

OPTION TO PURCHASE

This Option to Purchase made this _____ day of _____, 2005

BETWEEN: _____

(hereinafter referred to as "Vendor")

- and -

TERASEN PIPELINES INC.

a body corporate with an office at the City of Calgary, in the Province of Alberta
(hereinafter referred to as "Purchaser")

WHEREAS:

The Vendor is the registered owner of certain lands in or near _____, British Columbia, more particularly described as follows:

subject to the reservations and exceptions appearing in Certificate of Title _____ (the "Property");

The Purchaser wishes to acquire lands as substantially shown on the attached plan noted as Schedule "A"; (hereinafter referred to as the "Option Lands").

The Vendor has agreed to grant to the Purchaser an Option to Purchase the Option Lands pursuant to the terms, provisions and conditions set forth herein.

NOW THEREFORE this Agreement witnesses that in consideration of the sum of _____ Dollars (\$_____) (hereinafter referred to as the "Consideration") now paid by the Purchaser to the Vendor, the receipt of which is hereby acknowledged, the Vendor hereby grants to the Purchaser the sole and exclusive Option, irrevocable within the time for exercise provided herein, to purchase the Option Lands free and clear of all encumbrances except those appearing in the existing Certificate of Title _____ attached hereto as Schedule "B", (the "Permitted Encumbrances"), on the following terms a conditions:

1.0 Purchase Price

1.1 If the Option is exercised by the Purchaser, the Purchaser shall pay to the Vendor compensation constituting the purchase price (the "Purchase Price") for the Option Lands calculated as follows:

- (a) one lump sum of _____ Dollars (\$_____) (hereinafter referred to as the "Lump Sum Payment"),
- (b) annual or periodic payments of equal or different amounts over a period of time as set forth in Schedule C.

The _____ Dollars (\$_____) paid by the Purchaser to the Vendor as Consideration for the granting of the Option will be applied towards the payment of the Purchase Price.

2.0 Exercise of Option

2.1 The Option hereby granted may be exercised by the Purchaser by notice in writing, delivered or mailed to the Vendor at the following address:

Insert vendor address

on or before 4:00 p.m. on December 31, 2006.

2.2 In the event that the Option is not exercised in the manner set out above, this Agreement and everything contained herein shall be null and void and no longer binding upon the parties hereto, except that the Vendor shall be entitled to retain the _____ Dollars (\$_____) paid by the Purchaser to the Vendor as Consideration for the granting of the Option.

2.3 Upon the exercise of the Option in the manner set out above, this Agreement and the document by which the Option is exercised shall become a binding contract of sale and purchase, and such sale and purchase will be completed upon the terms provided herein.

3.0 Closing

3.1 The Closing Date shall be the last day of the third month following the later of the month in which the Option is exercised, or the date upon which unconditional subdivision approval, if applicable, has been granted by the subdivision approving authority.

3.2 On the Closing Date, the Purchaser shall pay to the Vendor, by cheque, the Lump Sum Payment or the first payment referred to in Schedule C, subject to all usual adjustments, if any. Such sum is to be held in trust by the Vendor's Solicitor until title to the lands has been issued in the name of the Purchaser, free and clear from all liens and encumbrances other than the Permitted Encumbrances (in the absence of an undertaking from the Vendor's solicitor satisfactory to the Purchaser's solicitor to discharge any non-Permitted Encumbrance post-closing), and until the Vendor shall have delivered vacant possession of the Option Lands free and clear of any tenancy.

3.3 All usual adjustments of taxes, interest, rents, and other adjustable items shall be made as of 12:00 o'clock noon on the Closing Date. The Purchaser shall pay interest, at a rate of 2% per annum above the prime rate quoted by the main branch in Calgary of The Bank of Nova Scotia on any money owing to the Vendor from the Closing Date to the date such money is paid.

3.4 A transfer of land, in a form which can be registered, shall be, at the Vendor's expense, prepared and provided (together with any pertinent Duplicate Certificate of Title) to the Purchaser within a reasonable time prior to the Closing Date. The Vendor shall also be responsible, at its cost, for the preparation and registration of discharges of any liens or encumbrances registered against the lands other than Permitted Encumbrances.

3.5 The Purchaser shall be responsible for:

- all costs pursuant to the receipt of subdivision approval on the Option Lands purchased;
- the costs of a legal survey of the Option Lands; and
- the registration costs of any legal property or subdivision plans.

4.0 Access

4.1 Upon the granting of this Option, the Purchaser and its representatives may enter upon the Property at the sole risk of the Purchaser and make all surveys, soil tests, environmental and geotechnical investigations, and such other examinations as the Purchaser deems appropriate. The Purchaser shall compensate any tenant on the Property for any damage to the tenant's crops. The Purchaser shall restore or pay for the restoration of any damage resulting from its investigations, including surface restoration or removal of environmental contaminants, if this Option is not exercised.

5.0 Representations and Warranties

5.1 Notwithstanding any investigations of the Purchaser, the Vendor makes, and the Purchaser is entitled to rely upon, the following representations and warranties in respect of the Property both as of the date hereof and as of the Closing Date:

- (a) The Vendor is not a non-resident of Canada for purposes of Section 116 of the Income Tax Act of Canada;
- (b) The Vendor is not aware of any contamination of or other adverse environmental concern related to the Option Lands or the Property;

- (c) To the best of the Vendor's knowledge, information and belief the Option Lands have not been subject to any prior use which might reasonably be expected to have resulted in deleterious substances having been deposited or accumulated upon, within, or under, the Option Lands;
- (d) The Vendor has good and marketable title to the Option Lands, and is ready, willing and able to convey title to the Option Lands free and clear from any liens, encumbrances or adverse interest apart from the Permitted Encumbrances, and also free and clear from any charges, claims or obligations of any party claiming by, through, or under the Vendor.

5.2 Without limiting the foregoing representations and warranties, the Purchaser acknowledges that:

- (a) it is relying on its own investigation, analysis, appraisals, and estimates as to the value of the Option Lands and the suitability of the Option Lands for the use it intends; and
- (b) it is aware that in order to use the Option Lands as it intends, it will be responsible for obtaining all required regulatory and other approvals, including planning, development, zoning, and building approvals and permits.

6.0 Conditions Precedent

6.1 The following conditions shall be conditions precedent to the Purchaser's obligation to complete the purchase of the Option Lands following exercise of the Option:

- (a) The Purchaser shall be satisfied, in its sole discretion, that all approvals or permits whatsoever, including without limitation, zoning, subdivision, regulatory, environmental, development and building permits, shall have been obtained or are obtainable on terms acceptable to it, in order for it to develop the Option Lands in accordance with its intended commercial use.
- (b) The Purchaser shall be satisfied that environmental and geotechnical investigations do not reveal any conditions that would make the Option Lands unsuitable for its intended commercial use.
- (c) The Vendor's representations and warranties shall be true and not misleading in any way and the Purchaser shall not have become aware of any fact or thing which would reasonably lead it to believe otherwise.
- (d) The Vendor shall have complied with Section 5.1 hereof.

6.2 If the conditions precedent are not satisfied by two weeks prior to the Closing Date for the sale and purchase of the Property, and Purchaser does not waive them, this Agreement shall terminate and be of no further force and effect.

6.3 The Vendor will execute all further deeds, documents, and assurances, and will do all further things as may be reasonably required for the purpose of carrying out this agreement according to its true meaning and intent.

6.4 The Vendor agrees not to remove or allow the removal of any materials from the Option Lands (including topsoil or subsoil) while this Agreement remains in effect or otherwise alter the Option Lands or their use in any way which may result in a material adverse impact on or related to the Option Lands.

6.5 The Option Lands including all fixtures and other items to be purchased related to the Option Lands shall remain at the risk of the Vendor until the Closing Date. In the event of loss, destruction or damage of any such property between the granting of the Option and the Closing Date, either such loss will be repaired and corrected at the expense of the Vendor, except to the extent that such loss is directly due to the actions of the Purchaser or its representatives, or such loss will be dealt with in an equitable manner by way of an adjustment at closing.

6.6 The Purchaser shall have the right at any time and from time to time to assign all of its rights and obligations under this Agreement. The Vendor shall not, in whole or in part, assign his interest in this Agreement without the prior written consent of the Purchaser.

6.7 Time shall be of the essence. The provisions hereof shall survive the registration of all conveyances and shall not merge therein or therewith.

6.8 The Agreement shall be governed by and interpreted in accordance with the laws of the Province of Alberta.

6.9 This Agreement shall enure to the benefit of, and be binding upon, the parties hereto and their respective successors and assigns.

7.0 Notice pursuant to Section 87 (1)

7.1 The Vendor acknowledges receiving a Notice pursuant to Section 87 (1) of the National Energy Board Act concerning the above property.

8.0 Miscellaneous

8.1 The Vendor confirms having the option of requiring the Purchase Price to be made by one Lump Sum Payment or by annual or periodic payments of equal or different amounts over a period of time and that the Vendor has selected the method of compensation hereinbefore set out. The Vendor and the Purchaser further confirm that if the Vendor has selected annual or other periodic payments, the amount of such compensation payable by the Purchaser shall be reviewed every five years if the period of compensation extends beyond five years.

8.2 Until the Closing Date, the Purchaser agrees as follows:

- (a) to pay compensation for all damages suffered by the Vendor as a result of the operations of the Purchaser;
- (b) to indemnify the Vendor from all liabilities, damages, claims, suits and actions arising out of the operations of the Purchaser other than liabilities, damages, claims, suits and actions resulting from the gross negligence or wilful misconduct of the Vendor;
- (c) that any use of the Option Lands shall be restricted to Access unless the Vendor consents to any proposed additional use at the time of the proposed additional use.

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement by the hands of their proper officers, as of the day and year first above written.

Witness

Witness

Owner:

TERASEN PIPELINES INC.

Signature

Title

**ATTACHED TO AND FORMING
PART OF THE OPTION TO PURCHASE
AGREEMENT**

SCHEDULE C

The consideration for this agreement is the sum of _____ Dollars (\$ _____) of lawful money of Canada to be paid before construction is commenced on the said Lands and thereafter the sum of _____ Dollars (\$ _____) of I money of Canada to be paid in each and every year. This annual payment shall be made on or before the anniversary date of the first payment being made before construction is commenced, for a period of nine years ("term"), or until abandonment of the Option Lands if abandonment occurs prior to the expiration of the term.

**ALBERTA – THE DOWER ACT
CONSENT OF SPOUSE**

I, _____, being married to the within named _____ do hereby give my consent to the disposition of our homestead, made in the within instrument, and I have executed this document for the purpose of giving up my life estate and other dower rights in the said property given to me by THE DOWER ACT, to the extent necessary to give effect to the said disposition.

CERTIFICATE OF ACKNOWLEDGEMENT BY SPOUSE

1. This document was acknowledged before me by _____ apart from her husband (his wife).

2. _____ acknowledged to me that she (he)
 - (a) is aware of the nature of the disposition or agreement;
 - (b) is aware that THE DOWER ACT, gives her (him) a life estate in the homestead and the right to prevent disposition of the homestead by withholding consent;
 - (c) consents to the disposition or agreement for the purpose of giving up the life estate and other dower rights in the homestead given to her (him) by THE DOWER ACT, to the extent necessary to give effect to the said disposition or agreement;
 - (d) is executing the document freely and voluntarily without any compulsion on the part of her husband (his wife).

DATED at _____, in the Province of British Columbia, this _____ day of _____, A.D. 200__.

A Commissioner for Oaths in
and for the Province of British Columbia

AFFIDAVIT

CANADA
PROVINCE OF BRITISH COLUMBIA
TO WIT:

I, _____ of _____, in the Province of British Columbia, _____, make oath and say:

1. That I am the Grantor named in the within instrument.
 2. That I am not married.
- OR-
- That neither myself nor my spouse have resided on the within mentioned land at any time since our marriage.

SWORN before me at the _____)
of _____ in the _____)
Province of British Columbia, this _____ day of _____)
_____, A.D. 200__)
_____)
_____)

A Commissioner for Oaths in and for
the Province of British Columbia

AFFIDAVIT OF EXECUTION

CANADA) I, _____ of the
)
PROVINCE OF BRITISH COLUMBIA) _____ of _____
)
TO WIT:) in the Province of British Columbia,

MAKE OATH AND SAY:

1. THAT I was personally present and did see

named in the within instrument, who is (are) personally known to me to be the person(s)
named therein, duly sign, seal and execute the same for the purpose named therein.

2. THAT the instrument was executed at the _____ of
_____ in the Province of British Columbia, and that I am
the subscribing witness thereto.

3. THAT I believe the person(s) whose signatures I witnessed is (are) at least eighteen (18)
years of age.

SWORN before me at the _____)
of _____ in the Province of)
British Columbia, this _____ day of)
_____, A.D. 200__)
)

A Commissioner for Oaths in and for
the Province of British Columbia

Witness