

Appendix 3-3

Energy East Pipeline System – Saint John TSA Forms

**ENERGY EAST PIPELINE SYSTEM
 PETROLEUM TRANSPORTATION SERVICE AGREEMENT
 (SAINT JOHN PIPELINE SYSTEM)**

THIS CONTRACT made as of the ● day of ●, 2013.

PARTIES:

ENERGY EAST PIPELINE LTD., a corporation existing under the laws of Canada, as general partner on behalf of **ENERGY EAST PIPELINE LIMITED PARTNERSHIP**, a limited partnership existing under the laws of Alberta (“**Carrier**”);

AND

●., a ●
 existing under the laws of ●
 (“**Shipper**”)

WHEREAS:

- A. Carrier plans to develop, construct, own and operate the Pipeline System;
- B. Shipper has requested and Carrier has agreed to provide the Services in respect of the Contract Volume of Petroleum Tendered by Shipper pursuant to the terms and conditions of this Agreement, and subject to the Tariff; and
- C. Shipper wishes to make a firm commitment to Carrier regarding the transportation of Petroleum on the Saint John Pipeline System.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth below, Carrier and Shipper agree as follows:

**ARTICLE 1
 INTERPRETATION**

1.1 Definitions

Except as specifically provided in this Agreement, the capitalized terms and phrases used but not defined in this Agreement shall have the meaning ascribed to such terms and phrases in the Rules and Regulations. In addition, whenever used in this Agreement, the following words and terms have the meanings set out below.

“**AACE Guidelines**” means the applicable guidelines of the Association for the Advancement of Cost Engineering in effect, and as they read, as at the time the Capital Costs Re-Estimate is determined.

“**Advance Notice**” has the meaning given in Section 5.1.

“**Affiliate**” has the meaning given in the Rules and Regulations.

“Agreement” means this Petroleum Transportation Service Agreement and any appendices attached hereto in each case, as may be amended, modified, supplemented or restated from time to time.

“Allocated Volume” means that volume of Pipeline System capacity allocated to a Shipper for a Month pursuant to the Rules and Regulations.

“Applicable Law” has the meaning given in the Rules and Regulations.

“Apportionment Month” means any Month where Monthly Nominations exceed Available Capacity as determined in accordance with Rule 7.2.

“Bakken”, when used in connection with a Receipt Point (including a Contract Receipt Point), means, collectively, (a) the Bakken Mainline Receipt Point, and (b) if applicable, the Bakken Trunkline Receipt Point.

“Bakken Mainline Receipt Point” means a Receipt Point on the main portion of the Base Pipeline System at or near Moosomin, Saskatchewan.

“Bakken Trunkline Receipt Point” means, collectively, any one or more Receipt Points on a Petroleum trunkline extending south from the Bakken Mainline Receipt Point as Carrier may seek to include as part of the Base Pipeline System in connection with bid responses received by Carrier as a result of the Open Season, and as may be announced by Carrier prior to its filing of the Pre-Construction Regulatory Approvals.

“Base Commencement Date” means the “Commencement Date” as that term is defined in Contracts entered into pursuant to the Open Season in respect of the Base Pipeline System.

“Base Pipeline System” means that portion of the Pipeline System extending from Receipt Point(s) at or near Hardisty, Alberta (including batch accumulation terminalling facilities at or near such Hardisty Receipt Point) and in the Bakken region, and Delivery Point(s) at or near Montreal and Quebec City, Quebec, and (ii) associated Petroleum marine terminal facilities at or near Quebec City, Quebec.

“Business Day” has the meaning given in the Rules and Regulations.

“Capital Costs” has the meaning given in paragraph C.1 of Appendix B.

“Capital Costs Re-Estimate” means a Class III estimate of the Capital Costs of the Saint John Pipeline System (including the Re-estimated Acquisition Costs) prepared by Carrier in accordance with AACE Guidelines, having an accuracy level within the range of plus 25% and minus 15% after the application of a risk-dependent contingency.

“Carrier” has the meaning given in the Recitals.

“Carrier Execution Date” has the meaning given in Section 3.4.

“Carrier Force Majeure” has the meaning given in the Rules and Regulations.

“Carrier FM Volumes” has the meaning given in Section 8.1(b).

“Commencement Date” has the meaning given in Section 5.2.

“**Contract**” has the meaning given in the Rules and Regulations, and this Agreement shall constitute a Contract for such purposes.

“**Contract Financial Assurances**” has the meaning given in Section 7.1.

“**Contract Term**” means the Contract Term(s) specified by Shipper in Appendix A.

“**Contract Volume**” means the Contract Volume specified by Shipper in Appendix A, provided that where Shipper is a Ramp-Up Shipper: (i) Shipper’s Contract Volume shall be deemed to be the Contract Ramp Up Volume for the periods specified in the definition of “Contract Ramp Up Volume”, and (ii) notwithstanding paragraph (i), for purposes of calculating Shipper’s Line Fill Share, the Contract Volume shall be the Contract Volume specified by Shipper in Appendix A.

“**Contract Ramp Up Volume**” means, for the periods specified: (i) 30% of the Contract Volume for the first Year of the Term, (ii) 70% of the Contract Volume for the second Year of the Term, and (iii) 100% of the Contract Volume thereafter for the balance of the Term.

“**Conversion Facilities**” means those existing natural gas pipeline facilities extending from a point at or near Burstall, Saskatchewan, to a point at or near Iroquois Junction, Ontario, which facilities have been expressed by Carrier at the time of this Agreement as anticipated to form part of the Base Pipeline System.

“**CPCN**” means a Certificate of Public Convenience and Necessity issued pursuant to the *National Energy Board Act* (Canada) in respect of the Saint John Pipeline System, including all necessary Governor-in-Council approvals.

“**Curtailed Event**” has the meaning given in Section 6.3(b).

“**Day**” has the meaning given in the Rules and Regulations.

“**Delivery Point**” has the meaning given in the Rules and Regulations.

“**Development Costs**” means all actual documented Capital Costs in respect of the Saint John Pipeline System incurred or committed to by or on behalf of Carrier to third parties from and after January 1, 2013, as may be adjusted pursuant to Section 4.4(c), up to and including the Termination Date.

“**Early In-Service Capacity**” has the meaning given in Section 5.3(a).

“**Early In-Service Shipper**” has the meaning given in Section 5.3(b).

“**Excess Volume**” has the meaning given in Section 6.5.

“**Final Project Costs**” has the meaning given in paragraph C.1 of Appendix B.

“**Financial Assurances**” has the meaning given in the Rules and Regulations.

“**Firm Service**” means Service on the Pipeline System using capacity that is reserved for and committed to Term Shippers for the priority transportation of Term Shipper Monthly Volumes in accordance with Rule 7.2(i).

“**Fixed Toll**” means the “Fixed Toll” described and calculated pursuant to Part B of Appendix B.

“Force Majeure” has the meaning given in the Rules and Regulations.

“Founding Shipper” means a Shipper that: (i) together with its Affiliates has a Contract Volume of at least 3975 m³/Day (25,000 bbl/Day); and (ii) has specified a Contract Term of 5 Years or more, and then only in respect of Contract Volumes for such greater Contract Term(s).

“Governmental Authority” has the meaning given in the Rules and Regulations.

“Insolvency Event” has the meaning given in the Rules and Regulations.

“Line Fill” means the volume of Petroleum determined by Carrier required to be delivered by Shipper to provide for the commissioning and start-up of the Saint John Pipeline System.

“Line Fill Share” means in respect of the Base Pipeline System, Shipper’s proportionate share of Line Fill calculated in accordance with Appendix D. For purposes of the Saint John Extension Facilities, **“Line Fill Share”** means the proportion that Shipper’s Contract Volume represents in proportion to the aggregate of all Contract Volumes set forth in all Contracts executed by all Term Shippers and Carrier in respect of the Saint John Pipeline System in effect as of the date of the Advance Notice for the Saint John Extension Facilities.

“Make-Up Volume” means, in respect of a Month, a volume of Petroleum equal to the difference between the Monthly Volume and volumes actually Tendered for shipment in that Month, calculated in accordance with Section 8.1.

“Maximum Allocation” means, in any Month, Shipper’s highest Allocated Volume for such Month.

“Month” has the meaning given in the Rules and Regulations.

“Monthly Revenue Commitment” means the amount calculated in accordance with paragraph B.1 of Appendix B.

“Monthly Volume” has the meaning given in the Rules and Regulations.

“MRC Adjustment” means the “MRC Adjustment” described in Part E of Appendix B.

“Nomination” and any derivative thereof, has the meaning given in the Rules and Regulations.

“Notice” has the meaning given in Section 10.1.

“Notice of Shipment” has the meaning given in the Rules and Regulations.

“Open Season” means the open season bid tender procedures initiated by Carrier in respect of this Agreement (and related Contracts) to provide Services to Term Shippers on the Pipeline System (as such procedures may be replaced or amended from time to time).

“Operating, Maintenance and Administration Costs” has the meaning given in paragraph D.3 of Appendix B.

“Party” means a party to this Agreement, and **“Parties”** means all of the parties to this Agreement, collectively.

“**Payment Due Date**” has the meaning given in the Rules and Regulations.

“**Person**” has the meaning given in the Rules and Regulations.

“**Petroleum**” has the meaning given in the Rules and Regulations.

“**Pipeline System**” has the meaning given in the Rules and Regulations.

“**Pre-Construction Regulatory Approvals**” means, collectively, those Regulatory Approvals (including the CPCN) that are, in the opinion of Carrier, material and customarily required by prudent pipeline operators prior to the commencement of on-site construction or pre-construction activities.

“**Prime Rate**” has the meaning given in the Rules and Regulations

“**Proportionate Share**” means, at any time, (i) in respect of the Base Pipeline System, the proportion that Shipper’s Contract Volume represents in proportion to the aggregate of all Contract Volumes set forth in all Contracts executed by all Term Shippers and Carrier for services on the Base Pipeline System, and which have not been terminated prior to the Termination Date, and (ii) in respect of the Saint John Extension Facilities, the proportion that Shipper’s Contract Volume represents in proportion to the aggregate of all Contract Volumes set forth in all Contracts executed by all Term Shippers and Carrier for services on the Saint John Extension Facilities, and which have not been terminated prior to the Termination Date.

“**Ramp-Up Shipper**” means a Shipper meeting the following requirements: (i) having a Contract Volume of at least 3975 m³/Day (25,000 bbl/Day); (ii) having a Contract Term of 10 or 20 Years, (iii) having the Receipt Point of Hardisty specified by Shipper in Appendix A, and (iv) electing the ramp up volume option in Appendix A.

“**Re-estimated Acquisition Costs**” has the meaning given in paragraph C.1 of Appendix B.

“**Receipt Point(s)**” has the meaning given in the Rules and Regulations.

“**Recontracted Commitments**” has the meaning given in Section 4.4(d).

“**Regulatory Approvals**” means, collectively, such authorizations, approvals, declarations, qualifications, notifications, consents, permits, franchises, certificates, licenses, implementing orders, or exemptions, and any necessary amendments or supplements thereto, of any Governmental Authority, that Carrier, in its sole discretion, determines are necessary for, and on terms satisfactory to, Carrier to construct, acquire (including the terms of disposition of facilities by TransCanada PipeLines Limited), own and operate the Saint John Pipeline System and to provide the Services to Shipper as contemplated in this Agreement and the Tariff. “Regulatory Approvals” shall also include the acquisition of any land rights from landowners (including rights of way, licences and easements or similar rights) on the same basis as outlined above.

“**Revised Estimate Notice**” has the meaning given in paragraph C.3(b) of Appendix B.

“**Rules and Regulations**” means the final form of the Rules and Regulations Applying to the Transportation of Petroleum contained in the Tariff as approved by the NEB and in effect at the relevant time, a draft of which is attached to this Agreement as Appendix C.

“**Saint John Extension Facilities**” means that portion of the Pipeline System extending from a Receipt Point located at the interconnection with the Delivery Point located at or near Quebec City, Quebec, to a Delivery Point (including associated Petroleum marine terminal facilities) at or near Saint John, New Brunswick.

“**Saint John Pipeline System**” means, collectively, (i) the Base Pipeline System, plus (ii) the Saint John Extension Facilities.

“**Services**” means, collectively, the Petroleum transportation, terminalling (including batch accumulation) and related services in respect of the Pipeline System (including Petroleum loading onto vessels) provided by or on behalf of Carrier in accordance with the terms of this Agreement and the Tariff.

“**Shipper**” has the meaning given in the Recitals.

“**Shipper Information**” means, collectively, (i) the information provided by Shipper in Appendix A, and (ii) all of the information and evidence to be provided by Shipper to Carrier pursuant to Section 2.3.

“**Shipper Termination Notice**” means any Notice of termination by Shipper made pursuant to Section 4.2.



“**Tariff**” has the meaning given in the Rules and Regulations.

“**Tender**” and any derivative thereof, has the meaning given in the Rules and Regulations.

“**Term**” has the meaning given in Section 9.1.

“**Term Shipper**” has the meaning given in the Rules and Regulations.

“**Termination Date**” means the applicable date of termination pursuant to Section 4.1 or Section 4.2.

“**Uncommitted Toll**” has the meaning given in the Rules and Regulations.

“**Variable Toll**” means the “Variable Toll” described in Part D of Appendix B.

“**Working Stock**” has the meaning given in the Rules and Regulations.

“**Year**” has the meaning given in the Rules and Regulations.

Additional terms used primarily in Appendix B are defined in Appendix B.

1.2 Appendices

Attached to and forming an integral part of this Agreement are the following appendices:

- (a) **Appendix A**, entitled “Contract Elections by Shipper”;
- (b) **Appendix B**, entitled “Schedule of Tolls and Tolling Principles”;
- (c) **Appendix C**, entitled “*Pro Forma* Rules and Regulations”; and
- (d) **Appendix D**, entitled “Base Pipeline System Line Fill Share and Sample Calculations”.

In the event of any conflict or inconsistency between the terms of this Agreement and any Appendix to this Agreement, the terms of this Agreement shall prevail, provided that the Rules and Regulations shall prevail to the extent required by Applicable Law and as described by Section 10.3.

1.3 Interpretation

In this Agreement:

- (a) **Other Forms:** Where a word or phrase is defined in this Agreement, its other grammatical forms have a corresponding meaning. Words importing the singular number only include the plural and *vice versa*. Any word importing gender shall include the masculine, feminine and neuter.
- (b) **Article/Section/Rule References:** References to (i) “Article” or “Section” mean the specified Article or Section of this Agreement, (ii) “Appendix” refers to an appendix to this Agreement, (iii) “Rule” refers to a rule in the Rules and Regulations, and (iv) “Part” refers to a part of Appendix B, unless in each case this Agreement specifies otherwise.
- (c) **Headings:** Headings of Articles and Sections are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.
- (d) **Including:** Where the word “including” or “includes” is used, it means “including (or includes) without limitation”.
- (e) **No Strict Construction:** The language used in this Agreement is the language chosen by the Parties to express their mutual intent and no rule of strict construction shall be applied against any Party.
- (f) **References to Agreements or Statutes:** Any reference in this Agreement to an agreement shall, unless the context otherwise requires, mean and refer to such agreement as modified, amended, restated, supplemented or replaced from time to time, and a reference to any statute is a reference to it as re-enacted, varied, amended, modified, supplemented or replaced from time to time.
- (g) **Severability & Renegotiation:** If, in any jurisdiction, any provision of this Agreement or its application to any Party or circumstance is restricted, prohibited or unenforceable, such provision shall, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement and without affecting the validity or enforceability of such provision in

any other jurisdiction or without affecting its application to other Parties or circumstances.

- (h) **Consent:** Whenever a provision of this Agreement requires an approval or consent and such approval or consent is not delivered within the applicable time limit, then, unless otherwise specified, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.
- (i) **Time:** Time is of the essence in the performance of the Parties' respective obligations.
- (j) **Time Periods:** Unless otherwise specified, time periods within or following which an act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

ARTICLE 2 REGULATORY APPROVALS

2.1 Pre-Construction Regulatory Approvals

Carrier shall proceed with due diligence and in good faith to seek to obtain the Pre-Construction Regulatory Approvals.

2.2 Control over Process

Shipper acknowledges and agrees that Carrier has exclusive control over the Regulatory Approvals filing and prosecution process, including the initial Rules and Regulations and tolls filed with the NEB. Carrier shall not be obligated to appeal any decision of a Governmental Authority:

- (a) denying a Regulatory Approval, or
- (b) granting a Regulatory Approval on conditions that are determined by Carrier in its sole discretion to be unsatisfactory.

2.3 Shipper Covenant to Cooperate

- (a) Shipper agrees to provide commercially reasonable cooperation and support to Carrier in seeking to obtain the Regulatory Approvals. Such support and cooperation may include providing any information reasonably requested by Carrier for use in applying for a Regulatory Approval and any information required by a Governmental Authority in connection with its review of an application for a Regulatory Approval.
- (b) Carrier shall only make a request for Shipper Information where commercially reasonable or otherwise necessary (in the opinion of Carrier) in connection with an application for Regulatory Approvals. Carrier shall also consider the commercial sensitivity and confidentiality of Shipper Information on the part of Shipper and, where commercially reasonable to Carrier's applications for Regulatory Approvals, seek to limit such information to Shipper Information that is not commercially sensitive or confidential. Notwithstanding the foregoing, if any Shipper Information is commercially sensitive and confidential as expressly indicated by Shipper to Carrier, Carrier shall

exercise commercially reasonable efforts to obtain confidential treatment of such information by the Governmental Authority that has requested such information.

2.4 Shipper Covenants Regarding Regulatory Approvals

- (a) Prior to the Commencement Date, Shipper agrees not to:
- (i) oppose, intervene against, or seek to delay, whether directly or indirectly, any of Carrier's applications for Regulatory Approvals before any Governmental Authority, including the NEB, or any appellate bodies of any of the foregoing; or
 - (ii) make any written or oral statements, whether directly or indirectly, that indicate a lack of support for the Pipeline System, including in relation to the disposition by TransCanada PipeLines Limited and the acquisition by Carrier of the Conversion Facilities, and the conversion of the Conversion Facilities from natural gas to Petroleum service.

For greater certainty, Carrier acknowledges that Shipper shall not be considered to have violated its obligations under this Section 2.4(a) in respect of statements or actions:

- 1) by industry associations or organizations not controlled by Shipper, where Shipper complied with such obligations for statements made within and to such industry association or organization; or
 - 2) in support of any other Petroleum pipeline or alternative transportation project, where such statements do not otherwise violate the provisions of this Section 2.4 (and any commercial support or related actions in support of such other project(s) shall not by themselves represent a lack of support for the Pipeline System).
- (b) Notwithstanding the other provisions of this Section 2.4, nothing is intended to, or shall be construed as a waiver of, or any limitation of, Shipper's rights under Applicable Law to intervene in any application for Regulatory Approvals (including reasonable and valid concerns raised before the NEB in respect of the Tariff or the proposed toll methodology outlined in the Tariff) that are materially inconsistent with the terms of this Agreement or the draft Rules and Regulations attached as Appendix C, or to require Shipper to act in a manner that would be inconsistent with any Applicable Law or Shipper's reasonable governance policies or standards of conduct.

ARTICLE 3 CONDITIONS PRECEDENT

3.1 Conditions Precedent

Carrier's obligations under this Agreement are subject to the satisfaction or waiver of the following conditions precedent:

- (a) Carrier and its Affiliates shall have obtained the CPCN, on terms acceptable to Carrier in its sole discretion;

- (b) Carrier and its Affiliates shall have obtained all Regulatory Approvals other than the CPCN, on terms acceptable to Carrier in its sole discretion; and
- (c) Carrier, in its sole discretion, shall have determined that it has received sufficient commitment from Term Shippers for those Pipeline System facilities and assets for which Carrier is seeking or has sought Regulatory Approvals.

3.2 No Liability

Carrier shall have no liability or obligation whatsoever to Shipper in the event it:

- (a) subject to Section 2.1, declines to file for, withdraws from, or rejects any Regulatory Approval (provided that in respect of Regulatory Approvals required to commence operations after substantial completion of construction of the Saint John Pipeline System, Carrier may only withdraw from or reject such Regulatory Approvals on a reasonable basis, which for greater certainty may include consideration of applicable costs and other Carrier obligations); or
- (b) determines that there is not sufficient commitment from shippers to justify proceeding with the Pipeline System project,

as a result of the conditions precedent stated in Section 3.1 not having been satisfied, or waived by Carrier in its sole discretion.

3.3 Benefit of Conditions Precedent

The conditions precedent set out in Section 3.1 are for the sole benefit of Carrier and may only be waived in writing by Carrier.

3.4 Open Season and Effectiveness of Agreement

The execution and delivery by Shipper of this Agreement in connection with the Open Season constitutes an irrevocable binding offer by Shipper that shall not be binding on Carrier unless and until this Agreement is executed and delivered by Carrier to Shipper, subject always to the other provisions of this ARTICLE 3; provided that if this Agreement is not executed and delivered by Carrier to Shipper on or before the date which is 60 days following the completion of the Open Season (the date of such Carrier execution as indicated on the execution page of this Agreement is the “**Carrier Execution Date**”), Shipper’s offer shall, at Shipper’s option on Notice to Carrier, expire and be of no further force or effect, and upon the expiry of such offer in accordance with this Section 3.4, Shipper shall not be liable under this Agreement for any costs, expenses or other liabilities incurred by Carrier or its Affiliates associated with the Pipeline System.

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ARTICLE 5 COMMENCEMENT OF SERVICE

5.1 Commissioning Period

Carrier shall provide Shipper with prior Notice of Carrier's intent to commence Working Stock and Line Fill acquisition activities in respect of each of the Base Pipeline System and the Saint John Extension Facilities (each, an "**Advance Notice**"), in accordance with the following:

- (a) The Advance Notice will include Carrier's intended schedule of Line Fill procedures in respect of that portion of the Pipeline System in question, and Shipper will be required to deliver its Line Fill Share necessary to begin operation of such Pipeline System facilities.
- (b) The Line Fill procedures:
 - (i) for the Base Pipeline System are anticipated to commence between approximately 60 and 90 Days following the date of the applicable Advance Notice, and end approximately 150 to 180 Days following the date of such Advance Notice; and
 - (ii) for the Saint John Extension Facilities are anticipated to commence between approximately 60 and 90 Days following the date of applicable Advance Notice, and end approximately 90 to 120 Days following the date of such Advance Notice.

- (c) Volumes and types of Line Fill and Working Stock shall be as determined by Carrier, acting reasonably, in consultation with Shipper.
- (d) Carrier shall provide Shipper with periodic updates as to Carrier's expected commencement and duration of Line Fill procedures.
- (e) Shipper agrees to cooperate with Carrier and provide reasonable commercial support to Carrier in Carrier's Working Stock acquisition, Line Fill and commissioning activities in respect of the Pipeline System.
- (f) Shipper further agrees to indemnify and hold harmless Carrier in respect of any damages or additional costs that Carrier may suffer or incur (including in respect of the purchase of replacement Line Fill by Carrier) as a result of Shipper's failure to provide Line Fill as contemplated by this Section 5.1.

Shipper expressly acknowledges its obligation to provide Line Fill in respect of the Base Pipeline System as contemplated by this Section 5.1, and that the fulfillment of such obligation is anticipated to occur in advance of its obligations to provide Line Fill in respect of the Saint John Extension Facilities, given that operations for the Base Pipeline System are projected to commence in advance of the Saint John Pipeline System.

5.2 Commencement of Services

- (a) Carrier shall provide Shipper with at least 30 Days' prior Notice of the date on which Firm Service under this Agreement is to commence (the "**Commencement Date**"), which Commencement Date shall be the first Day of a Month, unless otherwise agreed by Shipper.
- (b) At least 10 Days prior to the Commencement Date, Shipper shall provide Carrier with Shipper's Monthly Nomination for the Month in which the Commencement Date occurs on a Notice of Shipment as prescribed in the Tariff.

5.3 Early In-Service Capacity

- (a) To the extent permitted by Applicable Law, in the event that Carrier seeks to provide capacity for transportation service to the Delivery Point at Montreal in advance of the Base Commencement Date (the "**Early In-Service Capacity**"), Carrier will provide Term Shippers (including Shipper) a first right, on terms and conditions as specified by Carrier (including in respect of Line Fill), to submit a binding commitment to ship, or otherwise pay for, a committed volume of Petroleum in respect of such Early In-Service Capacity, without (or in advance of) Carrier holding an open season for the Early In-Service Capacity. Such Early In-Service Capacity shall only be available until such time as the Pipeline System is complete to the Delivery Point at Quebec City as announced by Carrier.
- (b) In the event that, pursuant to this first right, Carrier receives binding commitments for volumes that exceed the Early In-Service Capacity, each Term Shipper that submitted a binding commitment pursuant to Section 5.3(a) (an "**Early In-Service Shipper**") shall be allocated its *pro rata* share of the Early In-Service Capacity.

- (c) In the event that any Early In-Service Capacity remains after the procedures outlined in this Section 5.3, Carrier may hold an open season for such remaining Early In-Service Capacity.
- (d) Nothing in this Section 5.3 shall obligate Carrier to provide Early In-Service Capacity or offer transportation service to the Delivery Point at Montreal in advance of the Base Commencement Date or the Commencement Date, and without limitation, Carrier may, in its sole discretion, decide not to proceed with any Early In-Service Capacity, before or after any shippers have exercised any rights or made any binding commitments pursuant to this Section 5.3.

5.4 Return of Working Stock

Unless otherwise precluded by Applicable Law and subject to operational constraints, Carrier shall return to Shipper substantially all of Shipper's Working Stock or in-transit batches of Petroleum within a commercially reasonable period of time following the expiration or termination of this Agreement, which Petroleum shall be of substantially the same type and quality as that which was delivered to Carrier.

ARTICLE 6 SERVICE AND TOLLS

6.1 Provision of Services

From and after the Commencement Date and during the Term:

- (a) Carrier shall provide Services hereunder for Shipper, as a Term Shipper, in accordance with the provisions of this Agreement and the Tariff; and
- (b) Carrier will only provide Services for Petroleum, as described in this Agreement and the Tariff.

6.2 Payment of Tolls

From and after the Commencement Date, on each Payment Due Date, Shipper shall pay Carrier for Services in accordance with this Agreement and the Tariff, including: (i) the Fixed Toll and associated Monthly Revenue Commitment, (ii) the Variable Toll, plus (iii) all other charges and adjustments as set forth in Appendix B and the Tariff.

6.3 Take-or-Pay Commitment

- (a) Notwithstanding that Shipper is not obligated to, and may not Nominate and Tender volumes of Petroleum equal to or greater than its Contract Volume, Shipper shall, on each Payment Due Date, pay to Carrier at least the Monthly Revenue Commitment, regardless of the volumes of Petroleum actually Tendered in the applicable Month by Shipper, as outlined in Appendix B.

- (b) In the event of interruption, curtailment or reduction of Firm Service by Carrier under this Agreement or the Tariff (other than Carrier Force Majeure):
 - (i) as described in Rule 12.1, or
 - (ii) for any other reason not attributable to Shipper,

(a “**Curtailment Event**”), the Fixed Toll in respect of any Contract Volume not Tendered directly as a result of such Curtailment Event shall not be payable by Shipper during the period of such Curtailment Event.
- (c) In the event that:
 - (i) Carrier declares a Carrier Force Majeure event pursuant to Rule 13; and
 - (ii) the term of such Carrier Force Majeure continues beyond 3 consecutive months,

the Fixed Toll in respect of any Contract Volume not Tendered directly as a result of such Carrier Force Majeure will not be payable by Shipper during the remaining period of such Carrier Force Majeure.

6.4 Variable Toll

In addition to the payment provided for in Section 6.3, Shipper shall pay the Variable Toll for volumes of Petroleum actually Tendered in respect of the Services in accordance with this Agreement and the Tariff, and as more fully described in Part D of Appendix B.

6.5 Excess Volume

In any Month that Shipper’s Allocated Volume exceeds its Monthly Volume in accordance with the Tariff, not including any Make-Up Volumes pursuant to ARTICLE 8 (such excess volume being the “**Excess Volume**”), Shipper shall pay to Carrier on the Payment Due Date an amount equal to the product obtained by multiplying the Uncommitted Toll by the Excess Volume.

6.6 Founding Shipper Rights

- (a) If Shipper is a Founding Shipper, then, provided that neither Shipper nor its Affiliate is then in default of any material obligation under this Agreement or any other agreement between Carrier and Shipper or any of Shipper’s Affiliates, Carrier agrees that:
 - (i) if Carrier transports volumes on the Saint John Pipeline System (with a Saint John Delivery Point and the same Receipt Point as the Contract Receipt Point) for a third party Non-Term Shipper at an Uncommitted Toll lower than the Baseline Committed Price, then for so long as such volumes are transported at such Uncommitted Toll, Carrier shall reduce the Shipper Fixed Price by an amount per Cubic Metre equal to the difference between such Uncommitted Toll and the Baseline Committed Price.

- (ii) if Carrier transports volumes on the Saint John Pipeline System for a Term Shipper with:
- 1) a Contract entered into after the Contracts concluded as a result of the Open Season;
 - 2) the same contract term as the Contract Term;
 - 3) the same contract Receipt Point as the Contract Receipt Point; and
 - 4) a Saint John Delivery Point;

at an Alternate Fixed Price lower than the Shipper Fixed Price, then for so long as such volumes are transported at such Alternate Fixed Price, Carrier shall reduce the Shipper Fixed Price by an amount per Cubic Metre equal to the difference between such Alternate Fixed Price and the Shipper Fixed Price.

- (b) For the purposes of this Section 6.6, the following interpretative principles shall apply:
- (i) “**Alternate Fixed Price**” shall mean the fixed toll payable by such Term Shipper described in Section 6.6(a)(ii);
 - (ii) “**Baseline Committed Price**” shall mean, at any time, for any Term Shipper, the sum of:
 - 1) the Shipper Fixed Price; plus
 - 2) the Variable Toll,

reflecting the Contract Receipt Point and Contract Delivery Point for the shortest contract term as outlined in Appendix A then remaining in effect for such Receipt Point and Delivery Point;
 - (iii) “**Shipper Fixed Price**” shall mean the Fixed Toll payable by Shipper under this Agreement as outlined in Part B of Appendix B, as adjusted for Capital Variance and Final Project Costs (if Shipper is a Ramp-Up Shipper, not including any surcharge payable in accordance with Part B of Appendix B);
 - (iv) where Shipper has elected a “Hardisty or Bakken” Receipt Point as its Contract Receipt Point, the relevant Receipt Point for determining the Baseline Committed Price and the Uncommitted Toll for purposes of this Section 6.6 shall be the actual Receipt Point where Shipper has actually Tendered Petroleum in such Month;
 - (v) for greater certainty, the provisions of this Section 6.6 shall not apply to any Shipper Make-Up Volumes that may have accrued pursuant to ARTICLE 8.
- (c) After the Commencement Date, Shipper shall not initiate or in any way support, directly or indirectly, any initiative before a Governmental Authority which, if accepted, could be reasonably expected to lead to a reduction in the Shipper Fixed Price through operation of this Section 6.6.

**ARTICLE 7
CONTRACT FINANCIAL ASSURANCES**

7.1 Contract Financial Assurances

Shipper shall, if and when requested by Carrier at any time, whether prior to the Commencement Date or otherwise, provide to Carrier financial assurances on terms and from an issuer satisfactory to Carrier, acting reasonably, in a manner consistent with the Creditworthiness standard set forth in Rule 17.2 (the “**Contract Financial Assurances**”), which may include, at Carrier’s discretion, a parental guarantee, a financial guarantee, irrevocable standby letter of credit, guarantee from a guarantor acceptable to Carrier, or other form of financial assurance to secure all obligations or potential obligations of Shipper under this Agreement.

**ARTICLE 8
MAKE-UP RIGHTS AND BALANCING**

8.1 Accrual of Make-Up Volumes

In the event that, during the Term:

- (a) Shipper Tenders for shipment by Carrier in any Month a volume less than its Monthly Volume, for any reason (including events described in Rule 13) other than Carrier Force Majeure, then, subject to Section 8.2(a) and Section 8.2(c), Shipper shall be entitled to accrue a Make-Up Volume that may be utilized in any of the next following 36 Months **provided that** Shipper shall not be entitled to accrue any Make-Up Volumes or associated rights in respect of any Curtailment Event;
- (b) Carrier does not accept all or any part of Shipper’s Tender of its Monthly Volume by reason of Carrier Force Majeure, Shipper shall be entitled to accrue Make-Up Volumes (“**Carrier FM Volumes**”) that may be utilized in any of the next following:
 - (i) 120 Months for Term Shippers having a Contract Term of 20 Years; or
 - (ii) 60 Months for all other Term Shippers,

provided that if such Carrier Force Majeure continues beyond 3 consecutive Months, Shipper shall not be entitled to accrue any Carrier FM Volumes or associated rights beyond those accrued in such 3-Month period.

8.2 Utilization of Make-Up Volumes

Notwithstanding Section 8.1 or any other provision of this Agreement:

- (a) Shipper shall be entitled to utilize Make-Up Volumes for Services only to the extent that operating conditions permit and capacity is available (as determined by Carrier), provided that Shipper has first Tendered its Monthly Volume in such Months before making use of any accrued Make-Up Volumes, and subject to Section 8.2(d).

- (b) In the event that Shipper tenders less than 95% of the Maximum Allocation in any Apportionment Month, Shipper shall not be entitled to accrue any Make-Up Volumes or associated rights in respect of such non-Tendered volumes, up to 95% of the Maximum Allocation. For greater certainty, if Shipper tenders at least 95% of the Maximum Allocation in an Apportionment Month as described above, it shall continue to accrue Make-Up Volumes in respect of such Maximum Allocation.
- (c) In the event that Shipper elects in any Month to receive the MRC Adjustment described in Part E of Appendix B, Shipper shall not be entitled to accrue any Make-Up Volumes or associated rights in respect of that portion of the Monthly Volume subject to such MRC Adjustment.
- (d) In the event that, in any Month, Shipper nominates accrued Make-Up Volumes and tenders less than the Make-Up Volumes forming part of up to 95% of its Maximum Allocation, Shipper shall be deemed to have utilized such non-Tendered Make-Up Volumes in lieu of transport, and any rights in respect of such Make-Up Volumes shall cease and be forfeited by Shipper. In such case, no additional Fixed Toll or Variable Toll shall be payable by Shipper in respect of such forfeited non-Tendered Make-Up Volumes.
- (e) Shipper shall only have the right to obtain Services in respect of Make-Up Volumes from the Contract Receipt Point to the Contract Delivery Point. Nominations in respect of any other Receipt Point or Delivery Point shall be subject to additional tolls and other charges in accordance with the Tariff. Subject to the foregoing, in respect of Make-up Volumes tendered in accordance with Section 8.1 or Section 8.2:
 - (i) no additional Fixed Toll will be payable by Shipper; and
 - (ii) for greater certainty, Shipper shall remain responsible for payment of the Variable Toll in respect of such Make-Up Volumes.

8.3 Balancing

Where Shipper's Monthly Nomination equals its Monthly Volume for a Month, and Carrier, solely for purposes of maintaining Carrier's batching schedule, accepts tenders from Shipper of a volume less than or in excess of the Monthly Volume in such Month, Carrier and Shipper agree to use reasonable commercial efforts to reconcile such lesser or excess volume (as applicable) with the Monthly Volume transportable on the Pipeline System in the subsequent Month. In no event will Shipper be considered to fail to nominate or tender its Monthly Volume in any Month solely due to Carrier's batching or balancing requirements.

8.4 Shipper Planned Reductions in Volumes

Shipper shall use reasonable efforts to provide Carrier with a minimum of one Month Notice of any planned reduction of volume to be tendered for any Month where the Shipper reasonably anticipates that the reduction will be in excess of 10% of the Monthly Volume. Provision of such Notice by Shipper pursuant to this Section 8.4 shall not be considered a material covenant or obligation for the purposes of Rule 11.1.

8.5 Expiration of Make-Up Volume Rights

Any Make-Up Volumes of Shipper (and any rights associated therewith) arising out the operation of this ARTICLE 8 shall cease and shall be forfeited by Shipper at the expiration of the earlier of:

- (a) for Make-Up Volumes accrued pursuant to Section 8.1(a), the time period outlined in Section 8.1(a);
- (b) for Carrier FM Volumes, the applicable time period outlined in Section 8.1(b); and
- (c) the date that is 36 Months following the last day of the Term, provided that if there is an event of Carrier Force Majeure in any Month that is an Apportionment Month during such 36-Month period, such period shall be extended for a duration equal to the duration of such period of Carrier Force Majeure.

ARTICLE 9 TERM OF CONTRACT

9.1 Contract Term

This Agreement shall be effective as of the date it is signed by Shipper and Carrier. Unless terminated earlier in accordance with its terms, the initial term of this Agreement for the provision of the Services by Carrier and the obligation of Shipper to make payments in respect of such Services pursuant to this Agreement and the Tariff shall commence on the Commencement Date and shall continue until the anniversary of the Commencement Date in accordance with the Contract Term, subject to adjustment pursuant to Section 9.2 (such period being the “**Term**”).

9.2 Extension of Term

Provided that Shipper is not otherwise in default under this Agreement or the Tariff, Shipper shall have the single option, exercisable by Notice to Carrier received by Carrier not later than 24 Months prior to the expiry of the Term, to extend the Term of this Agreement:

- (a) where the Contract Term is less than 20 Years, for a single additional 5 Year period; or
- (b) where the Contract Term is 20 Years, for a single additional (i) 5 Year period or (ii) 10 Year period, as exercised by Shipper in its option Notice.

Such extension shall be on the same terms and conditions of this Agreement, provided that the Fixed Toll for such extended Term shall be calculated in the manner described in paragraph B.6 of Appendix B. Carrier shall give Notice to Shipper of the Fixed Toll for such extended Term no later than 27 Months prior to the expiry of the Contract Term, which Fixed Toll shall be subject to regulatory approval.

**ARTICLE 10
MISCELLANEOUS PROVISIONS**

10.1 Notices

Any notice, request or demand (each, a “**Notice**”) to or upon the Parties shall be in writing and shall be validly communicated by the delivery thereof (which may include delivery via facsimile) to its addressee at the address set forth below:

In the case of Carrier:	Energy East Pipeline Limited Partnership
(1) Mailing Address:	450 1 st Street S.W. Calgary, AB T2P 5H1
(2) Delivery Address:	450 1 st Street S.W. Calgary, AB T2P 5H1 Attention: Crude Oil Contracts Administration Fax: 403-920-2285
In the case of Shipper:	•
(1) Mailing Address:	•
(2) Delivery Address:	•

Notice shall be deemed to be given at the time of delivery; provided that any Notice delivered between the hours of 5:00 p.m. and 8:00 a.m., local time at the location at which the delivery is made, shall be deemed to have been received at 8:00 a.m., local time at the location at which the delivery is made, of the business day immediately following actual delivery, unless the recipient has in fact acknowledged its earlier receipt. Any Notice may also be given by prepaid mail and any such Notice shall be deemed to be given 4 business days after mailing. For the purposes of this Section, a “**business day**” is any day, excepting Saturdays, Sundays and statutory holidays at the place of receipt. In the event regular mail service, courier service, facsimile or other telecommunication service shall be interrupted by a cause beyond the control of the Parties, then the Party sending the Notice shall utilize any service that has not been so interrupted to deliver such Notice. Each Party shall provide Notice to the other of any change of address for the purposes hereof. Any Notice may also be given by telephone followed immediately by personal delivery, courier, prepaid mail, facsimile or other telecommunication, and any Notice so given shall be deemed to be given as of the date and time of the telephone notice.

10.2 Audit Rights

In respect of the exercise of any audit rights as described in Appendix B:

- (a) The auditing Party and its representatives shall have the right to audit the relevant books and records during regular business hours and in a manner that does not unreasonably interfere with the other Party’s business or operations (upon at least 90 days’ prior Notice

and at the auditing Party's expense). Any such audit must be completed with reasonable dispatch having regard to the scope of the audit.

- (b) In recognition of the likelihood that certain portions of those records may be considered highly confidential, the audit rights set forth in this Section 10.2 shall be exercised through an independent auditor retained by, and at the expense of, the auditing Party. Such independent auditor: (i) shall be required to abide by confidentiality restrictions as reasonably requested by the audited Party, and (ii) shall not disclose the confidential information to the auditing Party, but may only provide its conclusion as to the verification of the information subject to the audit.
- (c) The auditing Party and the audited Party will use reasonable commercial efforts to resolve any discrepancies disclosed by an audit report as soon as reasonably practicable and in any event within 180 days following presentation of the audit report to the audited Party.

10.3 Incorporation of Tariff

- (a) The Rules and Regulations and the applicable tolls and other rates payable under this Agreement will be set out in the Tariff as initially filed, and as each may be amended or approved from time to time by Carrier or the NEB, are all by reference made a part of and incorporated into this Agreement and the Services shall, in addition to the terms and conditions set out in this Agreement, be subject to the provisions thereof.
- (b) Carrier shall notify Shipper at any time that Carrier proposes to amend the Tariff, or otherwise files with the NEB revisions to the Tariff and shall provide Shipper with Notice of such revisions. Carrier shall use commercially reasonable efforts to:
 - (i) make its initial filing of the Rules and Regulations before the NEB materially consistent with the draft Rules and Regulations attached as Appendix C (subject to the additions outlined in Rule 18 and Rule 19) unless otherwise agreed by Term Shippers representing a majority of all Contract Volumes set forth in all Contracts between Term Shippers and Carrier in force at the relevant time; and
 - (ii) after the initial filing described in Section 10.3(b)(i), not file any proposed amendments to the Rules and Regulations that would modify:
 - 1) the allocation of Term Shipper priority for Firm Service as described in Rule 7.2;
 - 2) the equal ranking of Nominated make-up volumes with all volumes Nominated by Non-Term Shippers, as described in Rule 7.8;
 - 3) Carrier's remedies expressly outlined in Rule 8.5 or Rule 11 in a manner that substantively increased the scope of such remedies; or
 - 4) the time periods for submitting or instituting claims by Shippers against Carrier in Rule 15.1,

such that there is a material adverse impact on Firm Services provided to all Term Shippers, unless otherwise agreed by Term Shippers representing a

majority of all Contract Volumes set forth in all Contracts having Contract Terms of 20 Years in force at the relevant time, subject to any changes or additions that the Carrier reasonably determines are desirable for purposes of meeting operating requirements or conditions, NEB requirements or other Applicable Law.

- (c) Notwithstanding Section 10.3(b), Shipper acknowledges that, to the extent the Pipeline System may be expanded to interconnect with a pipeline system in the United States, Carrier may make such reasonable changes or additions to the Rules and Regulations to give effect to such interconnection as Carrier deems appropriate, and which otherwise do not materially adversely affect Term Shippers' rights and obligations under the Rules and Regulations attached as Appendix C.

10.4 Assignment by Shipper

This Agreement, and any claims against Carrier arising directly or indirectly out of or in connection with this Agreement, may be assigned, in whole or in part, by Shipper only:

- (a) (i) with the prior written consent of Carrier, which consent shall not be unreasonably withheld or delayed, and (ii) when the proposed assignee has provided to Carrier such Financial Assurances as Carrier may reasonably request in accordance with this Agreement or the Tariff, as applicable; or
- (b) to its Affiliate, upon 30 days' prior Notice to Carrier, provided that, until and unless the provisions of Section 10.4(a)(ii) are complied with, Shipper and its Affiliate shall remain jointly and severally liable for any and all obligations arising under or out of this Agreement.

For greater certainty, it shall be reasonable for Carrier to withhold its consent pursuant to Section 10.4(a) based on any reasonable increased credit risk to Carrier associated with the proposed assignment, including factors such as the creditworthiness of the proposed assignee and the availability of comparable Financial Assurances (including in respect of enforceability, and in relation to the domicile of any guarantor) in respect of the proposed assignee, as compared to Shipper.

10.5 Assignment by Carrier

Carrier may assign this Agreement and/or any rights arising hereunder without restriction to:

- (a) an Affiliate of Carrier; or
- (b) any other Person:
 - (i) upon the merger, amalgamation, consolidation or reorganization of Carrier with such Person; or
 - (ii) in connection with the sale of all or substantially all of the assets of Carrier to such Person, provided that:
 - 1) for any assignment prior to the Commencement Date, the rating given to such assignee's senior unsecured long term debt, excluding any third party enhancement, is not lower than any of the following at the time of such assignment: (A) "BBB-" from Standard & Poor's, a division of The McGraw

Hill Companies Inc. (including its successors), and (B) “Baa3” from Moody’s Investors Services Inc. (including its successors), or

- 2) for any assignment on or after the Commencement Date, Carrier has reasonably determined that such Person has the operational and financial resources to continue the operation of the Pipeline System as contemplated by the Tariff.

10.6 Confidentiality

- (a) Each Party will maintain the confidentiality of information provided and identified by the other Party as confidential or commercially sensitive (which shall include Shipper Information), to the same standard that the receiving Party maintains its own confidential information. Notwithstanding the foregoing, nothing shall restrict disclosure by the receiving Party:
 - (i) to its Affiliates and its and their respective directors, officers, employees, agents, counsel, consultants and/or representatives (collectively, “**Representatives**”) on a need to know basis, provided that the receiving Party shall be liable for any breach of this Section 10.6(a) by its Representatives; or
 - (ii) of any information requested or required by Applicable Law or Governmental Authority to be disclosed.
- (b) Where Carrier is the receiving Party of confidential or commercially sensitive information pursuant to Section 10.6(a), then the provisions of Section 2.3 shall apply in respect of Shipper Information, and Carrier shall be permitted to disclose the total Contract Volumes of all Term Shippers or the individual Contract Volume of Shipper on an unattributed basis.

10.7 Governing Law

This Agreement shall be construed and applied and be subject to the laws of the Province of Alberta and the laws of Canada applicable therein, and shall be subject to the rules, regulations and orders of any Governmental Authority. The Parties hereby consent and attorn to the courts of the Province of Alberta in respect of any action, suit or other judicial procedures in respect of this Agreement. Each Party specifically and knowingly waives any trial by jury.

10.8 No Waiver

No waiver by a Party of any breach by any other Party in the performance of any provision, condition, or requirement of this Agreement is deemed to be a waiver of, or in any manner a release of such Party from, performance of any other provision, condition, or requirement. No waiver is deemed to be a waiver of, or in any manner a release of such other Party from future performance of the same provision, condition, or requirement; nor shall any delay or omission of a Party to exercise any right hereunder in any manner impair the exercise of any such right or any like right accruing to it thereafter. Any waiver of any provision, condition, or requirement of this Agreement is valid only if it is in writing and signed by the Party against whom it is sought to be enforced.

10.9 Enurement

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

10.10 Counterpart Execution

This Agreement may be executed by the Parties in counterparts and all such counterparts shall together constitute one and the same agreement.

IN WITNESS OF WHICH the Parties have executed and delivered this Agreement as of the date shown beneath its signature below.

ENERGY EAST PIPELINE LTD., in its capacity as general partner on behalf of **ENERGY EAST PIPELINE LIMITED PARTNERSHIP** ●

By: *ORIGINAL SIGNED BY DAVID A. DIAKOW*

Name: DAVID A. DIAKOW
Title: VICE PRESIDENT

By: *ORIGINAL SIGNED BY ●*

Name: ●
Title: ●

By: *ORIGINAL SIGNED BY STEFAN POHLOD*

Name: STEFAN POHLOD
Title: PRESIDENT

Carrier Execution Date: ●, 2013

Shipper Execution Date: ●, 2013

APPENDIX A
CONTRACT ELECTIONS BY SHIPPER
(Shipper to Complete)

Contract Volume shall be a minimum of 795 m³/Day (5,000 bbl/Day), in increments of 795 m³/Day (5,000 bbl/Day) in respect of any Contract Receipt Point or Contract Delivery Point.

1. Primary Contract Volume

CONTRACT RECEIPT POINT	CONTRACT DELIVERY POINT	CONTRACT TERM	CONTRACT VOLUME
Hardisty	Saint John	____ Years (10 or 20 years)	_____ m ³ /Day (_____ bbl/Day)
Bakken	Saint John	____ Years (5 or 10 years)	_____ m ³ /Day (_____ bbl/Day)
Hardisty or Bakken	Saint John	____ Years (7*, 10**, 15 or 20 years)	_____ m ³ /Day (_____ bbl/Day)

* 7 Year "Hardisty or Bakken" Contract Term only available for Contract Volumes of 11130 m³/Day (70,000 bbl/Day) or greater

** 10 Year "Hardisty or Bakken" Contract Term only available for Contract Volumes of 9540 m³/Day (60,000 bbl/Day) or greater

2. Supplementary Bakken Contract Volume

If Shipper has elected either of the following items in the Primary Contract Volume above: (i) a Contract Receipt Point of "Bakken" and a Contract Term of 10 Years; or (ii) a Contract Receipt Point of "Hardisty or Bakken" and a Contract Term of 10 Years or longer, Shipper may also elect a supplementary Contract Volume for a Contract Term of 2 Years from the Contract Receipt Point to the Contract Delivery Point, provided that such supplementary Contract Volume may not exceed 75% of the Primary Contract Volume:

Supplementary Contract Volume	_____ m ³ /Day (_____ bbl/Day)
--------------------------------------	--

3. Ramp-Up Volume Option

If Shipper has elected a Contract Receipt Point of Hardisty and a Contract Volume of at least 25,000 bbl/Day, Shipper may elect the Ramp-Up Volume Option below.

RAMP UP VOLUME OPTION	_____ yes
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APPENDIX B
SCHEDULE OF TOLLS AND TOLLING PRINCIPLES

A. TOLLS

Every Month during the Term of the Contract Shipper shall pay to Carrier on the Payment Due Date, in a manner and in an amount consistent with ARTICLE 6 of the Agreement, the Fixed Tolls and associated Monthly Revenue Commitment, the Variable Tolls and all other charges and adjustments set forth in this Appendix B and in the Tariff.

B. FIXED TOLL

1. **Calculation of Monthly Revenue Commitment:** Every Month during the Contract Term, Shipper shall pay a “**Monthly Revenue Commitment**” in respect of its Monthly Volume. Shipper’s Monthly Revenue Commitment for any Month shall be the product obtained by multiplying the applicable Fixed Toll times the Monthly Volume, subject to any MRC Adjustment described in Part E below.

The Fixed Toll shall be that toll set out in the table below that corresponds to the Contract Term, the Contract Receipt Point(s) and Contract Delivery Point(s). For greater certainty, the same Fixed Toll shall apply for the entire Contract Term. The Fixed Toll shall be adjusted for (a) Capital Variance as described in paragraph B.5 and Part C below; (b) any Contract Volume discount as contemplated by paragraph B.3; and (c) any applicable Ramp-Up Shipper surcharge as contemplated by paragraph B.4.

SAINT JOHN Delivery Point		
Contract Receipt Point	Term (Years)	Fixed Toll in \$/m³ (bbl)
Hardisty	20	\$30.191 (\$4.80)
	10	\$33.336 (\$5.30)
Hardisty or Bakken	20	\$30.820 (\$4.90)
	15	\$33.021 (\$5.25)
	10	\$34.594 (\$5.50)
	7	\$35.537 (\$5.65)
Bakken	10	\$36.481 (\$5.80)
	5	\$38.053 (\$6.05)
	2	\$41.827 (\$6.65)

2. **Multiple Receipt Point Option:** For greater certainty, if Shipper has elected a Contract Receipt Point of “Hardisty or Bakken” in Appendix A:
- (a) the same Fixed Toll and Monthly Revenue Commitment (applicable to the “Hardisty or Bakken” Contract Receipt Point) will be payable by such Shipper, regardless of which Receipt Point is utilized in any Month; and

(b) the Variable Toll will continue to be payable on Barrel Kilometres from the actual Receipt Point to the actual Delivery Point, in the same manner as described in Part D below.

3. **Contract Volume Discount:** If Shipper has elected (i) a Contract Term of 20 Years, and (ii) a Contract Volume for such Contract Term that meets the following criteria, Shipper shall be entitled to a Fixed Toll discount on the following basis:

(a) if Shipper's Contract Volume is equal to or greater than 15,900m³/Day (100,000 bbl/Day), but less than 19,080m³/Day (120,000 bbl/Day), a Fixed Toll discount of \$0.943/m³ (\$0.15 per bbl);

(b) if Shipper's Contract Volume is equal to or greater than 19,080m³/Day (120,000 bbl/Day), but less than 23,850m³/Day (150,000 bbl/Day), a Fixed Toll discount of \$2.201/m³ (\$0.35 per bbl); or

(b) if Shipper's Contract Volume is equal to or greater than 23,850m³/Day (150,000 bbl/Day), a Fixed Toll discount of \$3.145/m³ (\$0.50 per bbl);

with such discount applicable to the entire Contract Term; provided that if Shipper assigns part of the Agreement such that its remaining Contract Volume falls below any of the thresholds outlined above, the amount and availability of a Fixed Toll discount will be reduced (or eliminated) accordingly.

4. **Ramp-Up Shipper Surcharge:** Ramp-Up Shippers will be subject to the following surcharges:

(a) \$3.774/m³ (\$0.60 per bbl) where such Shipper has elected a Contract Term of 10 Years; or

(b) \$2.201/m³ (\$0.35 per bbl) where such Shipper has elected a Contract Term of 20 Years,

with such surcharge applicable to the entire Contract Term.

5. **Capital Variance:**

(a) The Fixed Tolls shown above are based upon Estimated Project Costs and are subject to Capital Variance, and will be adjusted in the manner described in Part C below; provided, however, Shipper shall not be responsible under the Agreement for any capital costs associated with any future expansions of the Pipeline System.

(b) For purposes of calculating the Capital Variance applicable to a Shipper entitled to a Contract Volume discount pursuant to paragraph B.3, any Capital Variance (and associated Fixed Toll adjustment) will be applied to the applicable Fixed Toll without such Contract Volume discount, and such Contract Volume discount will be applied after the applicable Fixed Toll adjustment for Capital Variance.

(c) For purposes of calculating the Capital Variance applicable to a Ramp-Up Shipper, any Capital Variance (and associated Fixed Toll adjustment) will be applied to the applicable Fixed Toll that includes the applicable Ramp-Up Shipper surcharge payable pursuant to paragraph B.4.

6. **Fixed Toll Applicable to Extension Term:** In the event that Shipper exercises its option to extend the Term of the Agreement in the manner described in Section 9.2 of the Agreement, the Fixed Toll applicable and payable for such extension Term shall be such fixed toll as is established by Carrier at the time of renewal for 5-year contract terms for the same Contract Receipt Point(s) and Contract Delivery Point(s) specified by Shipper in Appendix A.
7. **Fixed Toll Applicable to Bakken Receipt Point:** For greater certainty, the Fixed Tolls specified above in respect of a Contract Receipt Point of (i) Bakken, or (ii) Hardisty or Bakken, will only apply in respect of the Bakken Mainline Receipt Point and the Bakken Trunkline Receipt Point. Any other Receipt Point in that geographical region shall be subject to separate or additional tolling as may be outlined in a Contract (other than the Agreement) or the Tariff. Any such separate or additional tolling shall not be less than a toll that includes a fixed toll component on a take-or-pay basis of at least \$1.887/m³ (\$0.30 per bbl), as such minimum fixed toll component is adjusted for Capital Variance in respect the Pipeline System as described in Part C.

C. CAPITAL VARIANCE

1. **Definitions:** In this Part C, the following terms have the following meanings:

“**Acquisition Costs**” means the Capital Costs for the acquisition of the Conversion Facilities, including any adjustments thereto required by Applicable Law.

“**AFUDC**” means Carrier’s allowance for funds used during construction, calculated based on estimated and actual Capital Cost spend profiles (including estimated Capital Costs if actual costs are unavailable) at a cost of capital of [REDACTED] for the period up to but not including the Commencement Date.

“**Capital Costs**” means the sum of all costs incurred in the development, design, construction, acquisition and commissioning of the Saint John Pipeline System, expressed in Canadian dollars, including:

- (a) direct and indirect costs associated with the following:
- (i) pursuit of Regulatory Approvals;
 - (ii) design and engineering;
 - (iii) acquiring rights to lands, including in respect of rights-of-way and site leases, including costs of options for these acquisitions and any associated property tax, including any applicable land transfer taxes (for greater certainty, any periodic payments or property tax in respect of such land rights after acquisition shall form part of Operating, Maintenance and Administration Costs pursuant to paragraph D.3 below);
 - (iv) labour, third party services, equipment, materials and utility infrastructure supplied or provided in relation to any construction;
 - (v) restoring lands, rights-of-way and site leases as a result of the construction of the Saint John Pipeline System;

- (vi) spare parts and equipment for repairing or replacing facilities after the Commencement Date if such spare parts or equipment are typically obtained prior to the commencement of operations of oil pipeline facilities; and
 - (vii) salaries, wages, employee benefits and overhead for the employees and internal contractors of Carrier or its Affiliates engaged in the development, design, construction and commissioning of the Saint John Pipeline System (determined in accordance with the TransCanada PipeLines Limited typical cost allocation policy and procedures); and
- (b) AFUDC.

For greater certainty, Capital Costs will include all costs associated with the development, design, construction, acquisition and commissioning of Petroleum marine terminal facilities to the extent such facilities form part of the Pipeline System, whether owned by Carrier or otherwise.

“**Capital Variance**” means the sum of the following items:

- (a) 50% of the difference between the Final Construction/Conversion Costs and the Re-estimated Construction/Conversion Costs; plus
- (b) 100% of the difference between the Final Acquisition Costs and the Re-estimated Acquisition Costs; and
- (c) interest carrying charges on the amounts outlined in paragraphs (a) and (b) above, calculated at an annual rate of interest equal to the Prime Rate, from the Commencement Date to the date of the Capital Variance Notice.

“**Estimated Acquisition Costs**” means the sum of \$1 billion plus AFUDC, representing Carrier’s estimate of the Acquisition Costs as of the time of the Agreement.

“**Estimated Capital Variance**” means the difference between the Estimated Project Costs and the Re-estimated Project Costs.

“**Estimated Construction/Conversion Costs**” means the sum of either (as determined by Carrier in accordance with paragraph C.2):

- (a) \$8.9 billion in respect of the initial Saint John Pipeline System scope; or
- (b) \$11.2 billion in respect of the expanded Saint John Pipeline System scope,

in each case plus AFUDC, representing Carrier’s estimate, as of the time of the Agreement, of the Capital Costs for the Saint John Pipeline System, not including the Estimated Acquisition Costs.

“**Estimated Project Costs**” means the sum of the Estimated Acquisition Costs and the Estimated Construction/Conversion Costs.

“**Final Acquisition Costs**” means the sum of the actual Acquisition Costs.

“**Final Construction/Conversion Costs**” means the sum of the actual and accrued Capital Costs for the Saint John Pipeline System, not including the Final Acquisition Costs.

“Final Project Costs” means the sum of the Final Acquisition Costs and the Final Construction/Conversion Costs.

“Re-estimated Acquisition Costs” means Carrier’s estimate of the Acquisition Costs, as at the time of the Capital Costs Re-Estimate.

“Re-estimated Construction/Conversion Costs” means the Capital Costs outlined in the Capital Costs Re-Estimate, less the Re-estimated Acquisition Costs.

“Re-estimated Project Costs” means the sum of the Capital Costs outlined in the Capital Costs Re-Estimate.

2. **Saint John Pipeline System Scope:** Not later than 60 days following the close of the Open Season, Carrier shall provide Notice to Shipper whether Carrier intends to develop, design, construct, acquire and commission the Saint John Pipeline System in respect of the initial Saint John Pipeline System scope (in which case paragraph (a) of the definition of “Estimated Construction/Conversion Costs” shall apply), or in respect of the expanded Saint John Pipeline System scope (in which case paragraph (b) of the definition of “Estimated Construction/Conversion Costs” shall apply). In either case, Carrier’s election in respect of the scope of the Saint John Pipeline System shall not impact the Fixed Toll outlined Part B; provided that for greater certainty, the Fixed Toll shall continue to be subject to Capital Variance as outlined in this Part C.
3. **Re-estimated Project Costs:**
 - (a) Not later than the later of (i) 36 months following the Carrier Execution Date, or (ii) 3 months following the CPCN, Carrier shall prepare the Capital Costs Re-Estimate.
 - (b) Upon preparation of the Capital Costs Re-Estimate, Carrier will promptly deliver a Notice (the **“Revised Estimate Notice”**) to Shipper. The Revised Estimate Notice will set out the Re-estimated Project Costs, the resulting Estimated Capital Variance and any required adjustments to the Fixed Toll. For such purposes, the Fixed Toll shall be adjusted by a percentage decrease or increase, as the case may be, equal to the percentage change between the Estimated Project Costs and the Re-estimated Project Costs; provided that Carrier may, in the case of an increase from the Estimated Project Costs, elect in its sole discretion to increase the Fixed Toll by a lesser percentage than the percentage increase between the Estimated Project Costs and the Re-estimated Project Costs.
 - (c) For all purposes under the Agreement and the Tariff, from the date of the Revised Estimate Notice until the date specified in paragraph C.5 (if applicable), the Fixed Toll shall be the Term Shipper Commitment Rate outlined in the Revised Estimate Notice.
4. **Re-estimate Audit Right:** Shipper shall have the right to conduct a single audit of the calculations underlying the Re-estimated Project Costs within 6 months of the date of the Revised Estimate Notice, in accordance with the audit procedure in Section 10.2 of the Agreement. Shipper shall use commercially reasonable efforts to coordinate the conduct of any such audit with the other Term Shippers.

5. **Final Project Costs and Fixed Toll:**

- (a) Not later than 30 months following the Commencement Date, Carrier shall make a determination of the Final Project Costs. Upon such determination, if there is a difference between the Re-estimated Project Costs and the Final Project Costs, Carrier will deliver a Notice (the “**Capital Variance Notice**”) to Shipper. The Capital Variance Notice will set out the Final Project Costs, the resulting Capital Variance and the required adjustment to the Fixed Toll. For such purposes, the Fixed Toll shall be adjusted by a percentage decrease or increase, as the case may be, equal to the percentage difference between (i) the Re-estimated Project Costs, and (ii) the Re-estimated Project Costs plus the Capital Variance.
- (b) The Fixed Toll, adjusted to reflect the Capital Variance, will take effect for Services provided by Carrier in the first Month following the issuance of the Capital Variance Notice by Carrier. Accordingly, the first invoice issued by Carrier for Services provided in the first Month after the issuance of the Capital Variance Notice will charge the Fixed Toll adjusted to reflect the Capital Variance as set out in such Capital Variance Notice.

6. **Capital Variance Audit Right:** Shipper shall have the right to conduct a single audit of the calculations underlying the Capital Variance Notice within 12 months of the date of the Capital Variance Notice, in accordance with the audit procedure in Section 10.2 of the Agreement. Shipper shall use commercially reasonable efforts to coordinate the conduct of any such audit with the other Term Shippers.

D. VARIABLE TOLL

1. **Payment of Variable Toll:** In addition to paying the Fixed Toll each Month calculated on the Monthly Volume and any other applicable charges pursuant to the Tariff, Shipper shall pay on the Payment Due Date an amount equal to the product of:
- (a) the Variable Toll (as calculated pursuant to paragraph D.2 below), times
- (b) the number of kilometres between such Receipt Point and such Delivery Point, times
- (c) the Monthly Volume actually Tendered by the Shipper for such Month.

For greater certainty, any charges payable for Excess Volume shall be in addition to the foregoing, and shall be calculated in accordance with Section 6.5 of the Agreement and not pursuant to the foregoing.

2. **Calculation of Variable Toll:**

$$\text{Variable Toll} = \frac{\text{Operating, Maintenance and Administration Costs}}{\sum \text{Barrel Kilometres for each Receipt Point}}$$

Where “**Barrel Kilometres**” equals the product of the volume of Petroleum Tendered by all Shippers at such Receipt Point, multiplied by the number of kilometres to the relevant Delivery Point(s).

3. **Estimate of Variable Toll:** On an annual basis during the Term of the Agreement, Carrier will estimate the “**Operating, Maintenance and Administration Costs**” that Carrier will incur in

operating, maintaining and administering the Pipeline System for the upcoming Year, and allocate such costs over estimated volumes, to estimate the “**Variable Toll**” for the upcoming Year.

For the purposes of calculating the Variable Toll, “**Operating, Maintenance and Administration Costs**” shall include all operating, maintenance and administration costs and expenses incurred by or on behalf of Carrier in respect of the Pipeline System (determined in accordance with the TransCanada PipeLines Limited typical cost allocation policy and procedures), including:

- (a) operating, maintenance, administrative and general costs and expenses (including pipeline inspection and pipeline repairs) and other overhead costs or expenses allocable to the Pipeline System (not otherwise reimbursed by insurance), including capitalized operating and maintenance costs (not otherwise included in the Capital Costs forming part of the Fixed Toll);
 - (b) property taxes and any periodic payments required in respect of land rights, including right-of-way or site lease payments;
 - (c) capital taxes;
 - (d) insurance;
 - (e) power;
 - (f) regulatory costs;
 - (g) abandonment/environmental reserve fund calculated in accordance with reasonable industry practice;
 - (h) costs attributable to changes in Applicable Law (including income taxes based on changes in income tax rates or taxing methodology) that apply to Carrier or the Pipeline System;
 - (i) all costs and expenses associated with ongoing environmental remediation or leak cleanup except to the extent arising from a Carrier Liability Event (as defined in the Rules and Regulations); and
 - (j) all other costs and expenses similar in nature to any of the foregoing.
4. **Notice of Estimated Variable Toll:** Carrier shall provide Shipper with its estimate of the Variable Toll for the upcoming Year in the Notice of the Commencement Date contemplated by Section 5.2 of the Agreement. Thereafter, Carrier will revise the estimated Variable Toll annually and provide Shipper with such revised toll, together with details of its calculation on or before December 1 of each Year during the Term. Such estimated Variable Toll shall take effect as of January 1 of the succeeding Year.
5. **Final Variable Toll:**
- (a) After the end of each Year, Carrier will determine the actual Operating, Maintenance and Administration Costs incurred by Carrier in operating the Pipeline System for such Year,

as recorded in Carrier's financial records. Such actual costs shall be allocated over the volumes Tendered by all shippers in such Year to determine the final Variable Toll. Carrier will provide Shipper with Notice of the final Variable Toll, together with details of its calculation and variances from the estimated Variable Toll.

- (b) If the final Variable Toll for the applicable Year is greater than or less than the estimated Variable Toll charged to Shipper for such Year, Carrier shall apportion the difference in equal Monthly instalments over the remaining Year and credit (if the difference is negative) or charge (if the difference is positive), as the case may be, Shipper an amount equal to the difference between the estimated Variable Toll and the final Variable Toll and the aggregate of Shipper's Tenders for which Variable Toll has been calculated and paid pursuant to this Appendix B. Additional amounts to be charged to Shipper or credited to Shipper shall incur an interest carrying charge on the outstanding balance at the Prime Rate, from the Month the relevant Operating, Maintenance and Administration Costs were incurred, until (i) in the case of a charge, the relevant charge has been paid in full by Shipper in the manner contemplated in this paragraph D.5, or (ii) in the case of a credit, the date such credit is issued by Carrier.
6. **Audit Right:** Shipper shall have the right to conduct a single audit of the calculations underlying the final Variable Toll for a Year within 12 months of the date of Carrier's Notice of the final Variable Toll pursuant to paragraph D.5, in accordance with the audit procedure in Section 10.2 of the Agreement. Shipper shall use commercially reasonable efforts to coordinate the conduct of any such audit with the other Term Shippers. In conjunction with the right to conduct an audit of the calculations underlying the final Variable Toll, Shipper shall have the right to conduct an audit of the calculations provided by Carrier of any actual gains or actual losses due to evaporation or shrinkage and any other line losses due to normal pipeline operations. Such audit will be conducted in accordance with the audit procedures in Section 10.2 and for greater certainty will not include any information attributable to individual shippers.
7. **Incentive Tolling Arrangements:** No later than the fifth anniversary of the Commencement Date, Carrier shall seek to negotiate an incentive tolling agreement with the Term Shippers having a Contract Term of 10 Years or greater, whereby Term Shippers and Carrier would be entitled to share in any cost savings realized as a result of any reductions in the Operating, Maintenance and Administration Costs.

E. MRC ADJUSTMENT

1. In the event that, in a Month, Shipper:
- (a) Tenders less than its Monthly Volume on the Pipeline System; and
 - (b) tenders volumes of Petroleum from the Hardisty receipt point on the Keystone Pipeline System as a non-"Term Shipper" at the "Uncommitted Toll" (as those terms are defined in the Keystone Pipeline System Petroleum Tariff in effect with the NEB) (a "**Keystone Spot Shipment**"),
- then Shipper shall have the option to reduce its Monthly Revenue Commitment for such Month by an amount equal to the "MRC Adjustment" described in this Part E.
2. Shipper shall be entitled to exercise the option described in paragraph E.1 by indicating its desire to exercise such option in its Monthly Nomination for such Month delivered in accordance with

the Tariff. Failure to exercise such option in the manner specified in this paragraph E.2 will result in Shipper forfeiting any MRC Adjustment for such Month.

3. The MRC Adjustment will be calculated on the following basis:

$$\text{MRC Adjustment} = A \times B$$

where:

“**A**” equals the lesser of:

- (i) the Make-Up Volume for such Month that would otherwise have accrued; and
- (b) the Keystone Spot Volume.

“**B**” equals the lesser of:

- (i) the applicable Fixed Toll set out in this Appendix B; and
- (b) the sum of the Keystone Canada Rate and the Keystone US Rate.

4. For the purposes of this Part E, the following interpretative principles shall apply:

- (a) “**Comparable Keystone Term**” means the nearest Keystone Canada Pipeline System contract term to the Contract Term then remaining in effect.
- (b) “**Keystone Canada Rate**” means the “Fixed” toll (as that term is defined in the Keystone Pipeline System Petroleum Tariff filed with the NEB) for the Comparable Keystone Term, based on the ultimate U.S. Destination for the Keystone Spot Shipment.
- (c) “**Keystone Pipeline System**” means the pipeline system and associated facilities known as the “Keystone Pipeline System” owned and operated by TransCanada Keystone Pipeline Limited Partnership in Canada and TransCanada Keystone Pipeline, LP.
- (d) “**Keystone Spot Volume**” means the volume of Petroleum tendered by Shipper in the Keystone Spot Shipment.
- (e) “**Keystone US Rate**” means the “Committed Rate” (as that term is defined in the TransCanada Keystone Pipeline, LP Local Pipeline Tariff filed with the United States Federal Energy Regulatory Commission) for the Comparable Keystone Term, based on the ultimate U.S. Destination for the Keystone Spot Shipment.
- (f) all calculations of tolls and rates in this Part E will be made on a per Cubic Metre basis in Canadian dollars, with currency exchange calculations performed at a commercially reasonable exchange rate.

5. The availability of any MRC Adjustment options described in paragraph E.1 (including the exercise thereof in accordance with paragraph E.2) will expire and no longer be available upon the earlier to occur of the following events:

- (a) TransCanada Keystone Pipeline Limited Partnership or TransCanada Keystone Pipeline, LP cease to be an Affiliate of Carrier; and
- (b) the expiry of the Contract Term.

APPENDIX C
PRO FORMA RULES AND REGULATIONS

APPENDIX D
BASE PIPELINE SYSTEM LINE FILL SHARE AND SAMPLE CALCULATIONS

A. PROCEDURE FOR CALCULATING LINE FILL SHARE

For purpose of calculating Shipper's Line Fill Share, the Pipeline System will be subdivided into the Pipeline Segments. Additional Pipeline Segments may be added to the Pipeline System depending on the Pipeline System scope prior to Carrier's request for Line Fill pursuant to Section 5.1.

- Hardisty Receipt Point to Bakken Mainline Receipt Point Pipeline Segment;
- Bakken Trunkline Receipt Point to Bakken Mainline Receipt Point Pipeline Segment.
- Bakken Mainline Receipt Point to Montreal Delivery Point Pipeline Segment; and
- Montreal Delivery Point to Quebec City Delivery Point Pipeline Segment.

For every Pipeline Segment where Shipper's Contract Volumes will be transported by Carrier, Shipper will provide Line Fill Share based on the following formula:

$$A = (B / C) * D$$

Where:

A = Shipper's Line Fill Share for a Pipeline Segment

B = Shipper's Contract Volume applicable to that Pipeline Segment

C = Sum of all Contract Volumes that will be transported on that Pipeline Segment

D = The Line Fill quantity for that Pipeline Segment

The total Line Fill Share for a Shipper will then be the sum of all of the Line Fill Shares for such Shipper for all its applicable Pipeline Segments.

B. SAMPLE CALCULATIONS OF LINE FILL SHARE

The example shown below is based on the following assumptions for Pipeline System Line Fill quantities and hypothetical Shipper Contract Volumes:

Line Fill quantities:	million bbls
Hardisty to Bakken Mainline Segment	3.827
Bakken Mainline to Montreal Segment	14.271
Montreal to Quebec City Segment	1.000
Bakken Trunkline to Bakken Mainline	0.200
Total	19.298

Shipper	Origin/Destination	Contract Volume (bpd)
Shipper A	Hardisty-Quebec	100,000
Shipper B	Hardisty-Quebec	75,000
Shipper C	Hardisty-Montreal	30,000
Shipper D	Bakken-Quebec	20,000
Shipper E	Bakken-Montreal	15,000
Shipper F	Hardisty/Bakken-Montreal	35,000
Shipper G	Hardisty/Bakken-Quebec	60,000
Shipper H	Hardisty/Bakken-Quebec	50,000

1. Hardisty-Bakken Mainline Pipeline Segment

Based on the assumption above, the table below shows the resulting Line Fill Share calculations for the Hardisty-Bakken Mainline Pipeline Segment.

Shipper	Receipt Point/ Delivery Point	Applicable Contract Volume (bpd)	Percent Share of Volume on Hardisty-Bakken Mainline Pipeline Segment	Line Fill Share for Hardisty-Bakken Mainline Pipeline Segment (million bbls)
Shipper A	Hardisty-Quebec	100,000	28.6%	1.09
Shipper B	Hardisty-Quebec	75,000	21.4%	0.82
Shipper C	Hardisty-Montreal	30,000	8.6%	0.33
Shipper D	Bakken-Quebec	0	0.0%	0.00
Shipper E	Bakken-Montreal	0	0.0%	0.00
Shipper F	Hardisty/Bakken- Montreal	35,000	10.0%	0.38
Shipper G	Hardisty/Bakken- Quebec	60,000	17.1%	0.66
Shipper H	Hardisty/Bakken- Quebec	50,000	14.3%	0.55
Totals		350,000	100.0%	3.827

Under the above assumptions, Shipper A's Line Fill Share for the Hardisty-Bakken Mainline Pipeline Segment would be calculated as follows:

$$\text{Line Fill Share} = (100,000 / 350,000) * 3.827 = 1.09 \text{ million barrels}$$

That is, for the 3,827 million barrels required for Line Fill in the Hardisty-Bakken Mainline Pipeline Segment, Shipper A's Line Fill Share would be 1.09 million barrels.

The table above also indicates that Term Shippers whose Contract Receipt Point does not include the Hardisty Receipt Point would not be required to provide Line Fill for the Hardisty-Bakken Mainline Pipeline Segment. For example, Shipper E, whose Contract Receipt Point is Bakken and whose Contract Delivery Point is Montreal, would not be required to provide Line Fill for the Hardisty-Bakken Mainline Pipeline Segment.

2. Bakken Mainline - Montreal Pipeline Segment

The table below illustrates the Line Fill Share for Term Shippers whose Contract includes transportation Service on the Bakken Mainline - Montreal Pipeline Segment.

Shipper	Receipt Point/ Delivery Point	Applicable Contract Volume (bpd)	Percent Share of Volume on Bakken Mainline- Montreal Pipeline Segment	Line Fill Share for Bakken Mainline- Montreal Pipeline Segment (million bbls)
Shipper A	Hardisty-Quebec	100,000	26.0%	3.71
Shipper B	Hardisty-Quebec	75,000	19.5%	2.78
Shipper C	Hardisty-Montreal	30,000	7.8%	1.11
Shipper D	Bakken-Quebec	20,000	5.2%	0.74
Shipper E	Bakken-Montreal	15,000	3.9%	0.56
Shipper F	Hardisty/Bakken- Montreal	35,000	9.1%	1.30
Shipper G	Hardisty/Bakken- Quebec	60,000	15.6%	2.22
Shipper H	Hardisty/Bakken- Quebec	50,000	13.0%	1.85
Totals		385,000	100.0%	14.271

Under the above assumptions, Shipper A's Line Fill Share for the Bakken Mainline-Montreal Pipeline Segment would be calculated as follows:

$$\text{Line Fill Share} = (100,000 / 385,000) * 14.271 = 3.71 \text{ million barrels}$$

That is, for the 14,271 million barrels required for Line Fill in the Bakken Mainline-Montreal Pipeline Segment, Shipper A's Line Fill Share would be 3.71 million barrels.

The table above also illustrates that Shipper E, who would not be required to provide Line Fill for the Hardisty-Bakken Mainline Pipeline Segment, would need to provide 0.56 million barrels of Line Fill for the Bakken Mainline -Montreal Pipeline Segment, since Shipper E's Contract Receipt Point is Bakken, with a Contract Delivery Point of Montreal.

3. Montreal-Quebec City Pipeline Segment

The table below illustrates the Line Fill Share for Term Shippers whose Contract includes transportation Service on the Montreal-Quebec Pipeline segment.

Shipper	Receipt Point/ Delivery Point	Applicable Contract Volume (bpd)	Percent Share of Volume on Montreal-Quebec Pipeline Segment	Line Fill Share for Montreal-Quebec Pipeline Segment (million bbls)
Shipper A	Hardisty-Quebec	100,000	32.8%	0.33
Shipper B	Hardisty-Quebec	75,000	24.6%	0.25
Shipper C	Hardisty-Montreal	0	0.0%	0.00
Shipper D	Bakken-Quebec	20,000	6.6%	0.07
Shipper E	Bakken-Montreal	0	0.0%	0.00
Shipper F	Hardisty/Bakken- Montreal	0	0.0%	0.00
Shipper G	Hardisty/Bakken- Quebec	60,000	19.7%	0.20
Shipper H	Hardisty/Bakken- Quebec	50,000	16.4%	0.16
Totals		305,000	100.0%	1.000

Under the above assumptions, Shipper A's Line Fill Share for the Montreal-Quebec Pipeline Segment would be calculated as follows:

$$\text{Line Fill Share} = (100,000 / 305,000) * 1.000 = 0.33 \text{ million barrels}$$

That is, for the 1 million barrels required for Line Fill in the Montreal-Quebec Pipeline Segment, Shipper A's Line Fill Share would be 0.33 million barrels.

The table above also illustrates that Shipper E, who would not be required to provide Line Fill for the Hardisty-Bakken Mainline Pipeline Segment and would need to provide Line Fill for the Bakken Mainline-Montreal Pipeline Segment, is also not required to provide Line Fill for the Montreal-Quebec Segment, as Shipper E's Contract Delivery Point is Montreal.

4. Bakken Trunkline-Bakken Mainline Pipeline Segment

The table below illustrates the Line Fill Share for Term Shippers whose Contract includes transportation Service on the Bakken Trunkline-Bakken Mainline Pipeline Segment.

Shipper	Receipt Point/ Delivery Point	Applicable Contract Volume (bpd)	Percent Share of Volume on Bakken Trunkline Bakken Mainline Pipeline Segment	Line Fill Share for Bakken Trunkline- Bakken Mainline Pipeline Segment (million bbls)
Shipper A	Hardisty-Quebec	0	0.0%	0.00
Shipper B	Hardisty-Quebec	0	0.0%	0.00
Shipper C	Hardisty-Montreal	0	0.0%	0.00
Shipper D	Bakken-Quebec	20,000	11.11%	0.02
Shipper E	Bakken-Montreal	15,000	8.33%	0.02
Shipper F	Hardisty/Bakken- Montreal	35,000	19.44%	0.04
Shipper G	Hardisty/Bakken- Quebec	60,000	33.33%	0.07
Shipper H	Hardisty/Bakken- Quebec	50,000	27.78%	0.06
Totals		180,000	100.0%	0.200

Under the above assumptions, Shipper A would not be required to provide Line Fill for the Bakken Trunkline-Bakken Mainline Pipeline Segment, since Shipper A's Contract Receipt Point is not Bakken.

Shipper E's Line Fill Share for the Bakken Trunkline-Bakken Mainline Pipeline Segment would be calculated as follows:

$$\text{Line Fill Share} = (15,000 / 180,000) * 0.2 = 0.02 \text{ million barrels}$$

That is, for the 0.2 million barrels required for Line Fill in the Bakken Trunkline-Bakken Mainline Pipeline Segment, Shipper E's Line Fill Share would be 0.02 million barrels.

5. Total Line Fill

The table below shows the total Line Fill that would be required for each hypothetical Shipper based on the assumed Contract Receipt Point and Contract Delivery Point combinations:.

Shipper	Total Line Fill
Shipper A	5.13
Shipper B	3.85
Shipper C	1.44
Shipper D	0.83
Shipper E	0.57
Shipper F	1.72
Shipper G	3.14
Shipper H	2.62
Total	19.298