipt and processing of Inlet Substances in the reverse order from the CO₂ Priority Rights set out in this Section 3.9.

3.10 Temporary Capacity Limitations

Notwithstanding the provisions of this Article 3, Operator, at its sole discretion, reserves the right to refuse or limit delivery of Producer's Inlet Substances at the Receipt Point when the Facilities (or any part thereof) are shut down for maintenance, when the capacity of the Facilities (or any part thereof) is reduced by temporary operational difficulties or operating limitations, or when the safety or environmental or operational integrity of the Facilities (or any part thereof) are threatened, until such time as capacity is no longer restricted. Curtailments will be made on a pro rata basis in accordance with Section 3.7; provided that should Operator believe reasonably that Producer's Inlet Substances are causing the capacity of the Facilities (or any part thereof) to be temporarily reduced, Operator may curtail Producer's Inlet Substances disproportionately with all other Inlet Substances tendered for service of equal priority.

3.11 Notification of Curtailment

As soon as reasonably possible, Operator shall notify Producer if Producer's Inlet Substances have been curtailed pursuant to Sections 3.7, 3.8, 3.9 or 3.10.

3.12 Planned Maintenance and Operations Forecast

- (a) Operator shall, at least one (1) Month prior to the end of each calendar year during the Term, notify Producer of the dates and duration of any anticipated reductions in gathering, processing or transportation capacity resulting from planned maintenance operations at the Facilities for the following calendar year.
- (b) Producer shall, at least one (1) Month prior to the end of each calendar year during the Term, notify Operator of the dates and duration of any anticipated reductions in deliveries of Producer's Inlet Substances due to planned maintenance operations in facilities upstream of the Receipt Point during such calendar year.
- (c) Through the course of each calendar year, the Operator and Producer will notify each other should the dates and duration of any planned maintenance operations change materially. The actual dates and reductions in capacity shall be confirmed not less than thirty (30) Days prior to the beginning of a planned maintenance operation. The Parties shall use reasonable efforts to conduct such planned maintenance operations as so notified.

3.13 Facilities Fill

Producer shall, at no cost to Operator, provide and maintain its proportionate share in kind of System Substances required to fill each Functional Unit for which it has requested Service as set forth in Exhibit "A1". Producer's "proportionate share" of such fill will be the proportion that its Daily Contract Volume for such Functional Unit bears to the Nameplate Capacity for such Functional Unit.

3.14 Status of Producer's Authorizations

Upon the request of Operator, Producer will provide a notice to Operator listing the significant Government authorizations which will be sought by or on behalf of Producer or an Affiliate of Producer in connection with:

- (a) the development of the Field from which Producer's Inlet Substances will be produced, including approval of the National Energy Board under the *Canada Oil and Gas Operations Act*; and
- (b) the construction of pipeline gathering facilities to connect such Field to the Receipt Point

(such authorizations being hereinafter referred to as "Producer's Authorizations").

From time to time thereafter, and no less frequently than once every six (6) Months, Producer shall provide a notice to Operator which sets out a current listing and the current status of the Producer's Authorizations and identifies any additions, changes or deletions to the immediately preceding listing of Producer's Authorizations. Producer will notify the Operator when an application for a Producer's Authorization has been filed with a Government. Upon the request of Operator, Producer will also provide Operator, in a timely fashion, with a copy of any application made by Producer for any Producer's Authorization and a copy of each Producer's Authorization obtained by Producer upon receipt of same; provided that Producer shall not be required to provide Operator with any information in connection with any application for a Producer's Authorization which was filed and accepted by a Government on a confidential basis. Producer may take such action to obtain Producer's Authorizations as it deems to be in its best interest; provided that Producer shall not take, and shall cause its Affiliates to not take, any action which would obstruct, interfere with or delay the receipt by Operator of the authorizations required by it in connection with the construction or operation of the Facilities.

3.15 Status of Construction of Facilities

Operator shall advise Producer on an ongoing basis, in a timely fashion and in any event not less frequently than once every six (6) Months, of the status of the construction of the Facilities.

ARTICLE 4 CHARGES

4.1 Charges for Service

- (a) The charges for Service described in Section 1.1(aaa)(i) and (ii) shall be determined in accordance with Exhibit "C1" and billed in accordance with Article 7. The charges for Service described in Section 1.1(aaa)(iii) and (iv) shall be determined in accordance with Exhibit "C2" and billed in accordance with Article 7.
- (b) From the Date of Commencement, Producer shall pay the applicable Monthly Service Fee based on the Daily Contract Volume in accordance with Exhibit "C1" and "C2". For greater certainty, the obligation of Producer to pay the Monthly Service Fee shall continue whether or not Producer's Inlet Substances are actually gathered, processed or transported, as the case may be, and is not subject to abatement under any circumstances. Producer shall not be entitled to any credits in respect of the Monthly Service Fee.

4.2 Service Costs

Producer shall have access to Authorized Overrun Service at no addition to the fixed charge portion of the Monthly Service Fee. In addition, Producer shall have access to Interruptible Service, if available, for a fee of one hundred and ten percent (110%) of the Monthly Service Fee on a per unit basis.

ARTICLE 5 MEASUREMENT

5.1 Measurement

The obligations of Producer and Operator with respect to measurement and the measurement technologies and calculation procedures to be used for calculating volumes shall be in accordance with the provisions of Exhibit "E". Except as otherwise provided in Exhibit "E", all costs associated with such obligations shall be included in the calculation of the Monthly Service Fee.

ARTICLE 6 OWNERSHIP AND DISPOSITION OF GAS PRODUCTS AND FACILITY PRODUCTS

6.1 Producer's Share of Gas Products and Facility Products

- (a) The volumes of Gas Products and Facility Products allocated to Producer shall be determined each Month in a manner consistent with the Allocation Procedure. Producer shall at its sole cost and risk take in kind or separately dispose of the Gas Products and Facility Products which are allocated to it pursuant to the Allocation Procedure. Producer shall be responsible for making all necessary arrangements with a purchaser or carrier for the receipt of its share of Gas Products and Facility Products at the Facilities Outlet for Gas Products and Facility Products, respectively.
- (b) Producer shall provide to Operator, by the tenth (10th) Day of each Month, a statement of the total volume of Delivered Substances for the preceding Month. Further, Producer shall provide to Operator, on a timely basis, all production data and information as may be required for the preparation of statements described in Section 6.1(c) and Article 7.
- (c) Operator shall, on or before the twenty-fifth (25th) Day of each Month, provide Producer with a statement showing the total volume of Delivered Substances for the preceding Month and the volume and heat content of all Gas Products delivered to Producer at the Facilities Outlet for Gas Products on each Day during the preceding Month and the volume of all Facility Products delivered to Producer at the Facilities Outlet for Facility Products on each Day during the preceding Month, together with Producer's share of System Use Gas.
- (d) Operator shall be entitled to deal only with Producer on all matters arising hereunder.

6.2 Delivery of Gas Products and Facility Products

All Gas Products allocated to Producer shall be delivered to Producer at the Facilities Outlet for Gas Products, and Operator shall use reasonable efforts to ensure that Gas Products meet the quality specifications acceptable to the carrier at the Facilities Outlet for Gas Products. All Facility Products allocated to Producer shall be delivered to Producer at the Facilities Outlet

for Facility Products, and Operator shall use reasonable efforts to ensure that Facility Products meet the quality specifications acceptable to the carrier at the Facilities Outlet for Facility Products. If a Party becomes aware that the Gas Products or Facility Products fail to meet the specifications specified in this Section, then such Party shall notify the other Party of such failure immediately upon becoming aware of that fact. The Gas Products and Facility Products deliverable to Producer shall be delivered in a common stream with other Gas Products or Facility Products, as the case may be, deliverable to other Persons.

6.3 Failure to Take in Kind

- (a) If Producer fails to take or otherwise adequately dispose of its allocated share of Gas Products or Facility Products, Operator may, so long as such failure continues, sell or purchase Producer's allocated share of Gas Products and Facility Products at Market Price, and Operator may, at its option, cease to accept delivery of Producer's Inlet Substances. Any such sale shall be made by Operator as agent and for the account of, and at the expense of, Producer. In order to facilitate such sale of Gas Products and Facility Products, Producer authorizes Operator to use Producer's transportation capacity on any facilities required to transport such Gas Products and Facility Products to an available market in the Northwest Territories or Alberta as determined by Operator, and Producer hereby appoints Operator as its agent for the purpose of using such transportation capacity. If Operator sells or purchases Producer's allocated share of Gas Products or Facility Products, Operator shall remit to Producer within a reasonable period of time the proceeds of such sale or the purchase price, as applicable, less all costs of the sale and less a marketing charge of five percent (5%) of the gross proceeds of sale received by Operator or five percent (5%) of the purchase price, as applicable. The authority of Operator to enter into contracts for the sale of Producer's allocated share of Gas Products or Facility Products shall be restricted to contracts that are for such reasonable periods of time as are consistent with the minimum needs of the industry under the circumstances, but not in excess of a one (1) Month period. Subject to such contracts, Producer may commence or resume taking its allocated share of Gas Products or Facility Products in kind at any time if it has given notice to Operator at least thirty (30) Days before the expiration of the current sales contract that it intends to take its share in kind.
- (b) Producer shall provide the Operator with such information respecting its arrangements for the disposition of its allocated share of Gas Products and Facility Products as the Operator may reasonably require to fulfil its obligations hereunder. If Producer fails to provide such information, or if any of the disposition arrangements specified are inadequately provided for or are otherwise unworkable or impracticable, the Operator shall forthwith notify the Producer, and Producer shall be deemed to have failed to take its allocated share of Facility Products and Gas Products, as the case may be, until the deficiency has been rectified.

6.4 Volume Losses

- (a) Without limiting the effect of Section 6.4(b), Operator shall have the right at any time, in its sole discretion and acting reasonably in accordance with industry practice to flare, vent, use or consume Delivered Substances free of charge.
- (b) Producer acknowledges and agrees that the provisions of this Agreement and the Allocation Procedure specifically anticipate the shrinkage of the initial input of Delivered Substances and that Operator shall have no obligation to compensate or account to Producer for shrinkage attributable to any System Use Gas.
- (c) Producer shall, at no cost to Operator, provide its share of System Use Gas, on a daily basis in accordance with the Allocation Procedure.
- (d) The quantities of System Use Gas shall not be included in Producer's Daily Contract Volume.

ARTICLE 7 BILLINGS AND PAYMENT

7.1 Billings

Operator shall bill Producer on or before the twenty-fifth (25th) Day of each Month for the Monthly Service Fee payable by Producer for the Services provided by Operator to Producer for the preceding Month, based upon Exhibits "C1" and "C2". Producer shall pay the amount due pursuant to Operator's bill within thirty (30) Days of receiving such bill. Payment shall be made by wire transfer unless otherwise agreed by the Parties. If Producer fails to pay the full amount payable by it when due, interest on the unpaid portion will accrue at the Interest Rate, plus two percent (2%) per annum, from the date payment was due until the date payment is made.

7.2 Commingling of Funds

Subject to Section 7.6, funds received by Operator for the account of Producer are trust funds and are not to be used by Operator for its own purposes. In addition, only the net proceeds of sale under Section 6.3 shall be trust funds. Operator may commingle funds received by it under this Agreement with its own funds but such right to commingle is granted to Operator as an administrative aid in its duties hereunder and does not alter the characterization of such funds received by Operator as trust funds.

7.3 Right to Protest or Question Bills

Producer may dispute the correctness of any bill, but it shall nevertheless pay the same when due. Unless Producer gives notice in writing to Operator that it disputes the correctness of a bill within twenty-six (26) Months following the end of the calendar year in which the bill was presented, the bill shall be deemed conclusively to be correct except where the item is under dispute pursuant to Section 7.4. Operator shall have sixty (60) Days following receipt of a query

in which to provide documentation necessary to satisfy Producer of the correctness of the billing in question.

7.4 Books and Records and Audits

- (a) Operator shall maintain true and correct books, accounts and records of the operations hereunder. Producer shall, upon written notice to Operator, have the right to examine the same and make copies thereof during normal business hours, at the sole cost of Producer. Subject to Section 7.4(b), Producer, upon reasonable notice in writing to Operator, shall have the right to audit the books, accounts and records of Operator pertaining to the Facilities to the extent necessary to verify the accuracy of any statement, charge or computation made under this Agreement during any calendar year within twenty-four (24) Months next following the end of such calendar year. Any claims of discrepancies arising from such audit shall be made in writing to Operator within two (2) Months of the completion of such audit. Operator shall respond in writing to any claims of discrepancies within six (6) Months of receipt of such claims unless Operator requests and Producer consents to an extension, which consent shall not be unreasonably withheld. Operator and Producer agree to act in good faith to resolve such claims. If Operator agrees with the claim, then adjustment and payment shall be made by the Operator within thirty (30) Days of such agreement.
- (b) Each audit shall be conducted so as to cause a minimum of inconvenience to Operator. Each audit shall be conducted jointly with any other producers that wish to conduct an audit. Producer shall make every reasonable effort to conduct such joint audit at the same time as an audit is conducted by the Owners.

7.5 Operator's Lien

As continuing security for the due payment of all amounts from time to time payable by Producer to Operator under this Agreement, Producer hereby grants to Operator a present and continuing first priority security interest in and to, and a first and specific lien and charge on, all Delivered Substances, and on all Gas Products and Facility Products derived therefrom or allocated thereto, and all proceeds derived from the sale thereof, such security interest, lien and charge to take priority over any other lien, charge, mortgage or other security interest. For so long as Producer remains in good standing on its payment obligations to Operator under this Agreement, Producer shall be entitled to sell or otherwise dispose of its allocated share of Gas Products and Facility Products free and clear of Operator's security interest, lien and charge thereon. However, if Producer fails at any time to pay any amount payable by it to Operator under this Agreement, such entitlement to dispose shall thereupon terminate, and the provisions of Section 7.6 shall apply.

7.6 Producer Default in Payment

If Producer fails at any time to pay any amount payable by it under this Agreement, and such failure continues for five (5) Days after receipt of written notice from Operator of such

failure, Operator may, without limiting Operator's other rights under this Agreement, or at law or in equity, exercise any of the following remedies:

- (a) suspend performance of Service under this Agreement, in which case, notwithstanding any provision to the contrary contained herein, Operator's obligations to provide Service shall be suspended until Producer has paid all amounts payable by Producer to Operator, or until Operator elects to end such suspension;
- (b) set-off against the amounts which Producer has failed to pay under this Agreement any sums due or accruing due to Producer from Operator under this Agreement;
- (c) maintain an action or actions for such unpaid amounts and interest thereon on a continuing basis as such amounts are payable but not paid by Producer, as if the obligation to pay such amounts and the interest thereon were liquidated demands due and payable on the relevant date such amounts were due to be paid, without any right or resort of Producer to set-off or counter-claim;
- (d) treat such failure as an immediate and automatic assignment to Operator of the proceeds of the sale of Producer's share of Gas Products and Facility Products. Service of a copy of this Agreement upon a purchaser of Producer's share of Gas Products or Facility Products, together with written notice from Operator, shall constitute a written irrevocable direction by Producer to any such purchaser to pay to Operator the proceeds from any such sale up to the amount owed to Operator by Producer hereunder (including any accrued interest with respect thereto) and such purchaser is authorized by Producer to rely upon the statement of Operator as to the amount so owed to it by Producer; and
- (e) enforce and realize on the security interest, lien and charge granted to it pursuant to Section 7.5, and in connection therewith sell Producer's share of Gas Products and/or Facility Products on such terms as it may consider reasonable in the circumstances, and apply the net proceeds of any such sale, firstly, to the payment of all costs and expenses incurred by it in connection with such sale (including, without limitation, a marketing fee equivalent to the marketing charge provided for in Section 6.3), and, secondly, to the payment of the outstanding amounts payable by Producer to Operator under this Agreement.

Books and records kept by Operator shall constitute proof of the existence and amount of such failure to pay, including the associated direct costs and marketing charges.

7.7 Remedies Cumulative

Unless otherwise specified in this Agreement, any remedies provided for in this Agreement shall be several and cumulative.

7.8 Royalties and Taxes

- (a) Producer shall be liable for and pay, and shall indemnify Operator against all actions, claims, damages, liabilities, losses, costs and expenses arising from any royalties, overriding royalties, product payments, taxes, levies and other assessments or encumbrances of any nature in respect of Producer's Inlet Substances, or its share of the Gas Products or Facility Products attributable thereto.
- (b) Applicable Goods and Services Taxes ("GST"), sales taxes and similar levies shall be added to amounts payable under this Agreement. When Operator is required to charge GST, or similar value added tax, Operator's invoice shall include information prescribed by the Input Tax Credit Information Regulations under the *Excise Tax Act (Canada)*, and any information prescribed for any similar applicable value added tax.

ARTICLE 8 FORCE MAJEURE

8.1 Force Majeure

- (a) If a Force Majeure event occurs which causes a Party to fail to perform all or part of any obligation under this Agreement, such obligation will, to the extent that its performance is prevented by such Force Majeure event, be suspended for so long as such Force Majeure event continues to prevent performance, and the non-performance of such obligation will not constitute a breach of such obligation for as long as and to the extent that the event of Force Majeure is continuing.
- (b) For purposes of this Agreement, the term "Force Majeure" means any event which is beyond the reasonable control of a Party claiming suspension of an obligation hereunder, and includes, without limitation: (i) physical events such as acts of God, landslides, lightning, earthquakes, fires, storms (or storm warnings which result in evacuation of the affected area), floods, washouts, explosions, breakage of equipment or accident; (ii) acts of others such as strikes, riots, terrorism, sabotage, insurrections or wars; (iii) governmental actions including the requirement to comply with any court order or any law, statute, regulation, permit or authorization of any Government; (iv) a revocation or adverse amendment of, any licence, permit, approval or authorization of any Government; (v) insufficient supplies of Inlet Substances being delivered by all Persons such that Operator cannot operate the Gathering System, the Plant or the Liquids Pipeline; but does not include: (vi) a lack of financial resources or available funds or similar financial predicament, or an event the occurrence of which is due to the financial inability of the Party seeking to claim such event as an event of Force Majeure to pay any amount which a prudent and financially sound entity in similar circumstances would reasonably be expected to pay to avoid or discontinue such event; (vii) any loss of market or reduction in market demand; or (viii) the

depletion of Producer's reserves or any failure of a reservoir from which Producer's Inlet Substances are produced.

- (c) If an event of Force Majeure occurs, the affected Party shall notify the other Party of such event of Force Majeure promptly after the occurrence thereof, and shall keep such Party informed of all significant developments related thereto. The affected Party shall, as quickly as practicable, commence and diligently pursue such steps as may be commercially reasonable in the circumstances to cause the discontinuance of, and to minimize the effect of, the event of Force Majeure and resume performance of the obligation affected by the Force Majeure as soon as reasonably practicable, provided that neither Party will be required to settle any strike, lockout or other labour dispute on terms which it would not otherwise be willing to agree to.
- (d) Notwithstanding the above provisions, no event of Force Majeure shall:
 - (i) relieve Producer of its obligations to pay the Monthly Service Fee or Producer's obligation to meet the specifications set out in Exhibit "B" with respect to Producer's Inlet Substances delivered to Operator at the Receipt Point;
 - (ii) apply so as to suspend the performance of any obligation to make payment of any amount payable under this Agreement; or
 - (iii) result in any extension of the Term of this Agreement.

ARTICLE 9 CREDIT REQUIREMENTS AND CHANGE IN CIRCUMSTANCES

9.1 Credit Requirements

Producer covenants that upon the execution of this Agreement, Producer or its Affiliated Guarantor shall have a Qualifying Credit Rating, or Producer or its Affiliated Guarantor shall have provided Performance Assurance in favour of Operator which is satisfactory to Operator.

9.2 Change in Circumstances

- (a) If, at any time during the Term, Operator has reasonable grounds for believing that:
 - (i) Producer or its Affiliated Guarantor or provider of Performance Assurance, as applicable, may be unable to meet its obligations under this Agreement or under any Performance Assurance; or
 - (ii) the financial circumstances of Producer or its Affiliated Guarantor or provider of Performance Assurance, as applicable, have deteriorated since the date of execution of this Agreement, and in the reasonable opinion of Operator have reached an unacceptable level;

then Operator may provide notice to Producer, stating its reasonable grounds and requesting a new or replacement Performance Assurance.

- (b) Producer may satisfy Operator's request for a new or replacement Performance Assurance if Producer, or its Affiliated Guarantor or other provider of Performance Assurance provides and maintains a Letter of Credit in favour of Operator in an amount equal to the total amount estimated by the Operator which Producer will be obligated to pay Operator under this Agreement during:
 - (i) the first twelve (12) Month period immediately following the Date of Commencement, where the time at which Operator requests a new or replacement Performance Assurance occurs before the Date of Commencement; or
 - (ii) the twelve (12) Month period immediately following the date of Operator's request for a new or replacement Performance Assurance where the time at which Operator requests such Performance Assurance occurs on or after the Date of Commencement;

and in each case, such amount shall be adjusted annually to reflect any change in the estimated amount payable hereunder for the next succeeding twelve (12) Months. Such new or replacement Performance Assurance or Letter of Credit which is satisfactory to Operator shall be provided by Producer or its Affiliated Guarantor or provider of Performance Assurance within thirty (30) Days of Producer's receipt of such notice given by Operator under Section 9.2(a).

- (c) If, at any time during the Term, Operator has reasonable grounds for believing that:
 - (i) any guarantee provided by an Affiliated Guarantor may be void, or unenforceable, in whole or in part, by Operator against such Affiliated Guarantor as a result of any development or change in applicable law;
 - (ii) any Performance Assurance may be void, or unenforceable, in whole or in part, by Operator against the provider of such Performance Assurance as a result of any development or change in applicable law;

then Operator may provide notice to Producer, stating its reasonable grounds and requiring a replacement guarantee or a replacement Performance Assurance, as applicable. The replacement guarantee or replacement Performance Assurance shall be in a form which addresses the matter which gave rise to Operator's belief that the previous guarantee or previous Performance Assurance may be void or unenforceable, in whole or in part. Producer shall cause the replacement guarantee or replacement Performance Assurance, as applicable, which addresses such matter to the satisfaction of Operator, acting reasonably, to be provided to Operator by the Affiliated Guarantor or provider of Performance Assurance within thirty (30) Days of Producer's receipt of such notice given by Operator.

9.3 Information

- (a) Subject to Section 9.3(c), Producer shall make available to Operator upon Operator's request, the annual audited consolidated financial statements of Producer and its Affiliated Guarantor or other provider of Performance Assurance, if any, setting forth in comparative form the corresponding figures of the preceding fiscal year together with an auditor's report thereon, prepared in accordance with the usual practice for such financial statements of Producer, its Affiliated Guarantor or other provider of Performance Assurance, as applicable. Such financial statements shall be provided within one hundred and twenty (120) Days after the end of each fiscal year of Producer, its Affiliated Guarantor or other provider of Performance Assurance, as applicable. Operator may, at its sole discretion, accept unaudited consolidated financial statements.
- (b) Subject to 9.3(c), Producer shall make available to Operator, upon Operator's request, the unaudited consolidated financial statements of Producer and its Affiliated Guarantor or other provider of Performance Assurance for the period comprising the first three fiscal quarters of each fiscal year, if any, prepared on a basis consistent with the corresponding period of the preceding fiscal year. Such financial statements shall be provided within sixty (60) Days after the end of the third fiscal quarter of each fiscal year of Producer, its Affiliated Guarantor or other provider of Performance Assurance, as applicable.
- (c) If Producer does not have audited financial statements or unaudited financial statements, or if such statements are not generally publicly disclosed by such Producer, then such Producer will be relieved of its obligations pursuant to Sections 9.3(a) and (b) if such Producer has an Affiliated Guarantor or other provider of Performance Assurance, and such Affiliated Guarantor or other provider of Performance Assurance has provided the financial statements described in Section 9.3(a) within the one hundred and twenty (120) Day period referred to in Section 9.3(a) and the financial statements described in Section 9.3(b) within the sixty (60) Day period referred to in Section 9.3(b) in respect of such Affiliated Guarantor or other provider of Performance Assurance in lieu of Producer providing its financial statements.
- (d) Producer shall make available and shall cause any Affiliated Guarantor or other provider of Performance Assurance to make available to Operator any additional information regarding the business affairs, operations, assets and financial condition of Producer or any Affiliated Guarantor or other provider of Performance Assurance that Operator may reasonably request from time to time in order to assess the creditworthiness of Producer or any Affiliated Guarantor or other provider of Performance Assurance. Producer shall provide, and shall cause any Affiliated Guarantor or other provider of Performance Assurance to provide, such requested information within ten (10) Business Days of Operator's request therefor.

ARTICLE 10 DEFAULT AND TERMINATION RIGHTS

10.1 Operator Default

The occurrence and continuation of any of the following events, unless any such event occurs as a result of a breach by Producer of its obligations under this Agreement, shall constitute an "**Operator Default**":

- (a) Operator commits a material breach of any of its obligations under this Agreement; or
- (b) Operator repudiates this Agreement or evidences its intention not to perform its obligations under, or to be bound by this Agreement, except as permitted hereunder.

10.2 Producer Default

The occurrence and continuation of any of the following events, unless any such event occurs as a result of a breach by Operator of its obligations under this Agreement, shall constitute a "**Producer Default**":

- (a) Producer fails to make, when due, any payment required under this Agreement;
- (b) Producer fails to comply with its covenants or obligations under Section 9.1 or 9.2;
- (c) Producer commits a material breach of any of its other obligations under this Agreement; or
- (d) Producer otherwise repudiates this Agreement or evidences its intention not to perform its obligations under or to be bound by this Agreement, except as permitted hereunder.

10.3 Termination for Default

Producer may elect to terminate this Agreement if a Operator Default occurs pursuant to Section 10.1. Operator may elect to terminate this Agreement if a Producer Default occurs pursuant to Section 10.2. Where the Operator Default occurs under subsection 10.1(a) or where the Producer Default occurs under subsection 10.2(c), the terminating Party must give the other Party one hundred and twenty (120) Days prior notice of its intent to terminate this Agreement pursuant to this Section 10.3. Where the Operator Default or Producer Default occurs under any other subsections of Section 10.1 or 10.2, the terminating Party must give the other Party thirty (30) Days prior notice of its intent to terminate this Agreement pursuant to this Section 10.3 except in the case of a Producer Default under subsection 10.2(b), in which case this Agreement will terminate immediately upon Operator's delivery to Producer of its written notice of termination of

this Agreement. Unless the default is cured within the applicable notice period, termination of this Agreement will be effective upon expiry of such notice period.

10.4 Default or Termination by Either Party

If a Party, or with respect to Section 10.4(b), its Controlling Party (unless such Party has another Controlling Party that is not subject to any of the events described in Section 10.4(b)), or the Affiliated Guarantor or provider of Performance Assurance of such Party, or any partner (other than a limited partner) of such Party, where such Party is a partnership:

- (a) claims Force Majeure under Article 8 of this Agreement, and such Force Majeure event has continued for a period of more than twenty four (24) Months; or
- (b) becomes subject to any of the following events:
 - (i) a receiver or receiver manager of all or any part of its assets is appointed by any of its creditors or by a court of competent jurisdiction;
 - (ii) it enters into, or resolves to enter into, an arrangement, or reorganization, reconstruction or composition with all or any class of its creditors, or it proposes a moratorium or other administration involving any of them for reasons relating to insolvency;
 - (iii) it seeks relief respecting creditor's rights under any companies or corporations legislation (including without limitation, the *Canada Business Corporations Act* or similar provincial or territorial legislation);
 - (iv) it resolves to wind-up or dissolve for reasons relating to insolvency or bankruptcy, or commits any act of bankruptcy as such term is defined in the *Bankruptcy and Insolvency Act* (Canada) (the "BIA");
 - (v) it institutes any proceeding with respect to it under the BIA, the *Companies' Creditors Arrangement Act* (Canada), the *United States Bankruptcy Code* or any other applicable bankruptcy or insolvency laws (collectively, "Bankruptcy or Insolvency Laws");
 - (vi) any involuntary proceeding is commenced against it (A) seeking bankruptcy, liquidation, reorganization, dissolution, winding-up, or a composition or arrangement with creditors, readjustment of debts, or other relief with respect to it or its debts under any Bankruptcy or Insolvency Laws or (B) seeking the appointment of a trustee, receiver, liquidator, or other similar official of it or over any substantial part of its assets; or the issuance of a writ of attachment, execution or similar process against any substantial part of its assets, provided that in each such case, neither Section 10.4(b)(vii) nor 10.4(b)(viii) apply, and such involuntary proceeding either (C) results in a judgement of insolvency or bankruptcy

or an order for relief, or (D) remains undismissed and unstayed for a period of sixty (60) Days;

- (vii) it consents to, or takes any action to authorize, any proceeding referred to in Section 10.4(b)(vi);
- (viii) it files an answer or response admitting the material allegations of a petition filed against it in any proceeding regarding bankruptcy or insolvency commenced against it, or fails to contest any such petition;
- (ix) anything analogous or having a substantially similar effect to any of the events specified above in relation to a trust, trust estate, trustee of a trust, partnership or any other Person which is not a body corporate; or
- (x) anything analogous or having a substantially similar effect to any of the events specified above under the laws of any jurisdiction having authority over it or its property or assets;

then the other Party shall have the right to terminate this Agreement by giving notice to such affected Party. For clarity, Section 10.4(b) shall not include any voluntary proceeding for the purpose of amalgamation, arrangement, reconstruction or reorganization unless such proceeding is taken at the request of, or to meet the requirements of, the creditors of such Party, the Controlling Party, the Affiliated Guarantor or provider of Performance Assurance or, if such Party is a partnership, the creditors of any of its partners (other than limited partners). Where the notice of termination relates to a Party, or in the case of Section 10.4(b), the Controlling Party or an Affiliated Guarantor or any other provider of Performance Assurance that is an Affiliate of that Party, then the termination of this Agreement will be effective upon delivery of such notice. Where the notice of termination relates to a provider of Performance Assurance under Section 10.4(b) that is not an Affiliate of the affected Party, then the termination of this Agreement will be effective upon the expiry of ten (10) Business Days from the date of delivery of such termination notice, unless within such period, Producer has provided another Performance Assurance to Operator which is satisfactory to Operator. Notwithstanding the foregoing provisions of this Section 10.4(b), where the notice of termination relates to an insolvency event experienced by a partner (other than a limited partner) of Producer and Producer is a partnership, then the termination of this Agreement will be effective upon the expiry of ten (10) Days from the occurrence of such event, unless at the expiry of such ten (10) Day period, there is either another partner (other than a limited partner) of Producer that causes Producer to meet the Qualifying Credit Rating or the Producer has provided Performance Assurance which is satisfactory to Operator.

ARTICLE 11
LIABILITY AND INDEMNIFICATION

11.1 Liability and Indemnification

- (a) Operator, its Affiliates, and their respective directors, officers, consultants, agents and employees shall not be liable to Producer for any losses, expenses, liabilities or damage suffered or incurred by Producer, whether contractual or tortious, resulting from or in any way attributable to or arising out of any act or omission, whether negligent or otherwise, of Operator, its Affiliates, or their respective directors, officers, consultants, agents, or employees in the performance of the Service except when and to the extent that such loss, expense, liability or damage is a direct result of, or is directly attributable to, the gross negligence or wilful misconduct of Operator, its Affiliates, or their respective directors, officers, consultants, agents, or employees. Gross negligence shall not include any act or omission, insofar as it was done or not done in accordance with the instructions or implied or express concurrence of the Producer.
- (b) To the extent that the gross negligence or wilful misconduct condition described in Section 11.1(a) applies, Operator shall be solely liable for such losses, expenses, liabilities or damage and, in addition, shall indemnify and save harmless Producer, its Affiliates, and their respective directors, officers, consultants, agents, and employees from and against the same and also from and against all actions, causes of action, claims and demands by any Person in respect of such losses, expenses, liabilities or damage, and any costs and expenses relating thereto.
- (c) To the extent that the gross negligence or wilful misconduct condition described in Section 11.1(a) does not apply, Producer shall indemnify and save harmless Operator and the Owners and their respective Affiliates and the directors, officers, consultants, agents, and employees of Operator or the Owners or any of their respective Affiliates (in this Section 11.1(c) each such Person, other than Producer, is hereinafter referred to as an "Indemnitee") from and against any and all actions, causes of action, claims, demands, costs, liabilities, losses and expenses resulting from any loss, expense, injury, death or damage respecting any Person (including Producer), which may be brought against or incurred by an Indemnitee, or which an Indemnitee may sustain, pay or incur relating to the performance of the Service under this Agreement, including, without limitation, damage to the Facilities, Gas Products or Facility Products caused by delivery of Producer's Inlet Substances hereunder whether or not such substances meet the specifications set out in Exhibit "B".
- (d) In no event shall either Party be responsible under this Article 11 for indirect, consequential, special or punitive damages, including without limitation, loss of profits or losses suffered by the other Party respecting loss or delay of production. In particular, in no event shall Operator be liable for any losses, liabilities, costs or expenses suffered or incurred by Producer in respect of demand charges or

other charges or tolls on the Mackenzie Valley Pipeline, on the Enbridge pipeline or on any other facilities which may directly or indirectly connect with the Facilities.

ARTICLE 12 TERM

12.1 Term

- (a) This Agreement shall be effective as of the date of its execution and, subject to its terms, shall continue (i) for Service in Functional Units 1, 2, 3, 4a and 4b, for a period of eight (8) years from the Date of Commencement; or (ii) for Service in Functional Units 5 and 6, for a period of ten (10) years from the Date of Commencement (in each case, the "Initial Term"). The Term shall consist of the Initial Term, together with any extensions of such period pursuant to Section 12.1(b).
- (b) Subject to the terms of this Agreement, Producer shall have the right to extend the Term of this Agreement beyond the Initial Term of the Agreement for further periods of a minimum of one (1) year by providing notice to Operator to that effect at least two (2) years before the end of the Initial Term and at least two (2) years before the end of each extension period. Each extension period shall be in a multiple of one year. Notwithstanding the foregoing, Producer shall not have the right to extend the Term of this Agreement beyond twenty (20) years from the date which is the first Day of the Month next following the Month in which the operations commence in the Facilities, unless Operator is and plans to continue to operate the Facilities during the entire requested extension period in a manner which is substantially similar to the manner in which the Operator was operating the Facilities at the end of such twenty (20) year period. After the end of such twenty (20) year period, any requested extension period may not be for a period greater than one (1) year unless the written approval of Operator is first obtained.
- (c) Upon any extension of the Term of this Agreement, the Receipt Point and the Facilities Outlet for Facility Products and the Facilities Outlet for Gas Products shall remain unchanged. At the commencement of any extension period, the charges for Service hereunder will be determined by Operator based on industry principles then in effect.
- (d) In any notice of extension pursuant to Section 12.1(b), Producer shall be entitled to elect to reduce its Daily Contract Volume by a corresponding amount in each Functional Unit in which Producer has requested Service as indicated in Exhibit "A1". Any such reduction in its Daily Contract Volume shall be effective upon the commencement of the extension period.
- (e) In addition to its right to terminate this Agreement under the circumstances contemplated by Article 10, Operator may decline to extend the Term of this Agreement if the operation of any one or more Functional Units required to

provide Service to Producer ceases to be economic in the reasonable opinion of Operator, or a notice to abandon any Functional Unit (or portion thereof) in which Service is provided hereunder is given to the applicable Government. Operator shall give Producer written notice that the Term shall not be extended as a result of the occurrence of such event no later than eighteen (18) Months prior to the commencement of the proposed extension period.

- (f) Notwithstanding the termination of this Agreement, this Agreement shall remain in full force and effect to the extent of any liabilities which may have accrued prior to the termination of this Agreement, and the provisions respecting liability and indemnification, confidentiality, dispute resolution and the settlement of accounts shall survive the termination of this Agreement.

ARTICLE 13 DISPUTE RESOLUTION

13.1 Dispute Resolution

The Parties will attempt to resolve any claim or dispute arising out of this Agreement through consultation and negotiation in good faith within the appropriate time periods as set out in this Agreement. If those attempts fail to resolve the dispute or claim within thirty (30) Days, then if both Parties so agree, the dispute may be referred to mediation for resolution, with costs of the mediation being shared equally by both Parties. If the Parties cannot agree to a mediator, one shall be appointed by the Association for Dispute Resolution in Canada. However, either Party may terminate the mediation at any time upon giving notice effective immediately upon receipt of such notice to the other Party. If the Parties have agreed to mediation and mediation fails to resolve the dispute or claim within sixty (60) Days of the date that the dispute was referred to mediation, or if both Parties do not agree to mediation for resolution of the dispute, then either Party may refer the matter to arbitration in accordance with Section 13.2.

13.2 Arbitration

- (a) If either Party refers a dispute to arbitration, the arbitration shall be conducted in accordance with the existing binding arbitration procedures of the ADR Institute of Canada, Inc., or its successor ("ADRIC"), subject to the provisions of subsection 13.2(b) and 13.2(c), provided that if no binding ADIC arbitration procedure is in existence at the time, the most recent binding arbitration procedure of the Canadian Foundation for Dispute Resolution ("CFDR") shall be used in place thereof.
- (b) The arbitration shall be heard and determined by three (3) arbitrators. Each Party shall appoint an arbitrator of its choice within thirty (30) Days of the submission of a notice of arbitration. The Party-appointed arbitrators shall in turn appoint a presiding arbitrator of the tribunal within thirty (30) Days following the appointment of both Party-appointed arbitrators. If the Party-appointed arbitrators cannot reach agreement on a presiding arbitrator of the tribunal and/or if one (1) Party refuses to appoint its Party-appointed arbitrator within said thirty (30) Day

period, the ADRIC shall appoint an independent arbitrator who shall be impartial and not have any financial interest in the dispute or claim, as the presiding arbitrator, or for such Party, as applicable. All decisions and awards by the arbitration tribunal shall be made by majority vote. Notwithstanding the foregoing provisions of this Section 13.2(b), only one (1) arbitrator shall be used in arbitrations where the net amount in dispute does not exceed Five Hundred Thousand Dollars (\$500,000.00), or where the dispute involves a geoscience or engineering technical issue and both Parties agree. Such arbitrator shall be appointed jointly by the Parties, and failing agreement, ADRIC shall appoint such arbitrator.

- (c) Unless otherwise expressly agreed in writing by the Parties:
- (i) the arbitration proceedings shall be held in Calgary, Alberta;
 - (ii) the arbitration proceedings shall be conducted in the English language and the arbitrator(s) shall be fluent in the English language;
 - (iii) the arbitrator(s) shall be and remain at all times wholly independent and impartial;
 - (iv) the costs of the arbitration proceedings (including legal fees and costs) shall be borne in the manner determined by the arbitrator(s);
 - (v) the decision of the sole arbitrator or a majority of the arbitrators, as the case may be, shall be reduced to writing; be final and binding on the Parties without the right of appeal; be the sole and exclusive remedy regarding any disputes, controversies, claims, counterclaims, issues or accountings presented to the arbitrator(s); made and promptly paid in Canadian Dollars free of any deduction or offset; and any costs or fees incident to enforcing the award shall, to the maximum extent permitted by law, be charged against the Party resisting such enforcement;
 - (vi) consequential, punitive or other similar damages shall not be allowed;
 - (vii) the award may include interest from the date of any breach or violation of this Agreement as determined by the arbitral award until paid in full at the Interest Rate;
 - (viii) judgment upon the award may be entered in any court having jurisdiction over the Party or the assets of the Party owing the judgment and application may be made to such court for a judicial acceptance of the award and an order of enforcement;
 - (ix) for purposes of allowing the arbitration provided in this Article 13, the enforcement and execution of any arbitration decision and award, and the issuance of any attachment or other interim remedy, any government body or agency which becomes a Party agrees to waive all sovereign immunity

by whatever name or title with respect to disputes, controversies or claims arising out of or in relation to or in connection with this Agreement;

- (x) the arbitration shall proceed in the absence of a Party which, after due notice, fails to answer or appear. An award shall not be made solely on the default of a Party, but the arbitrator(s) shall require the Party which is present to submit such evidence as the arbitrator(s) may determine is reasonably required to make an award; and
- (xi) if an arbitrator should die, withdraw or otherwise become incapable of serving, or refuse to serve, a successor arbitrator shall be selected and appointed in the same manner as the original arbitrator and the arbitration or so much thereof that needs to be, shall be reheard by the arbitration tribunal.
- (d) Before or during the time that the Parties follow the arbitration procedures contained herein, any Party may initiate a proceeding before the appropriate court to obtain a preliminary injunction or other preliminary judicial relief if it believes that such a step is necessary to avoid irreparable damage or harm. Even if a Party takes such action, the Parties will continue to participate in the procedures in this Section.
- (e) The Parties to the arbitration shall use all reasonable efforts to provide that any arbitrator appointed pursuant to this Section shall keep confidential all information received in connection with the arbitration except for disclosure to the Parties pursuant to the arbitration or to such court or tribunal as may have jurisdiction to review or enforce the arbitral award.
- (f) In deciding the dispute, the arbitrator(s) shall apply the law of the Province of Alberta.

ARTICLE 14 THIRD PARTY REQUESTS FOR CAPACITY

[Note: This Section is for the benefit of Persons that responded before September 1, 2005 to the letter dated December 16, 2004 titled "Proposed Principles for Facility Ownership or Shipper Access Mackenzie Gas Gathering and Processing Facilities"]

14.1 Offers to Release Contracted Capacity

- (a) If at any time Producer is willing to release all or any portion of its Daily Contract Volume, Producer may provide notice (a "**Release Notice**") to the Operator regarding the portion of its Daily Contract Volume that it desires to make available (the "**Producer Offered Capacity**"). Producer may, if it so desires, specify in its Release Notice either or both of the following:

- (i) a range of Producer Offered Capacity in a Functional Unit that it is prepared to make available, specifying a minimum and maximum amount of its Producer Offered Capacity in a Functional Unit; and
 - (ii) that it is only willing to make available an amount of Producer Offered Capacity (or an amount of Producer Offered Capacity within a particular range) in a Functional Unit together with an amount of Producer Offered Capacity (or an amount of Producer Offered Capacity within a particular range) in one or more other Functional Units that it may so designate.
- (b) If:
- (i) in its Release Notice, Producer specified a range of Producer Offered Capacity in a Functional Unit it was prepared to make available, and the aggregate of:
 - (A) Producer Offered Capacity requested to be taken back by the Contributing Owners; and
 - (B) Producer Offered Capacity offered or deemed offered to be made available to a Requesting Party pursuant to Section 14.2(e) or 14.2(f), as applicable;in such Functional Unit would not be within the range of Producer Offered Capacity so specified in Producer's Release Notice; or
 - (ii) in its Release Notice, Producer specified that it was only willing to make available an amount of Producer Offered Capacity (or an amount of its Producer Offered Capacity within a particular range) in a Functional Unit together with an amount of Producer Offered Capacity (or an amount of its Producer Offered Capacity within a particular range) in one or more other Functional Units, and the aggregate of:
 - (A) Producer Offered Capacity requested to be taken back by the Contributing Owners; and
 - (B) Producer Offered Capacity offered or deemed offered to be made available to a Requesting Party pursuant to Sections 14.2(e) or 14.2(f), as applicable;would not be within the range of Producer Offered Capacity so specified in Producer's Release Notice for each Functional Unit so specified;
- then the Release Notice shall be of no further effect.
- (c) If the Producer's offer to release Producer Offered Capacity is accepted, in whole or in part, the Operator shall amend this Agreement to reflect the reduction in the

Daily Contract Volume hereunder and Producer shall enter into any further assurances reasonably requested by Operator to confirm such amendment.

14.2 Requests for Term Capacity

- (a) If the Operator has received a request for capacity for a fixed term (which may include renewal terms) for gathering, processing or transportation in a Functional Unit (a "**Request for Capacity**") from any Person (a "**Requesting Party**"), which Request for Capacity has been approved by the Owners for further consideration, the Operator shall deliver a notice (a "**Capacity Use Notice**") to Persons eligible to receive such notice and to Producer if this Agreement has a Term which (without further renewal) will expire no later than the end of the initial term of capacity use contemplated in the Request for Capacity. Such Capacity Use Notice delivered to Producer shall contain the volume of Inlet Substances expected to be delivered by such Requesting Party and the Operator's estimate of the capacity in each Functional Unit required to gather, process or transport that volume.
- (b) If the Operator has delivered a Capacity Use Notice to Producer pursuant to Section 14.2(a), Producer shall be entitled, within sixty (60) Days following receipt of a Capacity Use Notice, to notify the Operator regarding the portion of the Daily Contract Volume it desires to make available to accommodate the Request for Capacity, provided that its offer to make available capacity in such notice must, subject to Sections 14.2(c) and 14.2(g), stay open for a minimum of two hundred and seventy (270) Days regardless of whether the terms of the Request for Capacity change during such period by Regulation or otherwise. An Offering Person may, if it so desires in its notice to Operator offering to release capacity (a "**Capacity Release Notice**") specify either or both of the following:
 - (i) a range of its Contracted Volumes in a Functional Unit that it is prepared to make available, specifying a minimum and maximum amount of its Contracted Volumes in a Functional Unit; and
 - (ii) that it is only willing to make available an amount of its Contracted Volumes (or an amount of its Contracted Volumes within a particular range) in a Functional Unit together with an amount of its Contracted Volumes (or an amount of its Contracted Volumes within a particular range) in one or more other Functional Units that it may so designate.

Subject to Section 14.2(c), all such offered capacity shall be hereinafter in this Article 14 referred to as "**Offered Capacity**".

- (c) If Producer desires to make available any of its Daily Contract Volume pursuant to Section 14.2(b), Section 14.1 shall apply, and the Producer's Capacity Release Notice provided in accordance with Section 14.2(b) shall serve as its Release Notice for purposes of Section 14.1. If any of the Producer Offered Capacity has been allocated to Contributing Owners pursuant to Section 14.1, then unless otherwise notified by the applicable Contributing Owners, the Operator shall

withdraw the portion of the Producer Offered Capacity allocated to such Contributing Owners from the Offered Capacity offered to be made available to the Requesting Party in the relevant Functional Unit, including for purposes of the remaining calculations in this Section 14.2.

- (d) If an Offering Person specified in its Capacity Release Notice a range of its Offered Capacity in a Functional Unit that it was prepared to make available, the maximum amount of Offered Capacity in that range shall be used for purposes of determining whether the Offering Persons have collectively offered to make available more Offered Capacity in a Functional Unit than is required to accommodate the Request for Capacity. Unless otherwise agreed by all of the Offering Persons and subject to Sections 14.2(e) and 14.2(f), if the Offering Persons collectively offer to make available more Offered Capacity in a Functional Unit than is required to accommodate the Request for Capacity, each Offering Person shall be entitled to make available a proportionate share thereof. For the purposes of this Section 14.2(d), the "proportionate share" of each Offering Person shall be determined by the Operator in accordance with the following formula:

$$X = \frac{A}{B}$$

where:

X = the proportionate share of the Request for Capacity to be allocated to an Offering Person;

A = the amount of Offered Capacity of such Offering Person, provided that if that Offering Person specified a range of Offered Capacity, the maximum amount of Offered Capacity in that range shall be used to determine "A"; and

B = the aggregate amount of Offered Capacity of all Offering Persons, provided that if any Offering Person specified a range of Offered Capacity it is prepared to make available, the maximum amount of Offered Capacity in that range shall be used for that Offering Person to determine "B".

- (e) If the circumstances set out in Section 14.2(d) apply, unless the Offering Persons otherwise agree, each Offering Person shall be deemed to have offered to make available a proportionate share of the Request for Capacity to accommodate the Request for Capacity (calculated as "X" above), provided that:
- (i) if an Offering Person specified a range of Offered Capacity it was prepared to make available in its Capacity Release Notice, such Offering Person shall only be deemed to have offered to make available its

proportionate share if the amount of "X", as calculated for such Offering Person, is within the range so specified by such Offering Person; and

- (ii) if an Offering Person specified in its Capacity Release Notice that it was only willing to make available an amount of Offered Capacity (or an amount of Offered Capacity within a particular range) in a Functional Unit together with an amount of Offered Capacity (or an amount of Offered Capacity within a particular range) in one or more other Functional Units, such Offering Person shall only be deemed to have offered to make available its proportionate share in any Functional Unit if the amount of "X", as calculated for such Offering Person for each Functional Unit so specified, is within the range so specified by such Offering Person for each Functional Unit so specified.
- (f) If, following the Operator's calculations in Section 14.2(d) (but subject to any agreement of the Offering Persons to the contrary as contemplated in Section 14.2(d)) in respect of a particular Functional Unit, an Offering Person is not deemed to have offered to make available its proportionate share in accordance with Section 14.2(e) (such Offering Person, a "**Conditional Offering Person**"), the Operator shall forthwith notify the Offering Persons and the Conditional Offering Person and shall thereafter re-calculate each Offering Person's proportionate share of the Request for Capacity, excluding from such calculations the Conditional Offering Person and its Offered Capacity, but otherwise in accordance with Section 14.2(d). The provisions of Section 14.2(e) and this Section 14.2(f) shall thereupon be applied until the Operator is able to allocate a proportionate share of the Request for Capacity among all Offering Persons (excluding, for certainty, any Conditional Offering Person). If the Operator believes, acting reasonably, that it will not be able to achieve this result, the Operator shall so notify the Offering Persons.
- (g) If there is insufficient Offered Capacity made available by the Offering Persons to accommodate the Request for Capacity pursuant to the preceding provisions of this Section 14.2, and the shortfall has not been satisfied by capacity that may be made available by other Persons, all Capacity Release Notices shall, except as provided in Section 14.2(c), be deemed to have been terminated and all offers to make available any Offered Capacity in respect of such Request for Capacity shall be deemed to have expired.
- (h) If there is sufficient Offered Capacity made available by the Offering Persons (taking into account, if applicable, any additional offered capacity made available as referred to in Section 14.2(g)) to accommodate the Request for Capacity and such Request for Capacity has been successfully accommodated pursuant to the preceding provisions of this Section 14.2, the Operator shall provide notice thereof to Producer, specifying the amount of Offered Capacity to be released by Producer.

- (i) If Producer releases all or a portion of its Daily Contract Volume to accommodate a Request for Capacity in accordance with the process contemplated in this Section 14.2, the Operator shall amend this Agreement to reflect the reduction in the Daily Contract Volume hereunder and Producer shall enter into any further assurances reasonably requested by Operator to confirm such amendment.

ARTICLE 15 REPRESENTATIONS AND WARRANTIES

15.1 Representations and Warranties of Operator

Operator represents and warrants that at the date of its execution of this Agreement:

- (a) it is duly organized and validly existing under the laws of Canada and has all requisite legal power and capacity to execute this Agreement and carry out the terms, conditions and provisions hereof;
- (b) this Agreement constitutes a valid, legal and binding obligation of Operator, enforceable in accordance with the terms hereof subject only to laws of general application applying to equitable remedies and the enforcement of creditor's remedies;
- (c) the execution and delivery by Operator of this Agreement has been duly authorized by all requisite corporate actions and all requisite actions of the Owners;
- (d) it has or will have, at the relevant time, all requisite authority from the Owners to take or to refrain from taking any action that Operator may be entitled to take hereunder; and
- (e) there are no actions, suits or proceedings pending or, to Operator's knowledge, threatened against or affecting Operator before any court or Government that might materially and adversely affect the ability of Operator to meet and carry out its obligations under this Agreement.

15.2 Representations and Warranties of Producer

Producer represents and warrants that at the date of its execution of this Agreement:

- (a) it is duly organized and validly existing under the laws of _____ and has all requisite legal power and capacity to execute this Agreement and carry out the terms, conditions and provisions hereof;
- (b) this Agreement constitutes a valid, legal and binding obligation of Producer, enforceable in accordance with the terms hereof subject only to laws of general application applying to equitable remedies and the enforcement of creditor's remedies;

- (c) the execution and delivery by Producer of this Agreement has been authorized by all requisite **[corporate, partnership or trust]** action; and
- (d) there are no actions, suits or proceedings pending or, to Producer's knowledge, threatened against or affecting Producer before any court or Government that might materially and adversely affect the ability of Producer to meet and carry out its obligations under this Agreement.

ARTICLE 16 ASSIGNMENT

16.1 By Producer

Producer may not assign this Agreement, or any of its rights and obligations hereunder unless the following conditions are satisfied:

- (a) in conjunction with such assignment, the Producer is disposing of a corresponding interest (which may include a royalty interest pursuant to which Producer has the right to take production in kind) in and to the hydrocarbon substances underlying one or more of the Fields from which Producer has been producing (or may reasonably be expected to produce or take in kind) Producer's Inlet Substances and delivering (or may reasonably be expected to deliver) them to the Facilities, provided that, if the assignee is an Affiliate of Producer, it will not be necessary to comply with the requirements of this Section 16.1(a);
- (b) the interest which is the subject of the assignment is a Streamed Interest; and
- (c)
 - (i) the assignee, or its Affiliated Guarantor, as applicable, has a Qualifying Credit Rating and Operator has given its prior written approval, which approval shall not be unreasonably withheld; provided that Operator shall not be allowed to withhold such approval on the basis of the financial condition of the assignee or its Affiliated Guarantor, as applicable; or
 - (ii) the assignee, or its Affiliated Guarantor or other provider of Performance Assurance, has provided Performance Assurances to Operator which are satisfactory to Operator; and Operator has given its prior written approval, which approval shall not be unreasonably withheld.

16.2 Streamed Interest

- (a) For the purposes of this Agreement, a "**Streamed Interest**" may only be composed of:
 - (i) all of the Daily Contract Volume in each Functional Unit in which Producer has requested Service as set forth in Exhibit "A1"; or
 - (ii) part of Producer's Daily Contract Volume in the most upstream Functional Unit which is the subject of the assignment and in which Producer has

requested Service, together with the same amount of capacity in all Functional Units downstream of such Functional Unit.

- (b) Notwithstanding Section 16.2(a)(ii), with respect to Functional Unit 5, Producer may include in the Streamed Interest any amount of its Daily Contract Volume in Functional Unit 5, provided that Producer then includes in the Streamed Interest the same amount of capacity in Functional Unit 6.

16.3 By Operator

- (a) Subject to Section 16.3(b), Operator may not assign this Agreement, or any of its rights and obligations hereunder to any other Person, without the prior written approval of Producer, which approval shall not be unreasonably withheld.
- (b) Operator may, without obtaining the approval of Producer, assign all of its rights and obligations under this Agreement to:
 - (i) any Affiliate of Operator;
 - (ii) any Person designated by the Owners from time to time to be the operator of the Facilities; or
 - (iii) any Person(s) which the Owners have advised Operator will be developing or operating the Facilities in the place of the Owners.

16.4 Succession

Notwithstanding Section 16.3(a), a Person which purchases all or substantially all of the assets and assumes all or substantially all of the liabilities of Operator, or merges or consolidates with Operator, and which signs and delivers a counterpart of this Agreement to the Producer, shall be entitled to the rights and shall be subject to the obligations of Operator under this Agreement. Any Person which purchases all or substantially all of the assets and assumes all or substantially all of the liabilities of Producer, or merges or consolidates with Producer, shall be entitled to the rights and shall be subject to the obligations of Producer under this Agreement provided that such Person has a Qualifying Credit Rating or has provided Performance Assurance to Operator which is satisfactory to Operator and has signed and delivered a counterpart of this Agreement to the Operator.

16.5 Assignment as Security

The provisions of this Article 16 shall not in any way prevent Operator or any Owner from assigning or mortgaging Operator's rights under this Agreement, as security for its indebtedness. Producer shall execute all consents to such assignment or mortgage and acknowledgements which are reasonably requested by Operator or any lenders which are granted security interests in relation to the Facilities or this Agreement by Operator or any Owner.

ARTICLE 17 MISCELLANEOUS PROVISIONS

17.1 Interpretation

The captions or headings used in this Agreement are inserted solely for convenience and shall not be considered or given any effect in interpreting the Agreement or in ascertaining the intent of the Parties.

17.2 Number and Gender

In this Agreement words importing the singular include the plural and vice versa, the pronoun "it" refers to one of the Parties; words importing the masculine gender include the feminine and neuter genders.

17.3 Laws and Regulations

Subject to Sections 17.4 and 17.13, this Agreement and the rights and obligations of the Parties are subject to all present and future Regulations. Any reference herein to any statutes, rules, regulations and orders includes any amendments thereto from time to time or any replacement or successor thereto.

17.4 Applicable Laws

This Agreement shall be construed in accordance with the laws of the Province of Alberta excluding, however, any conflict of laws rule which would apply the law of another jurisdiction. Subject to Article 13, each of the Parties submits to the jurisdiction of the courts of the Province of Alberta for the interpretation and enforcement hereof.

17.5 Waivers

A waiver of a provision of this Agreement, whether for future or past actions, shall not be binding upon a Party unless it is in writing and signed by its duly authorized representative(s), and such a waiver shall not operate as a waiver in the future of any provision, whether of a like or different character.

17.6 Further Assurances

Producer and Operator shall do all such further acts and execute and deliver all such further deeds and documents as may be reasonably required in order to fully perform and carry out the terms of this Agreement.

17.7 No Implied Covenants

Producer and Operator have expressed herein their entire understanding and agreement concerning the subject matter of this Agreement and no implied covenant, condition, term or reservation shall be read into this Agreement relating to or concerning such subject matter.

17.8 Notices

All notices and other communications to be given in connection with this Agreement shall be in writing and shall be sufficiently given:

- (a) if delivered by hand or by courier to a Party at its address for service, such delivery shall be deemed received by the Party when actually delivered, if such delivery is during the Party's normal business hours on any Business Day. If such notice or other communication is not delivered during the Party's normal business hours, such notice or other communication shall be deemed to have been received by the Party on the Business Day next following the date of delivery;
- (b) except during any period of actual or impending postal disruption, if sent by first class mail, or by airmail if sent from outside Canada or the United States, postage prepaid, to a Party at its address for service, such mailing shall be deemed received by the Party on the fourth Business Day following the date of mailing. However, if postal service is interrupted or operating with unusual or imminent delay, such notice or other communication shall not be sent by such means during such interruption or period of delay; and
- (c) if to a Party which has provided a direct telecommunication number as part of its address for service, and notice is sent by telecommunication to the Party's designated telecommunication number, such transmission shall be deemed received by the Party when actually received, if such transmission is during the Party's normal business hours on any Business Day. If such notice or other communication is not received during the Party's normal business hours, such notice or other communication shall be deemed to have been received by the Party on the Business Day next following the date of transmission.

For the purposes of this Section, the address for service for each Party initially shall be as set forth in Exhibit "D". A Party may change its address for service by giving written notice thereof to the other Party.

17.9 Enuring Clause

This Agreement shall enure to the benefit of and be binding upon Producer and Operator and their respective successors and permitted assigns.

17.10 Supersedence

As of the Effective Date, this Agreement shall govern the relationship of the Parties and supersedes all other agreements, documents, writings and verbal understandings and representations between the Parties in relation to the receipt, gathering, processing and transportation of Producer's Inlet Substances, Delivered Substances and Facility Products, as applicable, in the Facilities.

17.11 Counterpart

This Agreement may be executed in counterpart and signature pages from separate counterparts may be faxed or delivered by other electronic means. Each such counterpart shall be deemed an original Agreement for all purposes, provided that no Party shall be bound to this Agreement unless and until both Parties have executed a counterpart.

17.12 Time of the Essence

Time is of the essence in this Agreement.

17.13 Statute of Limitations

The two (2) year period for seeking a remedial order under Section 3.1(a) of the Limitations Act, R.S.A. 2000 c. L-12, including any amendments thereto or replacements thereof, for any claim (as defined in that Act) arising in connection with this Agreement is extended to:

- (a) for claims disclosed by an audit, two (2) years after the time this Agreement permitted the audit to be performed; or
- (b) for all other claims, four (4) years.

17.14 Confidentiality

- (a) Except as provided herein, the Parties shall keep in strict confidence and shall not disclose any Confidential Information, without the prior written consent of the other Party. "Confidential Information" means the terms and conditions of this Agreement, and any and all information disclosed by either Party (the "Disclosing Party") to the other Party (the "Receiving Party") relating to this Agreement, the operation of the Facilities and the Producer's Field operations. Confidential Information does not include information which:
 - (i) was in the possession of the Receiving Party or known to it prior to the date hereof other than under an obligation of confidentiality to the Disclosing Party;
 - (ii) is generally available to the public or subsequently enters the public domain through no fault of the Receiving Party;

- (iii) is received by the Receiving Party without obligation of confidence from a third party who such Receiving Party had no reason to believe was not lawfully in possession of such information free of any obligation of confidence; and
 - (iv) was developed by the Receiving Party using its own knowledge and resources or using the knowledge and resources of a third party not connected with or under an obligation of confidentiality to the other Party in relation to Confidential Information.
- (b) A Party may disclose Confidential Information: (i) if such disclosure is required in order to comply with Regulations or the order of any court having jurisdiction over it, (ii) to recognized stock exchanges having jurisdiction over such Party, where required by such exchanges, and (iii) to an Affiliate, and to a Party's consultants, financial or legal advisors or lenders where necessary or advisable, and to a bona fide prospective purchaser or assignee of all or substantially all of such Party's assets or of any rights under this Agreement. In the case of a disclosure to a prospective purchaser or assignee, such Party shall restrict its disclosure to the Confidential Information required for the sale or assignment. In addition, the Operator may disclose Confidential Information: (A) to the Owners; (B) in any negotiations with, or proceedings involving, a prospective shipper under the Mackenzie Valley Gathering System Access Process submitted to the National Energy Board in the GH-1-2004 proceedings, as such Access Process may be revised or replaced from time to time; (C) in any proceeding before the National Energy Board or other Government relating to the Facilities; and (D) for the purpose provided for in Section 7.6(d) hereof.
- (c) Where disclosure of Confidential Information is made by a Party to any Person other than as required under Section 17.14(b)(i) or (ii) or (b)(B), (C) or (D) (a "Recipient"), appropriate safeguards shall be made by such Party, as a prerequisite to such disclosure, to prevent the Recipient from making any further disclosure of such Confidential Information, without the prior written consent of the other Party, and in particular, the Party shall cause the Recipient to be bound by confidentiality provisions at least as restrictive as those contained in this Section. The Party which discloses Confidential Information to a Recipient shall be responsible for any breach of the confidentiality provisions of this Agreement by the Recipient.

- (d) Each Party shall treat and keep confidential all Confidential Information in accordance with the terms and conditions of this Section during the Term of this Agreement and for a period of five (5) years after this Agreement has expired or is terminated for any reason whatsoever.

IN WITNESS WHEREOF the Parties have executed this Agreement each as of •, 2005.

IMPERIAL OIL RESOURCES VENTURES LIMITED

Operator:

COMPANY ABC

Producer:

This is the execution page of the Agreement entitled • between • and • dated •, 2005.

EXHIBIT 'A1'

**This Is Exhibit "A1" Attached to and Made Part of the
Mackenzie Gas Gathering and Processing Facilities
Firm Transportation
and Processing Agreement Between
Imperial Oil Resources Ventures Limited and Company ABC
Dated _____, 2005**

DAILY CONTRACT VOLUME AND RECEIPT POINT

Receipt Point: **[describe location]**

Producer's Daily Contract Volume for Functional Unit 1: _____ 10³m³

Producer's Daily Contract Volume for Functional Unit 2: _____ 10³m³

Producer's Daily Contract Volume for Functional Unit 3: _____ 10³m³

Producer's Daily Contract Volume for Functional Unit 4a: _____ 10³m³

Producer's Daily Contract Volume for Functional Unit 4b: _____ 10³m³

Producer's Daily Contract Volume for Functional Unit 5: _____ m³

Producer's Daily Contract Volume for Functional Unit 6: _____ m³

**COMPOSITION ANALYSIS FOR
PRODUCER'S INLET SUBSTANCES**

COMPONENT		MOLE PERCENTAGE (%)
Carbon Dioxide	CO ₂	
Hydrogen	H ₂	
Hydrogen Sulphide	H ₂ S	
Helium	He	
Nitrogen	N ₂	
Methane	C ₁	
Ethane	C ₂	
Propane	C ₃	
i – Butane	i-C ₄	
n – Butane	n-C ₄	
i – Pentane	i-C ₅	
n – Pentane	n-C ₅	
Hexanes	C ₆	
Heptanes – plus	C ₇₊	
TOTAL		100.00%

EXHIBIT 'A2'

This Is Exhibit "A2" Attached to and Made Part of the
Mackenzie Gas Gathering and Processing Facilities
Firm Transportation
and Processing Agreement Between
Imperial Oil Resources Ventures Limited and Company ABC
Dated _____, 2005

MAP OF FACILITIES and FUNCTIONAL UNIT DESCRIPTIONS

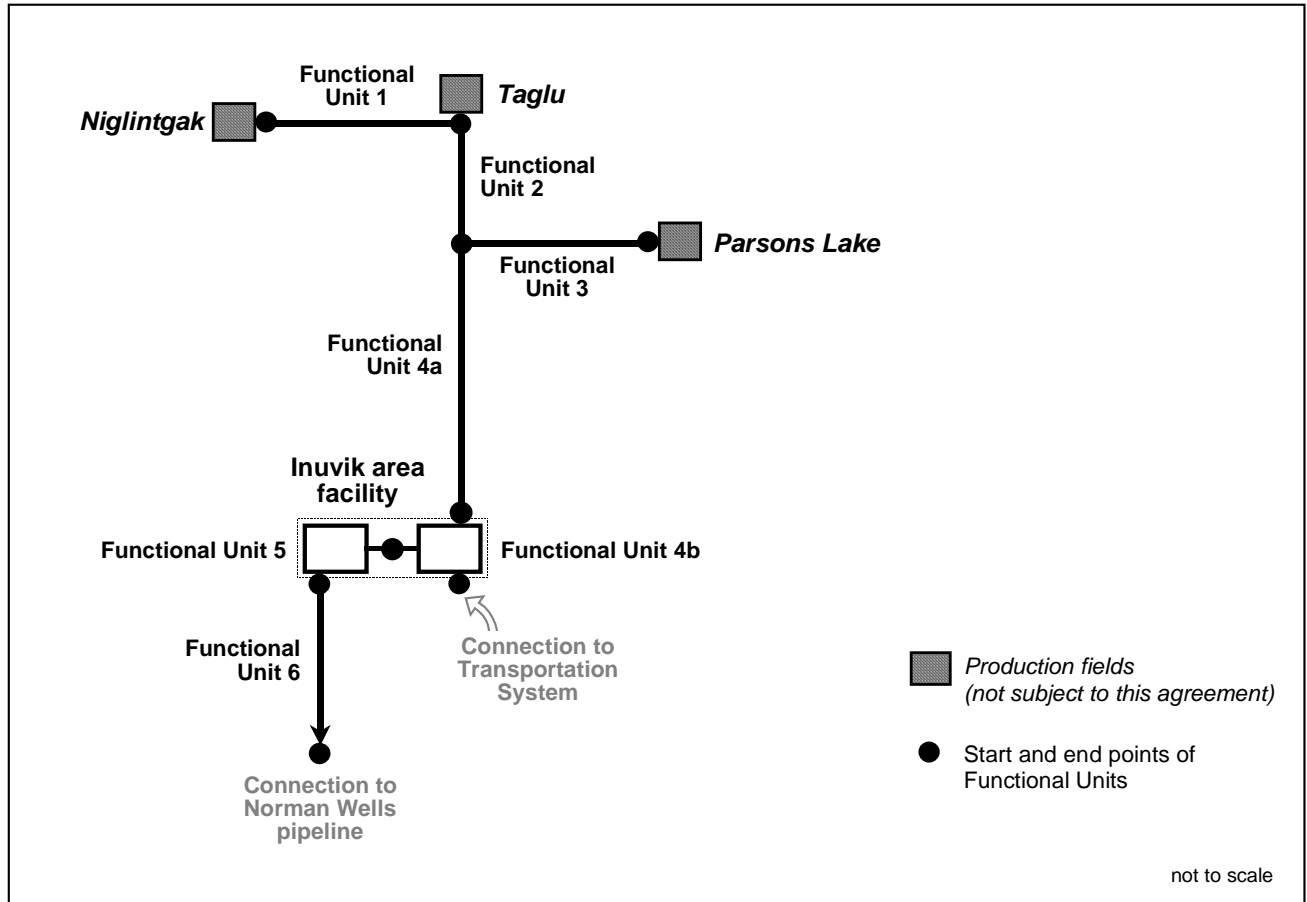


Figure 1: Schematic of Functional Units

Functional Unit Descriptions

<p>Functional Unit 1</p>	<p>pipeline and related facilities required to transport System Substances from the Niglintgak field and from the receipt points for other producers to the interconnection with Functional Unit 2 at the Taglu field</p> <p>Functional Unit 1 is comprised of all facilities downstream of each producer's isolation valve(s) at each receipt point, which includes, but is not limited to:</p> <ul style="list-style-type: none"> • connection(s) from the downstream side of each producer's isolation valve(s) at each receipt point • pig sending facilities • Niglintgak lateral • related pig receiving facilities at the interconnection to the Taglu lateral • telecommunication and automation equipment associated with the Operator's interconnection with a producer's Measurement System (as that term is defined in Exhibit "E") and with a producer's isolation valve(s) <p>Functional Unit 1 terminates at the downstream end of the Niglintgak lateral pig receiving assembly at the Taglu lateral interconnection</p>
<p>Functional Unit 2</p>	<p>pipeline and related facilities required to transport System Substances from the outlet of Functional Unit 1, the Taglu field, and from the receipt points for other producers to the interconnection with Functional Unit 4a at the Storm Hills pigging facility</p> <p>Functional Unit 2 is comprised of all facilities downstream of each producer's isolation valve(s) at each receipt point and all facilities downstream of the downstream end of the Niglintgak lateral pig receiving assembly at the Taglu lateral interconnection, which includes, but is not limited to:</p> <ul style="list-style-type: none"> • connection to Functional Unit 1 • connection(s) from the downstream side of each producers' isolation valve(s) at each receipt point • pig sending facilities • Taglu lateral • related pig receiving facilities at Storm Hills • telecommunication and automation equipment associated with the Operator's interconnection with a producer's Measurement System and with a producer's isolation valve(s) <p>Functional Unit 2 terminates at the downstream end of the Taglu lateral pig receiving assembly at the Storm Hills pigging facility</p>
<p>Functional Unit 3</p>	<p>pipeline and related facilities required to transport System Substances from the Parsons Lake field and from the receipt points for other producers to the interconnection with Functional Unit 4a at the Storm Hills pigging facility</p> <p>Functional Unit 3 is comprised of all facilities downstream of each producer's isolation valve(s) at each receipt point, which includes, but is not limited to:</p> <ul style="list-style-type: none"> • connection(s) from the downstream side of each producer's isolation valve(s) at each receipt point • pig sending facilities • Parsons Lake lateral • related pig receiving facilities at Storm Hills

	<ul style="list-style-type: none"> telecommunication and automation equipment associated with the Operator's interconnection with a producer's Measurement System and with a producer's isolation valve(s) <p>Functional Unit 3 terminates at the downstream end of the Parsons Lake lateral pig receiving assembly at the Storm Hills pigging facility</p>
Functional Unit 4a	<p>pipeline and related facilities required to transport System Substances from Functional Units 2 and 3 and from the receipt points for other producers to the inlet of Functional Units 4b and 5</p> <p>Functional Unit 4a is comprised of all facilities downstream of each producer's isolation valve(s) at each receipt point and all facilities downstream of the downstream end of the pig receiving facilities of Functional Units 2 and 3 at the Storm Hills Pigging Facility, which includes, but is not limited to:</p> <ul style="list-style-type: none"> connection(s) from the downstream side of each producer's isolation valve(s) at each receipt point pig sending facilities at the Storm Hills pigging facility Storm Hills lateral pig receiving facilities at the inlet of the Inuvik area facility telecommunication and automation equipment associated with the Operator's interconnection with a producer's Measurement System and with a producer's isolation valve(s) slug catcher and related facilities at the inlet of the Inuvik area facility <p>Functional Unit 4a terminates at the upstream side of the slug catcher discharge isolation valve(s) at the inlet of Functional Units 4b and 5</p>
Functional Unit 4b	<p>gas processing, gas compression and related facilities within the Inuvik area facility required to condition and transport System Substances from the outlet of Functional Unit 4a and from the receipt points for other producers, if any, to the interconnection with the Transportation System</p> <p>Functional Unit 4b starts:</p> <ul style="list-style-type: none"> at connections(s) from the downstream side of each producer's isolation valve(s) at each receipt point, if any at the upstream side of the slug catcher gas discharge isolation valve(s) at the inlet of the Inuvik area facility at the downstream side of the liquid stabilizer compressed overhead gas discharge isolation valve <p>Functional Unit 4b terminates:</p> <ul style="list-style-type: none"> at the liquid discharge nozzle on the low temperature separator(s) at the downstream side of the Inuvik area facility isolation valve(s) at the interconnection to the Transportation System <p>Functional Unit 4b includes gas vessels, chillers, compressors, heat exchangers, aerial coolers, custody transfer metering and related facilities</p> <p>Functional Unit 4b excludes facilities related to liquids processing and liquids shipping</p>
Functional Unit 5	liquids processing, liquids shipping and related facilities within the Inuvik area

	<p>facility required to process and transport System Substances to the interconnection with Functional Unit 6</p> <p>Functional Unit 5 starts:</p> <ul style="list-style-type: none"> • at the upstream side of the slug catcher liquid discharge isolation valve(s) at the inlet of the Inuvik area facility • at the liquid discharge nozzle on the low temperature separator(s) <p>Functional Unit 5 terminates:</p> <ul style="list-style-type: none"> • at the downstream side of the liquid stabilizer compressed overhead gas discharge isolation valve(s) • at the downstream side of the Inuvik area facility isolation valve(s) at the interconnection to Functional Unit 6 <p>Functional Unit 5 includes liquids processing, liquids storage, liquids shipping, and related facilities</p> <p>Functional Unit 5 excludes facilities related to the slug catcher, gas processing and compression</p>
Functional Unit 6	<p>pipeline and related facilities required to transport System Substances from Functional Unit 5 and from the receipt points for other producers to the interconnection with facilities at Norman Wells that are not jointly owned by the Owners</p> <p>Functional Unit 6 is comprised of all facilities downstream of each producer's isolation valve(s) at each receipt point and all facilities downstream of the downstream side of the Functional Unit 5 isolation valve(s) and includes, but is not limited to:</p> <ul style="list-style-type: none"> • connection(s) from the downstream side of each producers' isolation valve(s) at each receipt point • custody transfer metering facilities • pig sending facilities • liquids pipeline • related pig receiving facilities at Norman Wells • telecommunication and automation equipment associated with the Operator's interconnection with a producer's Measurement System and with a producer's isolation valve(s) <p>Functional Unit 6 terminates at the downstream end of the related pig receiving assembly at the Norman Wells pigging facilities</p>

EXHIBIT 'B'

**This Is Exhibit "B" Attached to and Made Part of the
Mackenzie Gas Gathering and Processing Facilities
Firm Transportation
and Processing Agreement Between
Imperial Oil Resources Ventures Limited and Company ABC
Dated _____, 2005**

SPECIFICATIONS

A. Quality Specifications for Inlet Substances for Functional Units 1, 2, 3, 4a and 4b

If the Receipt Point is at Functional Units 1, 2, 3, 4a or 4b, Producer's Inlet Substances shall:

- (a) be free, at the pipeline operating pressure and temperature at the Receipt Point, from sand, dust, gums, contaminants, impurities, or other objectionable substances which will render the Gas Products or Facility Products unmerchantable, cause injury or damage or interfere with the operation of the Facilities;
- (b) not contain more than three (3) milligrams of hydrogen sulphide per one (1) cubic metre;
- (c) not contain more than one hundred and fifteen (115) milligrams of total sulphur per one (1) cubic metre;
- (d) not contain more than six (6) milligrams of water per one (1) cubic metre in the vapour phase;
- (e) not be less than the minimum inlet temperature nor exceed the maximum inlet temperature for such Receipt Point, each as specified by Operator from time to time;
- (f) not be less than the minimum inlet pressure nor exceed the maximum inlet pressure for the Receipt Point, each as specified by the Operator from time to time;
- (g) be as free of oxygen as practicable and shall not, in any event, contain more than four-tenths of one (0.4) percent by volume of oxygen;
- (h) have an allocated gross heating value in the vapour phase of not less than thirty six (36) megaJoules per cubic metre after such vapour phase has been processed in Functional Unit 4b under normal operating conditions;
- (i) not contain more than ten (10) ppm by weight of water content in liquid phase; and

- (j) where Producer's Inlet Substances contain a liquid phase, be such that the Facilities are capable of causing the System Substances to meet the Quality Specifications for Functional Unit 6 under normal operating conditions when combined with other liquids being handled in Functional Unit 5.

B. Quality Specifications for Inlet Substances for Functional Unit 6

If the Receipt Point is at Functional Unit 6, Producer's Inlet Substances shall:

- (a) be free, at the pipeline operating pressure and temperature at the Receipt Point, from sand, dust, gums, contaminants, impurities, or other objectionable substances which render Facility Products unmerchantable, cause injury or damage or interfere with the operation of Functional Unit 6;
- (b) not exceed the maximum Reid Vapour pressure of one hundred and three (103) kPa at 37.8°C;
- (c) have a density range of six hundred and eighty to eight hundred (680 to 800) kilograms per one cubic metre at 15°C;
- (d) have a maximum viscosity of 10 centistokes at 0°C;
- (e) not be less than the minimum inlet temperature nor exceed the maximum inlet temperature for such Receipt Point, each as specified by the Operator from time to time;
- (f) be as free of sediments and water as practicable and shall not in any event contain more than five tenths of one (0.5%) percent by volume of sediments and water;
- (g) not contain more than five (5) grams of total sulphur per one (1) kilogram (0.5% by weight);
- (h) not contain more than two hundred and eighty-five (285) grams of total salt per one (1) cubic metre; and
- (i) not contain any organic halides.

EXHIBIT 'C1'

**This Is Exhibit "C1" Attached to and Made Part of the
Mackenzie Gas Gathering and Processing Facilities
Firm Transportation
and Processing Agreement Between
Imperial Oil Resources Ventures Limited and Company ABC
Dated _____, 2005**

GATHERING AND PROCESSING SERVICE CHARGES

FEE PRINCIPLES

Note to Capacity Request Agreement Parties electing the shipping option: Following any decision to construct by the Owners of the Facilities, the Producer will be provided with a preliminary estimate of fees and the following principles will be incorporated into a formula in the execution version of this Agreement.

1. GENERAL

The Monthly Service Fee for each of Functional Unit 1 - 5 (the "G&P Facilities") shall be established as follows:

- 1.1 The "First Fee Year" means the period of time commencing on the Date of Commencement and ending on the immediately following December 31, if such period of time is greater than six months and if such period is less than six months, ending on the second following December 31.
- 1.2 "Fee Year" means the First Fee Year or any calendar year subsequent to the First Fee Year, as applicable.
- 1.3 Appropriate adjustments will be made in the calculation of all fees for the First Fee Year to reflect the fact that its duration may not be twelve months.
- 1.4 Fees for each Fee Year will be established based on the bona fide estimates of Operator for all costs with all differences between Operator's estimates and the actual amounts for such Fee Year accruing in deferral accounts.
- 1.5 The net balance of the deferral accounts for any Fee Year will be applied to the revenues to be collected in the subsequent Fee Year.
- 1.6 Fees will be established for Firm Service and Authorized Overrun Service (AOS) and Interruptible Service (IT).
- 1.7 It is currently contemplated that all capital and operating costs will be recovered through a fixed charge, although Operator reserves the right to introduce a variable charge should there be a significant cost or tax which is primarily dependent on throughput quantities.

- 1.8 The fixed charge will apply to all Inlet Substances gathered and processed under a TPA except as provided in paragraph 1.10.
- 1.9 IT will be available at 110% of the unit fee for Firm Service.
- 1.10 Producer may ship up to 110% of its Daily Contract Volume at no additional charge other than its share of System Use Gas and any variable charges applicable.
- 1.11 The fixed charge determinants which will be utilized to establish the fees for any Fee Year will be an estimate of the total Contracted Volumes.
- 1.12 All fees will be determined in accordance with these Fee Principles until the end of the Initial Term of the TPA.

2. INVESTMENT COST BASE

- 2.1 The investment cost base for the G&P Facilities will include, but not be limited to:
 - all expenditures of a capital nature associated with and allocated to the G&P Facilities;
 - overhead amounts related to capital expenditures;
 - all predevelopment costs incurred in connection with the G&P Facilities;
 - working capital including cash, net GST, materials and supplies and prepayments and deposits;
 - interest on funds used during construction calculated until the Date of Commencement at a deemed debt rate equal to the cost of debt determined as if the project was project financed (based on a basket of the producers' creditworthiness).
- 2.2 The investment cost base will be reduced by the amount of accumulated depreciation.
- 2.3 The investment cost base to be utilized for establishing the fees for any particular Fee Year will be the average of the estimated investment cost base for each month of such Fee Year.

3. RETURN ON INVESTMENT COST BASE

- 3.1 A capital structure of 100% equity will apply.
- 3.2 The return on investment cost base for the G&P Facilities for any Fee Year will be 12% after tax.

4. DEPRECIATION EXPENSE

- 4.1 A depreciation expense for each Fee Year will be based on the average gross property, plant and equipment in service associated with the G&P Facilities during such Fee Year.
- 4.2 The average gross property, plant and equipment in service to be utilized for establishing the fees for any particular Fee Year will be the average of the estimated gross property, plant and equipment in service for each Month of such Fee Year.

- 4.3 In determining the depreciation expense, Operator may include an allowance for negative net salvage or reclamation costs if Operator believes that these costs could be significant.
- 4.4 During the Initial Term of this Agreement, the specific annual depreciation rate for each capital asset will be 5% until the investment cost base is equal to 50% of as-spent capital.

5. INCOME TAX EXPENSE

- 5.1 A deemed income tax expense will be determined as if the G&P Facilities were operated as a stand alone gathering and processing facility, only carrying on business in the Northwest Territories.
- 5.2 All large corporation taxes or other capital taxes which would apply if the G&P Facilities were operated as a stand alone gathering and processing facility will also be included in determination of the income tax expense.

6. OTHER TAXES

- 6.1 All property, municipal, business occupancy and any other taxes, royalties or charges (Other Taxes) relating to the G&P Facilities will be recorded in the Fee Year in which they accrue.

7. OPERATING, MAINTENANCE AND ADMINISTRATION COSTS

- 7.1 Operating, maintenance and administration costs will include all other actual costs and expenses associated with the G&P Facilities for a Fee Year which are not capital in nature including operating expenses, maintenance expenses, right of way access costs, local and regional benefits costs, administrative and general expenses and other overhead expenses.

8. ANNUAL FIXED CHARGE CALCULATION

8.1 The annual revenue from fixed charges for each Fee Year will consist of the sum of:

- Return on Investment Cost Base;
- Depreciation Expense;
- Income Tax Expense;
- Other Taxes; and
- Operating, Maintenance and Administration Costs;

relating to such Fee Year and adjusted for the net balance in the deferral accounts relating to the immediately preceding Fee Year.

8.2 The fixed charge for a Fee Year for a Functional Unit will be determined by dividing the annual revenue from fixed charges for such Fee Year for such Functional Unit by the total Contracted Volumes for such Functional Unit for such Fee Year determined in accordance with the Fee Principles in paragraph 1.11.

9. MONTHLY SERVICE FEE CALCULATION

9.1 The total fixed charges for a Fee Year payable by Producer will be the sum of the fixed charges for each Functional Unit used by Producer. The Monthly Service Fee payable by Producer will be the total fixed charges for the Fee Year payable by Producer divided by the number of Months in such Fee Year, plus any variable charges as contemplated in paragraph 1.7.

EXHIBIT 'C2'

**This Is Exhibit "C2" Attached to and Made Part of the
Mackenzie Gas Gathering and Processing Facilities
Firm Transportation
and Processing Agreement Between
Imperial Oil Resources Ventures Limited and Company ABC
Dated _____, 2005**

LIQUIDS PIPELINE TRANSPORTATION SERVICE CHARGES

FEE PRINCIPLES

Note to Capacity Request Agreement Parties electing the shipping option: Following any decision to construct by the Owners of the Facilities, the Producer will be provided with a preliminary estimate of fees and the following principles will be incorporated into a formula in the execution version of this Agreement.

1. GENERAL

The Monthly Service Fee for the Liquids Pipeline shall be established as follows:

- 1.1 The "First Fee Year" means the period of time commencing on the Date of Commencement and ending on the immediately following December 31, if such period of time is greater than six months and if such period is less than six months, ending on the second following December 31.
- 1.2 "Fee Year" means the First Fee Year or any calendar year subsequent to the First Fee Year, as applicable.
- 1.3 Appropriate adjustments will be made in the calculation of all fees for the First Fee Year to reflect the fact that its duration may not be twelve months.
- 1.4 Fees for each Fee Year will be established based on the bona fide estimates of Operator for all costs with all differences between Operator's estimates and the actual amounts for such Fee Year accruing in deferral accounts.
- 1.5 The net balance of the deferral accounts for any Fee Year will be applied to the revenues to be collected in the subsequent Fee Year.
- 1.6 Fees will be established for Firm Service and Authorized Overrun Service (AOS) and Interruptible Service (IT).
- 1.7 It is currently contemplated that all capital and operating costs will be recovered through a fixed charge, although Operator reserves the right to introduce a variable charge should there be a significant cost or tax which is primarily dependent on throughput quantities.

- 1.8 The fixed charge will apply to all Facility Products transported under a TPA, except as provided in paragraph 1.10.
- 1.9 IT will be available at 110% of the unit fee for Firm Service.
- 1.10 Producer may ship up to 110% of its Daily Contract Volume at no additional charge other than its share of System Use Gas and any variable charges applicable.
- 1.11 The fixed charge determinants which will be utilized to establish the fees for any Fee Year will be an estimate of the total Contracted Volumes.
- 1.12 All fees will be determined in accordance with these Fee Principles until the end of the Initial Term of the TPA.

2. INVESTMENT COST BASE

- 2.1 The investment cost base for the Liquids Pipeline will include, but not be limited to:
- all expenditures of a capital nature associated with and allocated to the Liquids Pipeline;
 - overhead amounts related to capital expenditures;
 - all predevelopment costs incurred in connection with the Liquids Pipeline;
 - working capital including cash, net GST, materials and supplies and prepayments and deposits;
 - interest on funds used during construction calculated until the Date of Commencement at a deemed debt rate equal to the cost of debt determined as if the project was project financed (based on a basket of the producers' creditworthiness).
- 2.2 The investment cost base will be reduced by the amount of accumulated depreciation.
- 2.3 The investment cost base to be utilized for establishing the fees for any particular Fee Year will be the average of the estimated investment cost base for each month of such Fee Year.

3. RETURN ON INVESTMENT COST BASE

- 3.1 A deemed capital structure of 65% debt and 35% equity will apply.
- 3.2 The deemed cost of debt for each Fee Year will be determined as if the project was project financed (based on a basket of the producers' creditworthiness).
- 3.3 The Return on Equity for the Liquids Pipeline for any Fee Year will be 12% after tax.
- 3.4 The Rate of Return on investment cost base for any Fee Year will be the sum of 65% of the average cost of debt in accordance with paragraph 3.2 and 35% of the Return on Equity in accordance with paragraph 3.3.

3.5 The Return on investment cost base for each Fee Year will be determined by multiplying the Rate of Return on investment cost base for such Fee Year by the investment cost base for such Fee Year.

4. DEPRECIATION EXPENSE

4.1 A depreciation expense for each Fee Year will be based on the average gross property, plant and equipment in service associated with the Liquids Pipeline during such Fee Year.

4.2 The average gross property, plant and equipment in service to be utilized for establishing the fees for any particular Fee Year will be the average of the estimated gross property, plant and equipment in service for each Month of such Fee Year.

4.3 In determining the depreciation expense, Operator may include an allowance for negative net salvage or reclamation costs if Operator believes that these costs could be significant.

4.4 During the Initial Term of this Agreement, the specific annual depreciation rate for each capital asset will be 5% until the investment cost base is equal to 50% of as-spent capital.

5. INCOME TAX EXPENSE

5.1 A deemed income tax expense will be determined as if the Liquids Pipeline was operated as a stand alone transportation company, only carrying on business in the Northwest Territories.

5.2 All large corporation taxes or other capital taxes which would apply if the Liquids Pipeline was operated as a stand alone transportation company will also be included in determination of the income tax expense.

6. OTHER TAXES

6.1 All property, municipal, business occupancy and any other taxes, royalties or charges (Other Taxes) relating to the Liquids Pipeline will be recorded in the Fee Year in which they accrue.

7. OPERATING, MAINTENANCE AND ADMINISTRATION COSTS

7.1 Operating, maintenance and administration costs will include all other actual costs and expenses associated with the Liquids Pipeline for a Fee Year which are not capital in nature including operating expenses, maintenance expenses, right of way access costs, local and regional benefits costs, administrative and general expenses and other overhead expenses.

8. ANNUAL FIXED CHARGE CALCULATION

8.1 The annual revenue from fixed charges for each Fee Year will consist of the sum of:

- Return on Investment Cost Base;

- Depreciation Expense;
- Income Tax Expense;
- Other Taxes; and
- Operating, Maintenance and Administration Costs;

relating to such Fee Year and adjusted for the net balance in the deferral accounts relating to the immediately preceding Fee Year.

8.2 The fixed charge for a Fee Year for the Liquids Pipeline will be determined by dividing the annual revenue from fixed charges for such Fee Year for the Liquids Pipeline by the total Contracted Volumes for the Liquids Pipeline for such Fee Year determined in accordance with the Fee Principles in paragraph 1.11.

9. MONTHLY SERVICE FEE CALCULATION

9.1 The Monthly Service Fee payable by Producer will be the fixed charge for the Fee Year for the Liquids Pipeline payable by Producer divided by the number of Months in such Fee Year, plus any variable charges as contemplated in paragraph 1.7.

EXHIBIT 'D'

**This Is Exhibit "D" Attached to and Made Part of the
Mackenzie Gas Gathering and Processing Facilities
Firm Transportation
and Processing Agreement Between
Imperial Oil Resources Ventures Limited and Company ABC
Dated _____, 2005**

ADDRESSES FOR SERVICE

Operator	Producer
Company Name: Imperial Oil Resources Ventures Limited	Company Name: Company ABC
237-4 th Avenue SW	Address:
Calgary, Alberta	City, Province: Calgary, Alberta
Postal Code: T2P 0H6	Postal Code: T2P
Attention: Mackenzie Gas Project Commercial Manager	Attention:
Phone No.:(403)237-3737	Phone No.:
Fax No.: (403) 237-2206	Fax No.:

EXHIBIT 'E'

This Is Exhibit "E" Attached to and Made Part of the
Mackenzie Gas Gathering and Processing Facilities
Firm Transportation
and Processing Agreement Between
Imperial Oil Resources Ventures Limited and Company ABC
Dated _____, 2005

MEASUREMENT

In this Exhibit "E", the definitions set forth in the main body of this Agreement shall apply and in addition the following words and phrases shall have the following respective meanings:

"**Measurement Point**" means a point where single phase fluids are measured before entering the Facilities;

"**Measurement System**" means the meter, pressure transmitter, flow computer, sampling equipment, temperature measuring device and associated piping and valving components used to measure Producer's Inlet Substances flowing through a Measurement Point;

CLAUSE 1 MEASUREMENT

1.1 Metering Facilities

The Operator shall specify the design requirements of the primary and secondary Measurement Systems. Such Measurement Systems shall be designed, procured and installed by the Producer at its sole cost, risk, and expense. These Measurement Systems shall be maintained and operated by the Operator with maintenance costs at the expense of the Producer. These Measurement Systems will be situated within the Producer's facilities at a location approved by the Operator.

1.2 Unit of Measurement

- (a) The unit of volume measurement of gas for all purposes hereunder shall be one thousand cubic metres (10^3m^3) reported to one (1) decimal place at an absolute pressure of one hundred one point three two five kiloPascals (101.325 kPa) at a temperature of fifteen degrees Celsius (15°C).
- (b) The unit of volume measurement of liquids for all purposes hereunder shall be one cubic metre (1 m^3) as defined in the *Weights and Measures Act* (Canada) at 15°C and the greater of an absolute pressure of one hundred one point three two five kiloPascals (101.325 kPa) or the liquid's equilibrium vapour pressure at 15°C , and reported to one (1) decimal place.

1.3 Assumed Atmospheric Pressure

For the purposes of measurement and meter calibration, the atmospheric pressure at the Measurement Point hereunder shall be assumed to be one hundred point seven three kiloPascals (100.73 kPa) irrespective of the actual elevation or location of the Measurement System above sea level or variations in the atmospheric pressure from time to time.

1.4 Analysis of Inlet Substances

- (a) The Operator shall sample Producer's Inlet Substances present at the Measurement Point or other points commencing at the Date of Commencement or as soon thereafter as reasonably practicable, with initial sampling frequency of once a month and thereafter as provided in Clause 7. Samples shall be analyzed by gas-liquid chromatography. The samples so taken shall be analyzed to determine the mole percentage of components including:
- (i) each hydrocarbon constituent present from methane to a minimum of heptanes plus;
 - (ii) hydrogen;
 - (iii) carbon dioxide;
 - (iv) hydrogen sulphide;
 - (v) nitrogen.

The cost of sampling and analysis shall be borne by Producer. While primarily responsible for sampling, the Operator may temporarily delegate this responsibility to Producer with respect to Producer's Measurement System, with the consent of Producer. The Operator will resume the taking of samples at the earliest opportunity.

- (b) Separate samples of each phase present at the Measurement Point shall be taken at that point. Each sample shall be analyzed and the results of such analysis shall be used for the purposes of the Allocation Procedure.
- (c) Producer shall have the right to have a representative present at the time that samples of Producer's Inlet Substances are taken. Operator shall provide Producer with at least forty-eight (48) hours notice prior to sampling. Subject to Clause 1.4(d), should Producer not have a representative present, the results of the sampling shall nevertheless be considered accurate.
- (d) If an error in analysis becomes evident, either as a result of sampling or analysis technique or for any other reason, so that the components being measured are not correctly reported, the last analysis known to be correct shall be used until such time as two additional consistent analyses have been obtained. Upon detection of the error, the Operator shall take additional samples in order to obtain two consistent analyses as soon as reasonably practicable.

1.5 Accuracy Verification

In case any question arises as to the accuracy of the volume measurements or stream composition measurements taken by a Measurement System, the Producer may request the Operator to verify the Producer's own Measurement System or another producer's Measurement System. In such cases, (and without prejudice to Operator's rights for purposes of maintaining and operating the Measurement System), the producer whose Measurement System is in question shall provide reasonable access to the Operator to fulfill such a request. Where the volume measurements or stream composition measurements taken by a producer's Measurement System are found pursuant to Clause 6 to be inaccurate by an amount which exceeds the Relevant Percentage in Table A, the expense of the requested verification shall be borne:

- (i) by such producer where the cause of the inaccuracy is attributable to such producer; and
- (ii) by the Operator where the cause of the inaccuracy is not attributable to such producer.

Where the inaccuracy is less than or equal to the Relevant Percentage in Table A, the expense of the requested verification shall be borne by the producer making the request.

1.6 Industry Standards

Unless otherwise expressly stated in this Exhibit, wherever in this Exhibit reference is made to standards, no new standard or amended standard shall apply unless approved in accordance with the Development and Operating Agreement.

CLAUSE 2 GAS

For the purpose of measuring gas volumes, acceptable measurement technologies and their associated industry standard for construction and installation shall be as follows:

For allocation measurement applications:

<u>Acceptable Measurement Technology</u>	<u>Industry Standard</u>
Vortex Shedding meter	Manufacturer's Recommendation
Wetted Multi-path Ultrasonic meter	AGA #9

where "**AGA**" means the American Gas Association and "**MPMS**" means the American Petroleum Institute Manual of Petroleum Measurement Standards.

Volumes of gas measured by Vortex Shedding meter shall be computed in accordance with the methods prescribed in the publication entitled "**Measurement of Gas by Turbine Meters, American Gas Association Transmission Measurement Committee Report No. 7**", including all Appendices thereto, as published in April 1996.

Volumes of gas measured by Wetted Multi-path Ultrasonic meter shall be computed in accordance with the methods prescribed in the publication entitled "**Measurement of Gas by**

Multi-path Ultrasonic Meters, American Gas Association Transmission Measurement Committee Report No. 9", including all Appendices thereto, as published in June 1998.

The volumes of gas shall be corrected for deviation from Boyle's Law. The factor for correction for such deviation shall be computed in accordance with the methods prescribed in the publication entitled "**Compressibility Factors of Natural Gas and Other Related Hydrocarbon Gases, American Gas Association Transmission Measurement Committee Report No. 8"**", including all Appendices thereto, as published in July 1994.

CLAUSE 3 LIQUIDS

For the purpose of measuring liquid volumes, acceptable measurement technologies and their associated industry standard for construction and installation are as follows:

For allocation measurement applications:

<u>Acceptable Measurement Technology</u>	<u>Industry Standard</u>
Vortex Shedding meter	Manufacturer's Recommendations
Coriolis Mass meter	API MPMS 5.6 (October 2002)

The volume of liquids shall be determined as follows:

- (a) Volumes measured by liquid meters shall be calculated as per the applicable formulae in Chapters 12.2 (October 1995) and 20.1 (September 1993) of the API Manual of Petroleum Standards.
- (b) Volumes that are measured at temperatures other than 15°C shall be corrected to the volume at 15°C by applying the temperature correction factor C_t. If the density of the product falls within the range 611.16 to 1163.79 kg/m³, Chapter 11.1 (May 2004) of the API Manual of Petroleum Measurement Standards shall be used to determine this factor. For light hydrocarbons with a density below 610.5 kg/m³, Table 54 of ASTM-IP-API "Petroleum Measurement Tables for Light Hydrocarbons" (April 1986) shall be used. A new standard for determining the temperature correction factor for light hydrocarbons (350.0 to 688.0 kg/m³) is currently in draft form. It is referred to as GPA Technical Publication TP-27. When approved by the Gas Processors Association, Operator will give notice to Producer of such approval and Table 54E of this standard will, as soon as reasonably practicable thereafter, be used in place of Table 54 above.
- (c) Volumes that are measured at a pressure other than the greater of, an absolute pressure of 101.325 kPa or the liquid's equilibrium vapour pressure, shall be corrected to the volume at the greater of, an absolute pressure of 101.325 kPa or the liquid's equilibrium vapour pressure, by applying the pressure correction factor C_p. However, no pressure correction factor is applied at Measurement Points immediately downstream of a separator where the vapour pressure is equal to the separator's operating pressure. For liquid hydrocarbons with densities between 611.16 and 1163.79 kg/m³, the appropriate correction factors provided in Chapter 11.1 (May 2004) of the API Manual of Petroleum Measurement Standards shall be used. For light hydrocarbons with densities

between 350 and 637 kg/m³, the correction factors provided in Chapter 11.2.2M (October 1986) shall be used. For commercial natural gas liquids, the correction factors provided in API Chapter 11, Addendum to Section 2, Part 2 (December 1994) shall be used.

CLAUSE 4 DETERMINATION OF HEAT CONTENT

When required, the heat content of gas, in GJ's, shall be calculated using its measured volume, the molecular percentage of each hydrocarbon constituent from the applicable gas analysis, and the thermal energy physical constant published in the Gas Processor's Association Standard No. 2145 (January 2003), Table of Physical Constants of Paraffin Hydrocarbons and other Components of Natural Gas. The calculation method for determining the heat content of gas shall be in accordance with the American Petroleum Institute Manual of Petroleum Measurement Standards, Chapter 14 – Natural Gas Fluids Measurement, Section 5 - Calculation of Gross Heating Value, Specific Gravity, and Compressibility of Natural Gas Mixtures from Compositional Analysis (March 2002).

CLAUSE 5 MEASUREMENT EQUIPMENT

Each Measurement Point will require redundant Measurement Systems (primary and secondary Measurement Systems) for each fluid phase present at the Measurement Point.

The measurement technologies will be as follows:

Primary gas meter - Wetted Multi-path Ultrasonic
Secondary gas meter - Wetted Multi-path Ultrasonic
Primary liquid meter - Coriolis Mass meter
Secondary liquid meter - Vortex Shedding meter

For the purposes of volume correction for pressure and temperature, the flowing density measured by the Coriolis Mass meter corrected to 15°C shall be used for both the Coriolis Mass meter and Vortex Shedding meter.

Each meter will require a separate, built for purpose flow computer which meets requirements as stated in API MPMS Chapters 21.1 (September 1993) (for gas) and 21.2 (August 2000) (for liquid). Data will be available in the following manner:

- (a) real time data will be provided to the Operator and the Producer from each of the Producer's own flow computers;
- (b) the cumulative volume of Inlet Substances (including calculated CO₂ content) received at all receipt points will be available to all producers on a real time basis as it is received and aggregated;
- (c) real time flow rates, pressure and calculated CO₂ content at the inlet to Functional Unit 4b will also be provided;

- (d) the volume of Inlet Substances (including calculated CO₂ content) received at each individual receipt point will be available to all producers the day following the day upon which such Inlet Substances are delivered to that receipt point; and
- (e) on a Monthly basis, Operator will provide each producer with flow rate data by component for each receipt point for each day of the previous Month.

Each flow computer will require separate measurement inputs for pressure and temperature. Meter frequency outputs representing flow at actual conditions will be used as the flow computer input from the meters. All corrections to standard conditions will be performed in the flow computer.

CLAUSE 6 VERIFICATION AND CALIBRATION

Redundant Measurement Systems shall be utilized to eliminate the need for inline calibration/proving of the gas and liquid meters and periodic transmitter and flow computer calibrations. The Producer and Operator will monitor the difference of daily volumes, pressure and temperatures between the primary and secondary Measurement Systems. If the measured volume, pressure or temperature differences between the primary and secondary Measurement Systems exceeds the Relevant Percentage in Table A, the Operator will, as soon as reasonably practicable, initiate action to identify the cause and rectify the measurement difference. The Operator, for a later review, shall document all investigation and follow-up actions, including volume adjustments.

If an error in the primary meter or any other component of the Measurement System is determined to be the source of the meter difference or if the measurement otherwise is not available, the hierarchy for volume estimates will be as follows:

1. Secondary meter or transmitter
2. Best available data including historical and system balance data
3. Producer Estimate

If a component of the Measurement System fails, that component must be replaced by a factory calibrated/proved component. Meters must be calibrated using equipment traceable to a national standard and in accordance with generally accepted industry practice.

An annual loop verification will be performed for pressure and temperature measurement devices and the flow computer. If any device is found to be in error by more than the Relevant Percentage in Table A, that device shall be replaced (i.e., field calibrations are not acceptable).

Table A - Relevant Percentages	
Parameter	Action Limit
Gas Volume Difference	1%
Liquid Volume Difference	2%
Pressure Transmitter	+/- 0.25% of full scale
Temperature Transmitter	+/- 0.5°C
Agreement Between Redundant Samples	2X GPA Reproducibility ¹
Agreement Between Consecutive Analysis of Same Sample	2X GPA Repeatability ¹

CLAUSE 7 SAMPLING AND ANALYSIS

Sampling equipment shall include redundant flow composite samplers for each phase present at the Measurement Point. Sampling frequency will be determined by evaluation of the consistency of composition and analysis and may not be the same for each producer. Producer's installed composition measurement equipment may be used for estimating stream composition.

Prior to detailed design, the Operator shall determine the standards for sampling which shall be based on the following industry standards:

API MPMS 14.1 Collecting and Handling of Natural Gas Samples for Custody Transfer (June 2001)

GPA 2174 Obtaining Liquid Hydrocarbon Samples for Analysis by Gas Chromatography (1983)

Prior to the Date of Commencement, the Operator shall determine the methodology for gas and liquids analysis, which shall be based on industry standards. All samples will be analyzed using the same lab.

CLAUSE 8 SEALING AND SECURITY

Measurement Systems will be appropriately sealed. Computer systems will be adequately secured to ensure data integrity.

¹ Reference GPA 2261-00 - Analysis for Natural Gas and Similar Gaseous Mixtures by Gas Chromatography for gas samples or GPA 2177-03 - Analysis of Natural Gas Liquid Mixtures Containing Nitrogen and Carbon Dioxide by Gas Chromatography for liquid samples.

EXHIBIT "F"

**This Is Exhibit "F" Attached to and Made Part of the
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Dated _____, 2005**

RATING AGENCIES AND MINIMUM RATINGS REQUIREMENTS

Rating Agency	Minimum Ratings Requirement
Moody's Investor Services	Baa2
Standard & Poor's	BBB
Dominion Bond Rating Service	BBB
Fitch Ratings	BBB