

Appendix A

Westcoast Energy Inc.
GENERAL TERMS AND CONDITIONS - SERVICE

**SERVICE AGREEMENTS
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**ARTICLE 1
DEFINITIONS AND INTERPRETATION**

1.01 Definitions. Except where the context otherwise requires, the following terms when used in these General Terms and Conditions, the Toll Schedules and in a Service Agreement shall have the following meanings:

"acid gas" means a gaseous substance composed of carbon dioxide gas and sulphur gas.

"Acid Gas Constraint Volume" means in respect of acid gas contained in raw gas delivered into the Pipeline System at one or more Receipt Points by or for the account of a Shipper for processing at a Processing Plant on any day on which a curtailment or interruption of Treatment Service is in effect, the maximum volume of acid gas contained in raw gas which the shipper may deliver to Westcoast on any such day as specified in a notice given to each such Shipper pursuant to Section 27.05, Section 28.06 or Section 29.06

"acid gas percentage" means that proportion (expressed as a percentage by volume) of raw gas which is comprised of acid gas.

"Acid Gas Receipt Volume" means in respect of acid gas contained in raw gas produced from a Production Source and delivered into the Pipeline System at a Receipt Point by or for the account of a Shipper on any day, the actual volume of acid gas contained in the Raw Gas Receipt Volume so delivered at the Receipt Point on any such day.

"Acid Gas Tolerance" means in respect of acid gas contained in raw gas delivered into the Pipeline System at one or more Receipt Points by or for the account of a Shipper on any day for processing at a Processing Plant, the Acid Gas Tolerance determined by Westcoast any such day in accordance with Section 25.04.

"actively transport" means for the purposes of the definitions of "Non-Supply Shipper" and "Inventory Transfer Shipper" and as at the time at which the determination is made by Westcoast, either (i) the Shipper has had residue gas transported for its account in Zone 3 or Zone 4 to or from Compressor Station No. 2 during the period of six months immediately preceding the time at which such determination is made by Westcoast or (ii) the Shipper has demonstrated to the satisfaction of Westcoast that it will in the immediate future have residue gas transported for its account in Zone 3 or Zone 4 to or from Compressor Station No. 2.

"Aggregate Acid Gas Receipt Volume" means in respect of acid gas contained in raw gas delivered into the Pipeline System at one or more Receipt Points by or for the account of a Shipper on any day for processing at a Processing Plant, the aggregate of the Acid Gas Receipt Volumes so delivered for processing at the Processing Plant on any such day.

"Aggregate Raw Gas Receipt Volume" means in respect of raw gas delivered into the Pipeline System at one or more Receipt Points by or for the account of a Shipper on any day for processing at a Processing Plant, the aggregate of the Raw Gas Receipt Volumes so delivered for processing at the Processing Plant on any such day.

"Aggregate Receipt Volume" means in respect of a Receipt Point the aggregate of all Raw Gas Receipt Volumes of all Shippers on any day.

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"Aggregate Sulphur Gas Receipt Volume" means in respect of sulphur gas contained in raw gas delivered into the Pipeline System at one or more Receipt Points by or for the account of a Shipper on any day for processing at a Processing Plant, the aggregate of the Sulphur Gas Receipt Volumes so delivered for processing at the Processing Plant on any such day.

"Aitken Creek Area" means the Aitken Creek Processing Plant and the Aitken Creek RGT Pipeline

"Aitken Creek Area Shipper" means a Shipper which has entered into a Service Agreement providing for Raw Gas Transmission Service and Treatment Service in the Aitken Creek Area.

"Aitken Creek Pipeline" means the 12 inch and 16 inch residue gas transmission pipelines owned by Westcoast and extending from the Aitken Creek Processing Plant and the Storage Reservoir to the Fort Nelson Mainline.

"Aitken Creek Processing Plant" means the facilities owned by Westcoast for the processing of raw gas located in Block A of District Lot 3964, Peace River District, in British Columbia.

"Aitken Creek RGT Pipeline" means the raw gas transmission pipeline owned by Westcoast and designated as the Aitken Creek Connector Pipeline through which raw gas is delivered to the Aitken Creek Processing Plant.

"Alberta Mainline" means the residue gas pipeline owned by Westcoast and extending from the NOVA/Gordondale Interconnection to Compressor Station No. 1, and includes any residue gas laterals owned by Westcoast and connected to that pipeline.

"Alliance" means Alliance Pipeline Limited Partnership.

"Alliance/Gordondale Interconnection" means the point where the Pipeline System connects with the pipeline facilities of Alliance in the NE ¼ of Section 2, Township 79, Range 12, W6M in Alberta.

"Arco Delivery Point" means the point in the Export Delivery Area where the Pipeline System interconnects with the pipeline facilities of Arco Products Company.

"Area" means the Fort Nelson Area, the Fort St. John Area, the Aitken Creek Area, the Grizzly Valley Area, the Dawson Area or the Sikanni Area.

"Authorized Overrun Service" or "AOS" means the daily service entitlement available, on the terms and conditions set out in Section 2.11, to a Shipper as an attribute of each Firm Transportation Service - Northern and Firm Transportation Service - Southern specified in a Service Agreement between the Shipper and Westcoast.

"Authorized Receipt Volume" means:

- (a) in respect of residue gas produced at a Processing Plant, other than the Dawson Processing Plant and the Fort Nelson North Processing Plant, and delivered into Zone 3 of the Pipeline System from the outlet of the Processing Plant, the volumes of

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residue gas authorized by Westcoast for delivery for the account of the Shipper into Zone 3 from the outlet of that Processing Plant on any day pursuant to Article 4; and

- (b) in respect of residue gas produced by an Upstream Supplier and delivered into the Pipeline System at a Receipt Point in Zone 3 or Zone 4, the volume of residue gas authorized by Westcoast for delivery by or for the account of the Shipper at that Receipt Point on any day pursuant to Article 4.

"Authorized Volume" means the volume of residue gas authorized by Westcoast for delivery to or for the account of a Shipper at a Delivery Point on any day pursuant to Article 4.

"Average Daily Scheduled Quantity" means in respect of a Non-Supply Shipper for each month the arithmetic average of the daily quantity of residue gas transported for the account of that Non-Supply Shipper to or from Compressor Station No. 2, whichever is the greater, during the 30 day period ending on the 20th day of the immediately preceding month.

"Balancing Tolerance Range" means:

- (a) in respect of each Shipper specified in Section 6.01 other than the Straddle Plant Operator for each day, the balancing tolerance range determined by Westcoast for each such Shipper for each such day in accordance with Section 6.02;
- (b) in respect of the Straddle Plant Operator for each day, a balancing tolerance range which has (i) an upper limit equal to 25,000 gigajoules and (ii) a lower limit equal to minus 25,000 gigajoules; and
- (c) in respect of each Non-Supply Shipper for each month, the balancing tolerance range determined by Westcoast for each such Non-Supply Shipper for each such month in accordance with Section 6.23.

"Bid Recipient" means an independent third party designated by Westcoast in accordance with Section 9.17 or Section 24.10.

"Boundary Lake Pipeline" means the residue gas pipeline owned by Westcoast and extending from the NOVA/Boundary Lake Interconnection to Compressor Station No. 1, and includes any residue gas laterals owned by Westcoast and connected to that pipeline.

"Bundled Field Service" means Treatment Service, Liquids Recovery Service and Liquid Products Stabilization and Fractionation Service provided as Standard Service or Negotiated Service at the McMahon Processing Plant pursuant to a Service Agreement in which a single toll is prescribed for those three services.

"Business Day" means any day other than a Saturday, Sunday or any day on which major banks are closed for business in Vancouver, British Columbia, or Calgary, Alberta.

"Calculated Production Value" means the daily average quantity of residue gas determined for each Shipper for each day in accordance with Section 6.02.

"Canadian Gas Price Reporter" means the publication entitled "Canadian Gas Price Reporter" published monthly in Canada by Canadian Enerdata Ltd.

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"carbon dioxide gas" means a gaseous substance composed of carbon dioxide.

"carbon dioxide limit" means the maximum volume of carbon dioxide gas permitted for purposes of Treatment Service, as specified in a Firm Service Agreement.

"Cascade Delivery Point" means the point in the Export Delivery Area where the Pipeline System connects with the pipeline facilities of Cascade Natural Gas Corporation.

"Central Clock Time" or "CCT" means Central Standard Time or Central Daylight Saving Time, whichever is in effect on any day.

"CGPR Price" means the weighted average price in dollars per gigajoule specified as the average "Daily Spot Gas Price at Station 2, BC" for any day or, in the case of a Saturday or Sunday, for the weekend, as reported in the Canadian Gas Price Reporter.

"Commodity Toll" means, in respect of any Interruptible Service or any Firm Service, the commodity charges for that service prescribed in the Toll Schedules.

"Compressor Station No. 1" means Westcoast's compressor station no. 1 located near Taylor, British Columbia.

"Compressor Station No. 2" means Westcoast's compressor station no. 2 located near Chetwynd, British Columbia.

"Condensate" means pentanes and heavier liquid hydrocarbons.

"Constraint Level" means

- (a) in respect of a Processing Plant, the maximum volume of raw gas, acid gas, and sulphur gas, respectively, which Westcoast determines pursuant to Section 25.03 can be processed at that Processing Plant on any day; and
- (b) in respect of the Receipt Points within a Zone 3 Corridor and each Receipt Point in Zone 4, the maximum volume of residue gas which Westcoast determines pursuant to Section 25.08 can be delivered into the Pipeline System at the Receipt Points within such Zone 3 Corridor or at such Receipt Point in Zone 4 on any day.

"Contract Demand" means

- (a) in respect of Firm Raw Gas Transmission Service to be provided by Westcoast pursuant to a Service Agreement, the maximum volume of raw gas specified in that Service Agreement that Westcoast is obligated to accept on any day at a Receipt Point from a Shipper, without curtailment or interruption;
- (b) in respect of Firm Treatment Service to be provided by Westcoast pursuant to a Service Agreement, the maximum volume of residue gas specified in that Service Agreement that Westcoast is obligated to deliver on any day at the outlet of a Processing Plant, without curtailment or interruption;

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- (c) in respect of Firm Liquids Recovery Service and Liquid Products Stabilization and Fractionation Service to be provided by Westcoast pursuant to a Service Agreement, the maximum quantity of Liquid Products specified in that Service Agreement that Westcoast is obligated to deliver on any day at the Liquid Products Delivery Points or into storage without curtailment or interruption;
- (d) in respect of Firm Bundled Field Service to be provided by Westcoast pursuant to a Service Agreement, the maximum volume of residue gas and the maximum volume of Liquids Products specified in that Service Agreement that Westcoast is obligated to deliver on any day at the outlet of the McMahon Processing Plant and at the Liquid Products Delivery Points or into storage, respectively, without curtailment or interruption;
- (e) in respect of Firm Fuel Gas Service to be provided by Westcoast pursuant to a Service Agreement, the maximum quantity of residue gas specified in that Service Agreement that Westcoast is obligated to deliver on any day at a Delivery Point on the Fuel Gas Pipelines without curtailment or interruption;
- (f) in respect of Transportation Service - Northern Long Haul, Transportation Service - Northern Short Haul, Temporary Firm Service Long Haul, Temporary Firm Service Short Haul and Short Term Firm Service in Zone 3 to be provided by Westcoast pursuant to a Firm Service Agreement, the maximum volume of residue gas specified in that Firm Service Agreement that Westcoast is obligated (i) to deliver on any day at a Delivery Point in Zone 3, or (ii) to transmit through Zone 3 for the account of the Shipper on any day, without curtailment or interruption; and
- (g) in respect of Transportation Service-Southern and Short Term Firm Service in Zone 4 to be provided by Westcoast pursuant to a Firm Service Agreement, the maximum volume of residue gas specified in that Firm Service Agreement that Westcoast is obligated to deliver on any day at a Delivery Point in Zone 4, without curtailment or interruption.

"Contract Demand Credits" means any credits provided to a Shipper by Westcoast pursuant to Article 8.

"Contracted Residue Gas" means residue gas physically processed at the McMahon Processing Plant and residue gas physically delivered to Compressor Station No. 1 through the Alberta Mainline and the Boundary Lake Pipeline, other than gas delivered into the Alberta Mainline at the Receipt Points designated as Parkland, West Doe Creek and the NOVA/Gordondale Interconnection, which has been directed by the Shipper thereof to the Straddle Plant Operator at the Straddle Plant Delivery Point pursuant to Section 16.02(c).

"Corresponding Firm Transportation Service" means a Firm Transportation Service - Northern or Firm Transportation Service – Southern specified in a Firm Service Agreement in respect of which a Shipper is entitled to AOS in accordance with Section 2.11.

"cubic meter" or "m³" means, when used in reference to gas, the volume of gas which occupies one cubic meter when such gas is at a temperature of 15°C and at an absolute pressure of 101.325 kilopascals and, when used in reference to Liquid Products, the amount

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of liquid which occupies one cubic meter when such liquid is at a temperature of 15°C and at an absolute pressure which is the higher of 101.325 kilopascals or the natural vapour pressure of the liquid.

"Cumulative Supply Imbalance" means in respect of each Shipper for each day, the net supply imbalance determined by Westcoast for each such Shipper for each such day by aggregating the supply imbalances recorded in each of the Upstream Balancing Accounts and the Supply Account, if any, maintained for each such Shipper in accordance with Sections 6.05 and 6.21, as reported by Westcoast to each such Shipper in accordance with Section 6.07.

"Customer Interface Agreement" means an agreement between a Shipper and Westcoast providing for electronic data communications between the Shipper and Westcoast.

"Daily Authorized Entitlement" means, in respect of any Liquid Product for any day, the quantity of that Liquid Product which a Shipper is entitled to receive on that day pursuant to Section 22.07.

"Daily Demand Toll" means for each month:

- (a) in respect of Firm Fuel Gas Service, an amount equal to the Daily Equivalent of the Demand Toll for each such service; and
- (b) in respect of Firm Transportation Service - Northern, Firm Transportation Service – Southern, Temporary Firm Service and Short Term Firm Service, an amount equal to the average, weighted by the Contract Demand, of (i) the Daily Equivalent of the Demand Tolls for such Transportation Service and Temporary Firm Service and (ii) the Demand Tolls for Short Term Firm Service payable by a Shipper for such services provided between the same two points in Zone 3 or Zone 4, respectively.

"Daily Equivalent" means in respect of a monthly Demand Toll, an amount determined by multiplying the monthly Demand Toll by 12 and by dividing the product so obtained by the number of days in the year.

"Dawson Area" means the Dawson Processing Plant and the Dawson RGT Pipeline.

"Dawson Liquids" means liquid hydrocarbons consisting of stabilized Condensate and an unfractionated mixture of propane and heavier liquid hydrocarbons recovered by Westcoast at the Dawson Processing Plant.

"Dawson Processing Plant" means the facilities owned by Westcoast for the processing of raw gas located in the North ½ of Section 26, Township 78, Range 17, W6M, Peace River District in British Columbia.

"Dawson RGT Pipeline" means the raw gas transmission pipeline owned by Westcoast through which raw gas is delivered to the Dawson Processing Plant.

"day" means a period of 24 consecutive hours beginning at 0900 hours Central Clock Time.

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"Delivery Point" means the point specified in a Service Agreement where Westcoast delivers gas to or for the account of a Shipper and includes (i) the Straddle Plant Delivery Point, (ii) in the case of a diversion in Zone 4 made pursuant to Section 7.01, an alternate Delivery Point in the Huntingdon Delivery Area, an Upstream Delivery Point or a Downstream Delivery Point and (iii) in the case of a diversion in Zone 3 made pursuant to Section 7.06 or Section 7.07, an Equivalent Delivery Point or an alternate Delivery Point.

"Demand Toll" means for each month:

- (a) in respect of any Firm RGT Service, Firm Treatment Service, Firm Liquids Recovery Service and Firm Bundled Field Service which is a Standard Service or a Negotiated Service, the demand charges for each such service specified in the applicable Service Agreement;
- (b) in respect of any Firm Fuel Gas Service which is a Negotiated Service, the demand charges for each such service specified in the applicable Service Agreement;
- (c) in respect of any Firm Transportation Service – Northern, Temporary Firm Service and Firm Transportation Service - Southern, the applicable monthly demand charges for each such service specified in the Toll Schedules; and
- (d) in respect of any STF Service, the daily demand charges for each such service specified in the applicable Service Agreement.

"Discount Rate" means for the purposes of Article 9, Westcoast's interim or final AFUDC rate in effect in any month in respect of the tolls charged for service in Zones 3 and 4.

"DST" means Pacific Daylight Saving Time.

"Downstream Delivery Point" means in respect of any Firm Service Agreement, a Delivery Point in Zone 4 which is downstream of the Delivery Point in Zone 4, outside the Huntingdon Delivery Area, which is specified in the Firm Service Agreement.

"Downstream Diversion" means in respect of any Firm Transportation Service - Southern, the diversion of that service to a Downstream Delivery Point pursuant to Section 7.01(c).

"EFM Equipment" means electronic flow measurement equipment which comprises part of the gas measuring equipment at a Receipt Point and which is connected to telecommunications facilities which permit the remote reading by Westcoast of the volume, flow and compositional data with respect to the gas delivered into the Pipeline System at the Receipt Point in accordance with Westcoast's Measurement Policies.

"Elapsed Prorata Volume" means in respect of gas delivered by Westcoast at a Delivery Point or delivered to Westcoast at a Receipt Point during any part of a day pursuant to one or more authorizations for a service given in accordance with Article 4, the sum of the volumes of gas determined in respect of each of those authorizations as follows:

- (a) in the case of an authorization which comes into effect at the beginning of the day pursuant to Sections 4.09 and 4.10, a volume of gas equal to that determined by (i) dividing the Authorized Volume or the Authorized Receipt Volume by 24 and

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(ii) multiplying the quotient so obtained by the number of hours during which the authorization was or would have been in effect; and

- (b) in of the case of an authorization which comes into effect during the day pursuant to Sections 4.09 and 4.11, a volume of gas equal to that determined by (i) subtracting from the then current Authorized Volume or Authorized Receipt Volume the sum of the volumes determined in accordance with this definition for each of the prior authorizations for the service, if any, in effect during the day and (ii) multiplying the difference so obtained by a fraction, the numerator of which is the number of hours during which the then current authorization was or would have been in effect and the denominator of which is the number of hours remaining in the day following the time at which the then current authorization came into effect.

“Enco Delivery Point” means the point in the Export Delivery Area where the Pipeline System connects with the pipeline facilities of Sumas Cogeneration Company L.P.

“Equivalent Delivery Points” means those Delivery Points in Zone 3 which Westcoast has determined are hydraulically similar and toll neutral, as specified in Section 7.06.

“Equivalent Point Diversion” means in respect of any Firm Service provided in Zone 3, the diversion of that service to an Equivalent Receipt Point or an Equivalent Delivery Point pursuant to Section 7.06.

“Equivalent Receipt Points” means those Receipt Points in Zone 3 which Westcoast has determined are hydraulically similar and toll neutral, as specified in Section 7.06.

“Estimated Yearly Heat Content Value” means the estimated total heating value of all residue gas delivered into Zone 3 of the Pipeline System from the outlet of a Processing Plant, other than the Dawson Processing Plant and the Fort Nelson North Processing Plant, and of all residue gas delivered into the Pipeline System at a Receipt Point in Zone 3 or Zone 4, as determined by Westcoast and posted on its public bulletin board in accordance with Section 4.02.

“Evening Nomination Cycle” means the Nomination Cycle for any day in respect of which a Shipper is required to give a nomination to Westcoast on the immediately preceding day by the time specified for that Nomination Cycle in Section 4.10.

“Excess Acid Gas Receipts” means in respect of acid gas contained in the raw gas produced from one or more Production Sources and delivered into the Pipeline System at one or more Receipt Points by or for the account of a Shipper on any day for processing at a Processing Plant, the volume of acid gas equal to that by which the Aggregate Acid Gas Receipt Volume exceeds the sum of the Acid Gas Constraint Volume and the applicable Acid Gas Tolerance for that Shipper for that Processing Plant on any such day.

“Excess Raw Gas Receipts” means in respect of raw gas produced from one or more Production Sources and delivered into the Pipeline System at one or more Receipt Points by or for the account of a Shipper on any day for processing at a Processing Plant, the volume of raw gas equal to that by which the Aggregate Raw Gas Receipt Volume exceeds the sum of the Raw Gas Constraint Volume and the applicable Raw Gas Tolerance for that Shipper for that Processing Plant on any such day.

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"Excess Residue Gas Receipts" means in respect of residue gas delivered into the Pipeline System at a Receipt Point in Zone 3 or Zone 4 by or for the account of a Shipper on any day, the volume of residue gas equal to that by which the Receipt Volume exceeds the sum of the Authorized Receipt Volumes and the applicable Residue Gas Tolerance for that Shipper in respect of that Receipt Point on any such day.

"Excess Sulphur Gas Receipts" means in respect of sulphur gas contained in raw gas produced from one or more Production Sources and delivered into the Pipeline System at one or more Receipt Points by or for the account of a Shipper on any day for processing at a Processing Plant, the volume of sulphur gas equal to that by which the Aggregate Sulphur Gas Receipt Volume exceeds the sum of the Sulphur Gas Constraint Volume and the applicable Sulphur Gas Tolerance for that Shipper for that Processing Plant on any such day.

"Existing Facilities" means those facilities included in Zone 1, Zone 1A and Zone 2 of the Pipeline System which were in service on January 1, 1997 and includes any additions or modifications to those facilities made after January 1, 1997 which are required for the safe, efficient or reliable operation of those facilities at the capacity levels existing at January 1, 1997.

"Export Delivery Area" means all those points on the international boundary between Canada and the United States of America where the Pipeline System connects with pipeline facilities located in the United States of America and shall include, without limitation, the Arco Delivery Point, the Cascade Delivery Point, the Enco Delivery Point and the Northwest Delivery Point.

"Field Services" means RGT Service, Treatment Service, Liquids Recovery Service, LPSF Service, Bundled Field Service and Fuel Gas Service, and "Field Service" means any one of those services.

"Final Estimated Volume" means in respect of raw gas and residue gas delivered into the Pipeline System on any day at a Receipt Point by or for the account of a Shipper, that volume of residue gas determined by Westcoast in accordance with Section 6.04.

"Firm Contracted Capacity Percentage" means in respect of each of the months of April to October, inclusive, and for each Zone 3 Corridor and for Zone 4, respectively, the percentage obtained by dividing the aggregate Contract Demand for Firm Service contracted for each such month in each such Zone 3 Corridor and in Zone 4, respectively, by the daily capacity available to provide Firm Service in each such Zone 3 Corridor and in Zone 4, respectively, during the months of November to March, inclusive.

"Firm Service" means the obligation of Westcoast to provide, at a Shipper's request, any RGT Service, Treatment Service, Liquids Recovery Service, LPSF Service, Bundled Field Service, Fuel Gas Service, Transportation Service - Northern, Transportation Service - Southern, Temporary Firm Service or STF Service up to the applicable Contract Demand specified in the Service Agreement, without curtailment or interruption.

"Firm Service Agreement" means a Service Agreement under which Westcoast is obligated to provide Firm Service.

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"Fort Nelson Area" means the Fort Nelson Processing Plant, the Fort Nelson North Processing Plant and the Fort Nelson RGT System.

"Fort Nelson Area Shipper" means a Shipper which has entered into a Service Agreement providing for Raw Gas Transmission Service and Treatment Service in the Fort Nelson Area.

"Fort Nelson Liquids" means liquid hydrocarbons consisting primarily of Condensate recovered from time to time by Westcoast from the commingled raw gas stream at facilities located in the Fort Nelson RGT System.

"Fort Nelson Mainline" means the residue gas transmission pipelines owned by Westcoast and extending from the outlet of the Fort Nelson Processing Plant to Compressor Station No. 2, and includes any residue gas laterals owned by Westcoast and connected to those pipelines.

"Fort Nelson North Processing Plant" means the facilities owned by Westcoast for the processing of raw gas located in District Lot 4173, Peace River District in British Columbia.

"Fort Nelson Processing Plant" means the facilities owned by Westcoast for the processing of raw gas located at Fort Nelson, British Columbia.

"Fort Nelson RGT System" means the raw gas transmission pipeline system owned by Westcoast through which raw gas is delivered to the Fort Nelson Processing Plant and the Fort Nelson North Processing Plant.

"Fort St. John Area" means the McMahon Processing Plant and the Fort St. John RGT System.

"Fort St. John Mainline" means the residue gas pipelines owned by Westcoast and extending from the outlet of the McMahon Processing Plant to Compressor Station No. 2, and includes any residue gas laterals owned by Westcoast and connected to those pipelines.

"Fort St. John RGT System" and "Fort St. John Raw Gas Transmission System" mean the raw gas transmission pipeline system owned by Westcoast through which raw gas is delivered to the McMahon Processing Plant and, for the purposes of the Toll Schedule for Raw Gas Transmission Service, includes the Altken Creek RGT Pipeline and the Dawson RGT Pipeline.

"Fuel Gas Pipelines" means the residue gas pipeline facilities extending from the residue gas outlet of the Pine River Processing Plant to the West Sukunka and Brazion areas of British Columbia.

"Fuel Gas Service" means the transmission of residue gas through the Fuel Gas Pipelines.

"gas" means raw gas or residue gas as the context requires.

"General Terms and Conditions" means these General Terms and Conditions - Service, as filed with or otherwise approved by the National Energy Board and in effect from time to time.

"gigajoule" or "GJ" means 1 000 000 000 joules.

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"Grizzly Valley Area" means the Pine River Processing Plant and the Grizzly Valley RGT System.

"Grizzly Valley RGT System" means the raw gas transmission pipeline system owned by Westcoast through which raw gas is delivered to the Pine River Processing Plant.

"Huntingdon Delivery Area" means the area comprised of the Export Delivery Area and the Lower Mainland Delivery Area.

"Huntingdon Delivery Area Diversion" means in respect of any Firm Transportation Service – Southern with a Delivery Point within the Huntingdon Delivery Area, the diversion of that service to another Delivery Point within the Huntingdon Delivery Area pursuant to Section 7.01(a).

"Hydrocarbon Liquids" means raw liquid hydrocarbons which are delivered in a liquid phase into the Pipeline System with raw gas at a Receipt Point.

"Import Backhaul Service" means Interruptible Service under which a volume of gas delivered on any day through the pipeline facilities of Northwest Pipeline Corporation to the Northwest Delivery Point is delivered to a Shipper by displacement at one or more of the Delivery Points within the Inland Delivery Area, the PNG Delivery Point and Compressor Station No. 2.

"In Path Diversion" means in respect of any Firm Transportation Service – Northern, Long Haul, the diversion of that service to an alternate Receipt Point and/or an alternate Delivery Point in Zone 3 within the route of the currently contracted service pursuant to Section 7.07.

"Incremental Facilities" means any additions or modifications made after January 1, 1997 to the facilities included in Zone 1, Zone 1A and Zone 2 of the Pipeline System, other than those which constitute Existing Facilities.

"Inland Delivery Area" means the FortisBC Energy Inc. - Inland Service Area (km - post 58.9 to 747.9).

"Interruptible Service" means the obligation of Westcoast to provide, at a Shipper's request, any of Raw Gas Transmission Service, Treatment Service, Liquids Recovery Service, Liquid Products Stabilization and Fractionation Service, Bundled Field Service, Fuel Gas Service, Transportation Service-Northern Long Haul, Transportation Service-Northern Short Haul or Transportation Service-Southern up to the applicable volume of gas specified in the Service Agreement, subject to curtailment or interruption.

"Interruptible Service Agreement" means a Service Agreement under which Westcoast is obligated to provide Interruptible Service.

"Intra-Day Nomination Cycles" means the Intra-Day 1 Nomination Cycle and the Intra-Day 2 Nomination Cycle and the Intra-Day 3 Nomination Cycle and "Intra-Day Nomination Cycle" means any one of those Nomination Cycles.

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"Intra-Day 1 Nomination Cycle" means the Nomination Cycle for any day in respect of which a Shipper is required to give a nomination to Westcoast during the day by the time specified for that Nomination Cycle in Section 4.11.

"Intra-Day 2 Nomination Cycle" means the Nomination Cycle for any day in respect of which a Shipper is required to give a nomination to Westcoast during the day by the time specified for that Nomination Cycle in Section 4.11.

"Intra-Day 3 Nomination Cycle" means the Nomination Cycle for any day in respect of which a Shipper is required to give a nomination to Westcoast during the day by the time specified for that Nomination Cycle in Section 4.11.

"Inventory Transfer Account" means an account established and maintained by Westcoast for an Inventory Transfer Shipper in accordance with Section 6.21.

"Inventory Transfer Shipper" means a Shipper which has entered into a Service Agreement providing for Interruptible Transportation Service in Zone 3 or Zone 4, but which does not actively transport residue gas to or from Compressor Station No. 2.

"joule" means the amount of work done when the point of application of a force of one newton is displaced a distance of one meter in the direction of the force.

"Liquid Products" means propane, butane and Condensate extracted by Westcoast from raw gas or from Raw Liquids at the McMahon Processing Plant, and "Liquid Product" means any one of them.

"Liquid Products Delivery Points" means those locations designated by Westcoast from time to time at which Liquid Products are delivered by Westcoast to a Shipper.

"Liquids Recovery Service" means the extraction of liquid hydrocarbons from raw gas at the McMahon Processing Plant.

"litre" means the amount of liquid which occupies 0.001 cubic meter, when such liquid is at a temperature of 15°C and at an absolute pressure which is the higher of 101.325 kilopascals or the natural vapour pressure of the liquid.

"Low Intervention Trade Transactions" has the meaning given to that term in MC Bulletin G-14.

"Lower Mainland Delivery Area" means the FortisBC Energy Inc. - Lower Mainland Service Area (km - post 835.9 to 917.6).

"LPG" means liquefied petroleum gas consisting of propane or butane or any mixture thereof.

"LPSF Service" and "Liquid Products Stabilization and Fractionation Service" mean the stabilization and fractionation of liquid hydrocarbons to produce Liquid Products at the McMahon Processing Plant.

"MC Bulletin G-14" means Bulletin G-14 issued by Measurement Canada pursuant to the Electricity and Gas Inspection Act (Canada), as it may be amended from time to time.

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"McMahon Processing Plant" means the facilities owned by Westcoast for the processing of raw gas located at Taylor, British Columbia and, for the purposes of the Toll Schedule for Treatment Service, includes the Aitken Creek Processing Plant and the Dawson Processing Plant.

"megajoule" or "MJ" means 1 000 000 joules.

"Metered Delivery Volume" means in respect of the Straddle Plant Delivery Point for any day, the total volume of residue gas determined by Westcoast at the end of each such day to have been delivered by Westcoast to the Straddle Plant Operator at the Straddle Plant Delivery Point on each such day.

"millilitre" or "mL" means the amount of liquid which occupies 0.001 litre.

"Minimum STF Service Toll" means in respect of any Short Term Firm Service, the minimum Demand Toll expressed in dollars per 10^3m^3 per day, specified by Westcoast for any such service pursuant to Section 24.06, which, for the period November through March inclusive and for the period April through October inclusive, shall not be less than the dollar amount of the applicable Commodity Toll for Interruptible Transportation Service provided between the same Receipt Point and Delivery Point.

"month" means the period of time commencing at the beginning of the first day of any month and ending at the beginning of the first day of the next succeeding month.

"Monthly Adjusted Entitlement" means, in respect of any Liquid Product and for any month, the quantity of that Liquid Product that a Shipper was entitled to receive in that month pursuant to Section 22.12.

"Monthly Liquid Product Measurement Adjustment" means, in respect of any Liquid Product, the amount by which the total quantity of Liquid Product actually taken by a Shipper in any month exceeds or is less than the Monthly Adjusted Entitlement for such month.

"Natural Gas Liquids" means ethane, propane, butane and Condensate extracted and recovered from residue gas in the Straddle Plant.

"Negotiated" means when used with reference to any Field Service, including Fuel Gas Service, such a service which is provided by Westcoast as a Negotiated Service.

"Negotiated Service" means any Firm Field Service and any Interruptible Field Service, including Fuel Gas Service, provided by Westcoast on Existing Facilities and Incremental Facilities pursuant to a Service Agreement in respect of which the Shipper and Westcoast may negotiate certain of the terms and conditions of service in accordance with Section 2.02(c).

"Nomination Cycles" means the Timely Nomination Cycle, the Evening Nomination Cycle, the Intra-Day 1 Nomination Cycle, the Intra-Day 2 Nomination Cycle and the Intra-Day 3 Nomination Cycle, and "Nomination Cycle" means any one of the those Nomination Cycles.

"Non-Supply Account" means an account established and maintained by Westcoast for a Non-Supply Shipper in accordance with Section 6.21.

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"Non-Supply Account Imbalance" means in respect of each Non-Supply Shipper for each day, the imbalance determined for each such day as recorded by Westcoast in the Non-Supply Account maintained for each such Non-Supply Shipper in accordance with Section 6.21, as reported by Westcoast in accordance with Section 6.24.

"Non-Supply Shipper" means a Shipper, other than a Supply Shipper, which either (i) has entered into a Service Agreement providing for Firm Transportation Service in Zone 3 or Zone 4 or (ii) actively transports residue gas to or from Compressor Station No. 2 pursuant to an Interruptible Service Agreement.

"Northwest Delivery Point" means the point in the Export Delivery Area where the Pipeline System connects with the pipeline facilities of Northwest Pipeline Corporation.

"NOVA" means NOVA Gas Transmission Ltd.

"NOVA/Boundary Lake Interconnection" means the point where the Pipeline System connects with the pipeline facilities of NOVA in the SE 1/4 of Section 16, Township 85, Range 13, W6M in Alberta.

"NOVA/Gordondale Interconnection" means the point where the Pipeline System connects with the pipeline facilities of NOVA in the NE 1/4 of Section 2, Township 79, Range 12, W6M in Alberta.

"NOVA/Komie East Delivery Point" means the point where the Pipeline System connects with the pipeline facilities of NOVA within the lands described as P&NG Grid System unit d-48-1/94-P-4, Peace River District in British Columbia.

"NOVA/Tremblay Delivery Point" means the point where the Pipeline System connects with the pipeline facilities of NOVA in the SE 1/4 of Section 27, Township 78, Range 17, W6M, Peace River District in British Columbia.

"Out of Path Diversion" means in respect of any Firm Transportation Service – Northern, Long Haul, the diversion of that service to an alternate Receipt Point and/or an alternate Delivery Point in Zone 3 outside the route of the currently contracted service pursuant to Section 7.07.

"Permanent In Path Relocation" means in respect of any Firm Transportation Service – Northern, the permanent relocation of the Receipt Point and/or Delivery Point for such service to another location in Zone 3 within the route of the currently contracted service, and includes the permanent relocation of the Receipt Point to an Equivalent Receipt Point and/or the Delivery Point to an Equivalent Delivery Point.

"Permanent Out of Path Relocation" means in respect of any Firm Transportation Service – Northern, the permanent relocation of the Receipt Point and/or Delivery Point for such service to another location in Zone 3 outside the route of the currently contracted service.

"Pine River Mainline" means the residue gas pipeline extending from the outlet of the Pine River Processing Plant to Compressor Station No. 2, and includes any residue gas laterals owned by Westcoast and connected to that pipeline, but does not include the Fuel Gas Pipelines.

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"Pine River Processing Plant" means the facilities owned by Westcoast for the processing of raw gas located at Pine River, British Columbia.

"Pipeline System" means the raw gas transmission, processing and residue gas transmission facilities owned by Westcoast within British Columbia, Alberta, the Yukon and the Northwest Territories.

"PNG Delivery Point" means the point where the Pipeline System connects with the pipeline facilities of Pacific Northern Gas Ltd.

"Predicted Volume" means in respect of raw gas and residue gas delivered into the Pipeline System on any day at a Receipt Point by or for the account of a Shipper, that volume of residue gas determined by Westcoast in accordance with Section 6.03.

"Processing Plants" means the McMahon Processing Plant, the Pine River Processing Plant, the Fort Nelson Processing Plant, the Fort Nelson North Processing Plant, the Sikanni Processing Plant, the Dawson Processing Plant and the Aitken Creek Processing Plant, and "Processing Plant" means any one of them.

"Production Source" means in respect of any gas well, the production source grouping for that gas well as approved by Westcoast pursuant to Article 26.

"PST" means Pacific Standard Time.

"raw gas" means natural gas produced from wells.

"Raw Gas Constraint Volume" means in respect of raw gas produced from one or more Production Sources and delivered into the Pipeline System at one or more Receipt Points by or for the account of a Shipper for processing at a Processing Plant on any day on which a curtailment or interruption of Treatment Service is in effect, the maximum volume of raw gas which the Shipper may deliver to Westcoast on any such day, as specified in a notice given to each such Shipper by Westcoast pursuant to Section 27.05, Section 28.06, or Section 29.06.

"Raw Gas Receipt Volume" means in respect of raw gas produced from a Production Source and delivered into the Pipeline System at a Receipt Point by or for the account of a Shipper on any day, the actual volume of raw gas so delivered at the Receipt Point on any such day.

"Raw Gas Tolerance" means in respect of raw gas delivered into the Pipeline System at one or more Receipt Points by or for the account of a Shipper on any day for processing at a Processing Plant, the Raw Gas Tolerance determined for any such day in accordance with Section 25.04 by Westcoast.

"Raw Liquids" means the stream of propane, butane and Condensate delivered to Westcoast at the Raw Liquids Receipt Point for fractionation.

"Raw Liquids Receipt Point" means the inlet to the depropanizer feedtank at the McMahon Processing Plant.

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"Receipt Point" means the point specified in a Service Agreement where gas is delivered to Westcoast by or for the account of a Shipper and includes (i) the Straddle Plant Receipt Point and (ii) in the case of a diversion in Zone 3 made pursuant to Section 7.06 or Section 7.07, an Equivalent Receipt Point or an alternate Receipt Point.

"Receipt Point Operator" means, in respect of each Receipt Point, other than the Straddle Plant Receipt Point, at which raw gas or residue gas is delivered into the Pipeline System by or for the account of a Shipper:

- (a) in the case where such Shipper is the owner of the pipeline or other facilities which connect with the Pipeline System at such Receipt Point, such Shipper or the person appointed as the Receipt Point Operator for such Receipt Point by such Shipper pursuant to Section 5.03; and
- (b) in the case where such Shipper is not the owner of the pipeline or other facilities which connect with the Pipeline System at such Receipt Point, the owner of those pipeline or other facilities or the person appointed as the Receipt Point Operator for such Receipt Point by the owner of those facilities pursuant to Section 5.03,

and in respect of the Straddle Plant Receipt Point, the Straddle Plant Operator.

"Receipt Volume" means:

- (a) in respect of a Receipt Point at which a Shipper delivers residue gas into the Pipeline System, the volumetric equivalent as determined by Westcoast of the quantity of residue gas in gigajoules delivered by or for the account of the Shipper to Westcoast at that Receipt Point on any day; and
- (b) in respect of raw gas delivered into the Pipeline System at a Receipt Point for processing at a Processing Plant, the volume of residue gas measured at the outlet of the Processing Plant determined by Westcoast as having been derived from the volume of raw gas delivered by or for the account of a Shipper to Westcoast at the Receipt Point on any day.

"Receiving Party" means the operator of the pipeline or other facilities into which residue gas is delivered from the Pipeline System for the account of a Shipper at a Delivery Point at which the Pipeline System connects with the facilities of the operator, and includes the Straddle Plant Operator.

"Receiving Shipper" means a Shipper to which gas is transferred by an originating Shipper pursuant to Section 7.04 or Section 7.05.

"Relocation" means a Permanent In Path Relocation, a Permanent Out of Path Relocation, a Temporary In Path Relocation or a Temporary Out of Path Relocation.

"Relocation Fee" means in respect of a Permanent Out of Path Relocation of any Firm Transportation Service – Northern, an amount equal to the product obtained by multiplying the Contract Demand for such service by the applicable monthly Demand Toll for a three year service term specified in the Toll Schedule for Transportation Service – Northern, Long Haul and Short Haul.

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"residue gas" means the residue remaining after raw gas has been subjected to any or all of the following permissible processes:

- (a) the removal of any of its constituent parts other than methane, and the removal of methane to such extent as is necessary in removing other constituents; and
- (b) the compression, regulation, cooling, cleaning or any other chemical or physical process other than the addition of diluents, such as air or nitrogen, to such extent as may be required in its production, raw gas transmission, residue gas transportation, storage, removal from storage and delivery.

"Residue Gas Constraint Volume" means in respect of residue gas produced at a Processing Plant, other than the Dawson Processing Plant, for the account of a Shipper on any day on which a curtailment or interruption of Treatment Service is in effect, the maximum volume of residue gas which may be produced at the Processing Plant for the account of the Shipper on any such day, as specified in a notice given to each such Shipper by Westcoast pursuant to Section 28.06 or Section 29.06.

"Residue Gas Tolerance" means in respect of residue gas delivered into the Pipeline System at a Receipt Point within the Zone 3 Corridor or at a Receipt Point in Zone 4 on any day, the applicable Residue Gas Tolerance as determined by Westcoast in accordance with Section 25.09.

"Restricted Lateral" means any lateral pipeline owned by Westcoast which is connected to the Fort Nelson Mainline, the Fort St. John Mainline, the Alberta Mainline or the Boundary Lake Pipeline and which has a capacity which is less than the total capacity of the Receipt Points or Delivery Points located on the lateral pipeline.

"RGT Flow Capability" means in respect of each Fort Nelson Area Shipper, Fort St. John Area Shipper, Grizzly Valley Area Shipper, Sikanni Area Shipper and Aitken Creek Area Shipper for each day in each month at each Receipt Point, (i) the arithmetic average of each daily volume of raw gas production for the five most recent days which daily production is delivered by each such Shipper to Westcoast at each such Receipt Point in the Fort Nelson Area, Fort St. John Area, Grizzly Valley Area, Sikanni Area or the Aitken Creek Area, as determined by Westcoast each day based upon the final estimated daily allocations of raw gas made to each such Shipper which are available at the time Westcoast makes such determination or (ii) such other daily aggregate volume of raw gas, for which any such Shipper has available supply at each Receipt Point in the Fort Nelson Area, Fort St. John Area, Grizzly Valley Area, Sikanni Area or the Aitken Creek Area on any day in any such month.

"RGT Service" and "Raw Gas Transmission Service" mean the transmission of raw gas in Zone 1.

"RGT Systems" means the Fort Nelson RGT System, the Fort St. John RGT System and the Grizzly Valley RGT System, and "RGT System" means any one of those systems.

"Service Agreement" means a Firm Service Agreement or an Interruptible Service Agreement.

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"Service Entitlement Identifier" means the identification code prescribed by Westcoast in respect of each Firm Service and Interruptible Service specified in a Service Agreement;

"Shipper" means any person who enters into a Service Agreement with Westcoast.

"Shipper Specific OFO" means an order issued by Westcoast to a Shipper pursuant to Sections 6.10 and 6.11.

"Sikanni Area" means the Sikanni Processing Plant.

"Sikanni Processing Plant" means the facilities owned by Westcoast for the processing of raw gas located in the Sikanni area of British Columbia.

"Standard" means when used with reference to any Field Service, other than Fuel Gas Service, such a service which is provided by Westcoast as a Standard Service.

"Standard Service" means any Firm Field Service and any Interruptible Field Service, other than Fuel Gas Service, specified in a Service Agreement designated as being applicable to Standard Services, and which is provided by Westcoast:

- (a) solely on Existing Facilities, in respect of which the Shipper and Westcoast may negotiate renewal rights in accordance with Section 2.02(a); and
- (b) in whole or in part on Incremental Facilities, in respect of which the Shipper and Westcoast may negotiate the term of the Service Agreement and renewal rights in accordance with Section 2.02(b).

"Station 2 Gas Price" means in respect of any day:

- (a) the CGPR Price for the day; or
- (b) if no CGPR price is reported for the day, the CGPR price for the immediately preceding day for which such price is reported.

"STF Service" or "Short Term Firm Service" means the firm transmission of residue gas in Zone 3 or Zone 4 pursuant to a Service Agreement made with a Shipper in accordance with Article 24.

"Storage Entitlement" means, in respect of any Shipper entitled to Liquid Products Stabilization and Fractionation Service for any Liquid Product, the proportion of available storage capacity for that Liquid Product at the McMahon Processing Plant to which that Shipper is entitled, such proportion to be determined monthly by Westcoast based upon (i) that Shipper's Authorized Daily Entitlements for the 30 days preceding the date of that determination and (ii) the forecast of that Shipper's Daily Authorized Entitlements, as provided to that Shipper by Westcoast pursuant to Section 22.05, for the month next following the date of that determination.

"Storage Reservoir" means the underground gas storage reservoir and appurtenant facilities, including piping systems, operated by Aitken Creek Gas Storage ULC in the Aitken Creek

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area of British Columbia and connected to the Pipeline System at the meter station owned and operated by Westcoast and located at the upstream end of the Aitken Creek Pipeline.

"Straddle Plant" means the Younger natural gas liquids extraction facility located at Taylor, British Columbia.

"Straddle Plant Delivery Point" means the point at the outlet of Westcoast's Meter Station No. 66 at which the Pipeline System interconnects with the facilities of the Straddle Plant.

"Straddle Plant Operator" means AltaGas Ltd. or such other person as may be appointed from time to time by the owners of the Straddle Plant as the operator of the Straddle Plant.

"Straddle Plant Receipt Point" means the point at the inlet of Westcoast's Meter Station No. 166 at which the facilities of the Straddle Plant connect with the Pipeline System and at which residue gas is delivered into the Pipeline System by the Straddle Plant Operator.

"Straddle Plant Shrinkage Factor" means in respect of each month commencing with the month of August 1998, that percentage factor prescribed by Westcoast for each such month and to be used for the purpose of determining a Shipper's monthly bill and any Contract Demand Credits for service in Zone 3 to the Straddle Plant Delivery Point.

"sulphur gas" means a gaseous substance composed of one or more of the following:

- (a) hydrogen sulphide; and
- (b) any other gas of which sulphur is a component.

"Sulphur Gas Constraint Volume" means in respect of sulphur gas contained in raw gas delivered into the Pipeline System at one or more Receipt Points by or for the account of a Shipper for processing at a Processing Plant on any day on which a curtailment or interruption of Treatment Service is in effect, the maximum volume of sulphur gas contained in raw gas which the Shipper may deliver to Westcoast on any such day, as specified in a notice given to each such Shipper pursuant to Section 27.05, Section 28.06 or Section 29.06.

"sulphur gas limit" means the maximum volume of sulphur gas permitted for purposes of Treatment Service, as specified in a Firm Service Agreement.

"Sulphur Gas Receipt Volume" means in respect of sulphur gas contained in raw gas produced from a Production Source and delivered into the Pipeline System at a Receipt Point by or for the account of a Shipper on any day, the actual volume of sulphur gas contained in the Raw Gas Receipt Volume so delivered at the Receipt Point on any such day.

"Sulphur Gas Tolerance" means in respect of sulphur gas contained in raw gas delivered into the Pipeline System at one or more Receipt Points on any day for processing at a Processing Plant, the Sulphur Gas Tolerance determined by Westcoast for any such day in accordance with Section 25.04.

"Supply Account" means an account established and maintained by Westcoast for a Supply Shipper in accordance with Section 6.21.

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"Supply Shipper" means a Shipper which has one or more Upstream Balancing Accounts established and maintained for the Shipper in accordance with Section 6.05 and which has entered into a Service Agreement providing for Transportation Service in Zone 3 or Zone 4, either to or from Compressor Station No. 2.

"Swing Costs" means all costs reasonably incurred by Westcoast in connection with any arrangement under which:

- (a) Westcoast acquires gas to supplement its linepack gas;
- (b) the operator of the Storage Reservoir increases or decreases its gas receipts from the Pipeline System at Westcoast's request; or
- (c) a Shipper or a Receipt Point Operator increases or decreases its deliveries of gas into the Pipeline System at Westcoast's request.

"System Gas" means the volumes of gas required by Westcoast for fuel consumed in operations, line losses and unaccounted for gas.

"System Wide OFO" means an order issued by Westcoast to all Shippers pursuant to Sections 6.10 and 6.12.

"Temporary Firm Service" means the firm transportation of residue gas in Zone 3 pursuant to a Firm Service Agreement made with a Shipper pursuant to Section 2.08.

"Temporary In Path Relocation" means in respect of any Firm Transportation Service – Northern, the temporary relocation of the Receipt Point and/or Delivery Point for such service to another location in Zone 3 within the route of the currently contracted service.

"Temporary Out of Path Relocation" means in respect of any Firm Transportation Service – Northern, the temporary relocation of the Receipt Point and/or Delivery Point for such service to another location in Zone 3 outside the route of the currently contracted service.

"10³m³" means 1 000 cubic meters of gas.

"Term Extension" means in respect of a Permanent Out of Path Relocation of any Firm Transportation Service – Northern, the extension of the term of any such service for one or more whole years pursuant to an award made by Westcoast in accordance with Section 9.13(a).

"thermal equivalent" means in respect of any volume of residue gas, the energy content of that volume of gas determined on the basis of its total heating value.

"Timely Nomination Cycle" means the Nomination Cycle for any day in respect of which a Shipper is required to give a nomination to Westcoast on the immediately preceding day by the time specified for that Nomination Cycle in Section 4.10.

"Toll Schedules" and "Westcoast's Toll Schedules for Service" mean Westcoast's Toll Schedules for Raw Gas Transmission Service, Treatment Service, Liquids Recovery Service,

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LPSF Service, Bundled Field Service, Fuel Gas Service, Transportation Service - Northern and Temporary Firm Service, Transportation Service - Southern and Short Term Firm Service, as filed with or otherwise approved by the National Energy Board and in effect from time to time.

"total heating value" means the number of joules produced by the combustion at a constant pressure of one cubic meter of gas, the gas to be at a temperature of 15°C and at an absolute pressure of 101.325 kilopascals, and to be free of all water vapour, with air at the same temperature and pressure as the gas and with the products of the combustion cooled to the initial temperature of the gas and air, and when the water formed by the combustion is condensed to the liquid state.

"Transmission Reliability Percentage" means in respect of each Firm Transportation Service - Northern, Firm Transportation Service - Southern, Temporary Firm Service and Short Term Firm Service provided pursuant to a Service Agreement:

- (a) for each day in the months of November to March, inclusive, 100 percent; and
- (b) for each day in the months of April to October, inclusive, and for each Zone 3 Corridor and for Zone 4, respectively, the percentage specified in the second column of the following table determined for each such month and for each such Zone 3 Corridor and for Zone 4, respectively, based upon the applicable Firm Contracted Capacity Percentage specified in the first column of the following table:

Firm Contracted Capacity Percentage	Transmission Reliability Percentage
100%	90%
99%	91%
98%	92%
97%	93%
96%	94%
95%	95%
94%	96%
93%	97%
92%	98%
91%	99%
90% or less	100%

"Transportation Services" means Transportation Service - Northern and Transportation Service - Southern, and "Transportation Service" means either one of those services.

"Transportation Service - Northern" means the transmission of residue gas in Zone 3, other than Temporary Firm Service and Short Term Firm Service.

"Transportation Service - Southern" means the transmission of residue gas in Zone 4, other than Short Term Firm Service.

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“Transportation System Gas Ratio” means in respect of gas transmitted through each of Zone 3 and Zone 4, the quantity of that gas, expressed as a percentage, which a Shipper is required to deliver to Westcoast as the allowance for System Gas for Zone 3 and Zone 4.

“Treatment Flow Capability” means in respect of each Fort Nelson Area Shipper, Fort St. John Area Shipper, Grizzly Valley Area Shipper, Sikanni Area Shipper and each Aitken Creek Area Shipper for each day in each month, (i) the arithmetic average of the five highest daily volumes of residue gas, acid gas and sulphur gas, respectively, produced from raw gas delivered by each such Shipper to Westcoast at Receipt Points in the Fort Nelson Area, Fort St. John Area, Grizzly Valley Area, Sikanni Area or the Aitken Creek Area, as determined by Westcoast prior to the first day of each such month based upon the actual daily allocations of residue gas, acid gas and sulphur gas made to each such Shipper during the most recent month for which actual allocations are available at the time Westcoast makes such determinations or (ii) such other daily aggregate volume of residue gas, acid gas and sulphur gas, respectively, for which any such Shipper has available supply at Receipt Points in the Fort Nelson Area, Fort St. John Area, Grizzly Valley Area, Sikanni Area or the Aitken Creek Area on any day in any such month.

“Treatment Service” means the production of residue gas by means of the processing of raw gas at any of the Processing Plants to remove carbon dioxide gas, sulphur gas and other impurities and, in the case of the Dawson Processing Plant, includes the recovery of liquid hydrocarbons at that Processing Plant.

“Uncontracted Residue Gas” means residue gas physically processed at the McMahon Processing Plant and residue gas physically delivered to Compressor Station No. 1 through the Alberta Mainline and the Boundary Lake Pipeline which has not been directed by the Shipper thereof to the Straddle Plant Operator at the Straddle Plant Delivery Point pursuant to Section 16.02(c).

“Upstream Balancing Account” means a balancing account established and maintained for a Shipper at the outlet of a Processing Plant or at a Receipt Point in Zone 3 or Zone 4 in accordance with Section 6.05.

“Upstream Delivery Point” means in respect of any Firm Service Agreement, a Delivery Point in Zone 4 outside the Huntingdon Delivery Area, other than Compressor Station No. 2, which is upstream of the Delivery Point in Zone 4 specified in the Firm Service Agreement and downstream of the Receipt Point in Zone 4 specified in the Firm Service Agreement.

“Upstream Diversion” means in respect of any Firm Transportation Service - Southern, the diversion of that Firm Service to an Upstream Delivery Point pursuant to Section 7.01(b).

“Upstream Supplier” means in respect of residue gas delivered into the Pipeline System at a Receipt Point by or for the account of a Shipper, the supplier of such residue gas to the Shipper.

“Upstream Suspense Account” means a suspense account established and maintained for a Shipper at the outlet of a Processing Plant or at a Receipt Point in Zone 3 or Zone 4 in accordance with Section 6.05.

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“Weighted Average Residue to Acid Gas Ratio” means in respect of acid gas contained in raw gas delivered into the Pipeline System at one or more Receipt Points by or for the account of a Shipper on any day for processing at a Processing Plant, the ratio, the numerator of which is the sum of the Shipper’s Receipt Volumes of residue gas allocated at the outlet of the Processing Plant and the denominator of which is the Shipper’s Aggregate Acid Gas Receipt Volume for acid gas contained in the raw gas delivered for processing at the Processing Plant on any such day.

“Weighted Average Residue to Raw Gas Ratio” means in respect of raw gas delivered into the Pipeline System at one or more Receipt Points by or for the account of a Shipper on any day for processing at a Processing Plant, the ratio, the numerator of which is the sum of the Shipper’s Receipt Volumes of residue gas allocated at the outlet of the Processing Plant on any such day and the denominator of which is the Shipper’s Aggregate Raw Gas Receipt Volume for raw gas delivered for processing at the Processing Plant on any such day.

“Weighted Average Residue to Sulphur Gas Ratio” means in respect of sulphur gas contained in raw gas delivered into the Pipeline System at one or more Receipt Points by or for the account of a Shipper on any day for processing at a Processing Plant, the ratio, the numerator of which is the sum of the Shipper’s Receipt Volumes of residue gas allocated at the outlet of the Processing Plant and the denominator of which is the Shipper’s Aggregate Sulphur Gas Receipt Volume for sulphur gas contained in the raw gas delivered for processing at the Processing Plant on any such day.

“Westcoast” means Westcoast Energy Inc., carrying on business as Spectra Energy Transmission.

“Westcoast’s Measurement Policies” means the Raw Gas Transmission Measurement Policy and the Residue Pipeline System Measurement Policy published by Westcoast in its Shipper Handbook, as amended from time to time.

“Westcoast’s Production Source Grouping Policy” means the Production Source Grouping Policy published by Westcoast in its Shipper Handbook, as amended from time to time.

“Zones” means Zone 1, Zone 1A, Zone 2, Zone 3 and Zone 4 and “Zone” means any one of those Zones.

“Zone 1” means the raw gas transmission pipelines included in the Fort Nelson RGT System, the Fort St. John RGT System and the Grizzly Valley RGT System, the Dawson RGT Pipeline and the Aitken Creek RGT Pipeline.

“Zone 1A” means the Fuel Gas Pipelines.

“Zone 2” means the Processing Plants.

“Zone 3” means the Fort Nelson Mainline, the Fort St. John Mainline, the Pine River Mainline, the Alberta Mainline and the Boundary Lake Pipeline.

“Zone 3 Corridor” means, for the purpose of determining Transmission Reliability Percentages, each of the following sections of the residue gas transmission pipelines in Zone 3:

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- (a) the Fort Nelson Mainline;
- (b) the Fort St. John Mainline;
- (c) the Boundary Lake Pipeline;
- (d) the Alberta Mainline in respect of gas to be delivered to the NOVA/Gordondale Interconnection;
- (e) the Alberta Mainline in respect of gas to be delivered to Compressor Station No. 1; and
- (f) the Pine River Mainline.

“Zone 4” means the residue gas transmission pipelines owned by Westcoast and extending from Compressor Station No. 2 to the Export Delivery Area.

1.02 Interpretation. In Service Agreements and these General Terms and Conditions:

- (a) words importing the singular include the plural and vice versa, and words importing the masculine gender include the feminine gender and vice versa;
- (b) the insertion of headings and the provision of an index are for convenience of reference only and do not affect the construction or interpretation of Service Agreements and these General Terms and Conditions;
- (c) any reference to a corporate entity includes and is also a reference to any corporate entity that is a successor to such entity;
- (d) any word, phrase or expression which is not defined in a Service Agreement or in these General Terms and Conditions and that has a generally accepted meaning in the custom and usage of the natural gas industry in western Canada shall have that meaning in a Service Agreement and these General Terms and Conditions; and
- (e) any reference in a Service Agreement and these General Terms and Conditions to the delivery of residue gas by a Shipper into the Pipeline System at a Receipt Point includes the delivery of such gas by displacement.

1.03 Governing Laws. Service Agreements and these General Terms and Conditions and all matters arising therein and therefrom, shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein, and shall be treated in all respects as contracts made, entered into and to be wholly performed within the Province of British Columbia by parties domiciled and resident therein.

1.04 Service Through Alternate Facilities. If a Service Agreement provides for RGT Service through the Fort St. John RGT System to the McMahon Processing Plant, Treatment Service or Bundled Field Service at the McMahon Processing Plant or Transportation Service - Northern from a Receipt Point in Zone 3 at the outlet of the McMahon Processing Plant, Westcoast may, notwithstanding the provisions of the Service Agreement, provide such

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service or services to the Shipper through alternate facilities and, in those cases where Westcoast provides such service or services through alternate facilities, the Shipper shall not be entitled by means of a nomination given in accordance with Article 4, to direct Westcoast to deliver the gas, in respect of which such service or services are provided through alternate facilities, to the Straddle Plant Operator at the Straddle Plant Delivery Point.

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**ARTICLE 2
APPLICATION, NEGOTIATED SERVICE AGREEMENTS,
TERM AND RENEWAL OF SERVICES, TEMPORARY FIRM SERVICE, TREATMENT SERVICE
AND OPERATION OF THE PIPELINE SYSTEM**

- 2.01 Application. These General Terms and Conditions apply to all Field Services, Transportation Services, Temporary Firm Service and Short Term Firm Service provided by Westcoast to a Shipper pursuant to a Service Agreement, except and to the extent the General Terms and Conditions are, by a Service Agreement applicable to Negotiated Services, amended, varied or made inapplicable to such Negotiated Services with respect to the matters specified in Schedule A.
- 2.02 Negotiable Service Terms. For Standard Services and Negotiated Services, a Shipper and Westcoast may, in addition to the volumes of gas, Receipt Points, Delivery Points, acid gas percentages, carbon dioxide limits, sulphur gas limits and tolls, negotiate and include in a Service Agreement negotiated terms and conditions respecting:
- (a) in the case of any Standard Services, renewal rights; and
 - (b) in the case of any Negotiated Services, the term of the services, renewal rights and the matters specified in Schedule A.
- 2.03 Initial Term, Standard Services. The initial term of each Standard Firm RGT Service shall be one or more whole years not exceeding five years, and the initial term of each Standard Firm Treatment Service, Standard Firm Liquids Recovery Service and Standard Firm LPSF Service shall be two or more whole years not exceeding five years.
- 2.04 Renewal of Standard and Negotiated Services. A Shipper may not extend the term of any Standard Service or Negotiated Service except and to the extent provided in the Service Agreement applicable to any such Standard or Negotiated Service.
- 2.05 Minimum Term, Transportation Services. The term of each Firm Transportation Service specified in a Service Agreement, and of any renewal thereof, shall not be less than one year unless such Firm Service is made available temporarily to the Shipper pursuant to Section 2.08.
- 2.06 Renewal of Transportation Services. Subject to Section 2.07, a Shipper shall have the right to renew the term of each Firm Transportation Service specified in a Service Agreement, other than a Firm Transportation Service made available temporarily in accordance with Section 2.08, provided that:
- (a) the initial term of such Firm Transportation Service and the term of any prior renewal thereof was not less than two years; and
 - (b) the Shipper gives notice to Westcoast of its election to renew the term of any such Firm Transportation Service not less than 13 months prior to the expiry of the term of such Firm Transportation Service.

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Nothing in this Section 2.06 precludes a Shipper and Westcoast from agreeing to extend the term of a Firm Transportation Service specified in a Service Agreement at any time prior to the time prescribed in this Section for giving notice to renew the term of any such Firm Transportation Service.

- 2.07 Evidence of Supply or Market. A Shipper's right to extend the term of any Firm Service in accordance with Section 2.06 or of any Standard Service in accordance with any renewal rights included in a Service Agreement pursuant to Section 2.02(a), is conditional upon the Shipper delivering to Westcoast, at the time it gives notice in accordance with Section 2.06 or the applicable provisions of the Service Agreement, evidence satisfactory to Westcoast that the Shipper has either of a firm supply of, or a firm market for the gas in respect of which the Firm Service is to be provided for the term of the extension and, in the case where such service is provided from a Receipt Point or to a Delivery Point at the Storage Reservoir, that the Shipper has sufficient firm storage capacity available at the Storage Reservoir for the term of the extension.
- 2.08 Temporary Firm Service. If a Firm Service Agreement provides for a delayed commencement date for any Firm Transportation Service - Northern or for a future increase in the volume of Firm Transportation Service - Northern to be provided, the capacity reserved by Westcoast for such Firm Service Agreement may be made available temporarily to other Shippers as Temporary Firm Service. The following provisions apply in respect of all Temporary Firm Service specified in a Firm Service Agreement:
- (a) Temporary Firm Service shall not be renewed or extended pursuant to Section 2.06;
 - (b) the provisions of Section 7.06 relating to Equivalent Point Diversions apply to Temporary Firm Service;
 - (c) the provisions of Section 7.07 relating to In Path Diversions and Out of Path Diversions apply to Temporary Firm Service, Long Haul; and
 - (d) the provisions of Article 9 relating to Relocations in Zone 3 do not apply to Temporary Firm Service.
- 2.09 Treatment Service. The obligation of Westcoast to provide Firm Treatment Service to a Shipper on any day pursuant to a Service Agreement shall be limited to the removal from the Shipper's raw gas of:
- (a) a volume of carbon dioxide gas which does not exceed the carbon dioxide limit specified in the Service Agreement; and
 - (b) a volume of sulphur gas which does not exceed the sulphur gas limit specified in the Service Agreement.

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- 2.10 Treatment and Related Services. Notwithstanding any other provision of these General Terms and Conditions, it is a condition precedent to the availability of Treatment Service which is a Standard Service at the McMahon Processing Plant that the Shipper has contracted for an appropriate level of Liquids Recovery Service and LPSF Service at that Processing Plant, and it is a condition precedent to the availability of LPSF Service which is a Standard Service at the McMahon Processing Plant that the Shipper has contracted for an appropriate level of Treatment Service and Liquids Recovery Service at that Processing Plant.
- 2.11 Authorized Overrun Service. Each Shipper which has entered into a Firm Service Agreement providing for Firm Transportation Service - Northern or Firm Transportation Service - Southern shall be entitled to Authorized Overrun Service in respect of each such Firm Transportation Service on the following terms and conditions:
- (a) the maximum daily volume of AOS available to a Shipper on any day in respect of any Firm Transportation Service shall not exceed ten percent of the Contract Demand in effect on any such day for the Corresponding Firm Transportation Service;
 - (b) such AOS shall only be available between the Receipt Point and the Delivery Point specified in the applicable Firm Service Agreement for the Corresponding Firm Transportation Service; and
 - (c) notwithstanding Section 21.02, AOS shall not be assignable by a Shipper except in conjunction with the Corresponding Firm Transportation Service.
- 2.12 Operation of the Pipeline System. Westcoast shall retain full and exclusive right to operate the Pipeline System in a manner which, in Westcoast's sole discretion, is consistent with operating conditions and obligations as they may exist from time to time.

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**ARTICLE 3
PRIORITIES, CURTAILMENTS AND CONDITIONS OF SERVICE
IN ZONE 1A, ZONE 3 AND ZONE 4**

3.01 Application. The provisions of this Article apply to Fuel Gas Service provided by Westcoast in Zone 1A, to Transportation Service - Northern, Temporary Firm Service and Short Term Firm Service provided by Westcoast in Zone 3 and to Transportation Service – Southern, Short Term Firm Service and Import Backhaul Service provided by Westcoast in Zone 4.

3.02 Priorities, Zone 1A. Westcoast will authorize Firm Service and Interruptible Service in Zone 1A for each day in the Timely Nomination Cycle and, notwithstanding any earlier authorization given for Interruptible Service in a prior Nomination Cycle for any such day, will authorize Firm Service and Interruptible Service in Zone 1A for any such day in the Evening Nomination Cycle, the Intra-Day 1 Nomination Cycle and in the Intra-Day 2 Nomination Cycle in the following priority and sequence:

- (a) first priority shall be given to Firm Service, provided that if Westcoast determines that the capacity available on any such day in Zone 1A or any part thereof will not be sufficient to permit Westcoast to authorize all the Firm Service nominated by Shippers for the day, Westcoast will allocate the available capacity between the affected Shippers pro rata on the basis of Contract Demand; and
- (b) second priority shall be given to Interruptible Service provided that if Westcoast determines that the capacity available in Zone 1A or any part thereof will not be sufficient to permit Westcoast to authorize all of the Interruptible Service nominated by Shippers for the day, Westcoast will allocate the available capacity between the affected Shippers pro rata on the basis of the volumes of Interruptible Service nominated by those Shippers for the day.

Subject to the availability of capacity, having regard to the Firm Service and Interruptible Service authorized in the prior Nomination Cycles for each day, Westcoast will authorize additional Firm Service and Interruptible Service in Zone 1A, in the Intra-Day 3 Nomination Cycle in the same priority and sequence as set out in Subsections 3.02(a) and (b).

3.03 Priorities, Zone 3. Westcoast will authorize Firm Service, Equivalent Point Diversions, In Path Diversions, Out of Path Diversions, AOS and Interruptible Service in Zone 3 for each day in the Timely Nomination Cycle and, notwithstanding any earlier authorization given for Out of Path Diversions, AOS and Interruptible Service in a prior Nomination Cycle for any such day, will authorize Firm Service, Equivalent Point Diversions, In Path Diversions, Out of Path Diversions, AOS and Interruptible Service in Zone 3 for any such day in the Evening Nomination Cycle, the Intra-Day 1 Nomination Cycle and the Intra-Day 2 Nomination Cycle in the following priority and sequence:

- (a) first priority shall be given to Firm Service, Equivalent Point Diversions and In Path Diversions, other than In Path Diversions to an alternate Receipt Point or an alternate Delivery Point on a Restricted Lateral, provided that if Westcoast determines that the capacity available in Zone 3 or any part thereof will not be sufficient to permit Westcoast to authorize all of the Firm Service, Equivalent Point Diversions and such

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In Path Diversions nominated by Shippers for the day, Westcoast will allocate the available capacity between the affected Shippers pro rata on the basis of Contract Demand;

- (b) second priority shall be given to In Path Diversions to an alternate Receipt Point or an alternate Delivery Point on a Restricted Lateral, provided that if Westcoast determines that the capacity available to deliver gas on any day at any such alternate Receipt Point or any such alternate Delivery Point will not be sufficient to permit Westcoast to authorize all of such In Path Diversions nominated by Shippers for the day, Westcoast will allocate the available capacity between the affected Shippers pro rata on the basis of the volumes of such In Path Diversions nominated by those Shippers for delivery at such alternate Receipt Point or alternate Delivery Point;
- (c) third priority shall be given to Out of Path Diversions, provided that if Westcoast determines that the capacity available to deliver gas on any day at an alternate Receipt Point or an alternate Delivery Point will not be sufficient to permit Westcoast to authorize all of such Out of Path Diversions nominated by Shippers for the day, Westcoast will allocate the available capacity between the affected Shippers pro rata on the basis of the volumes of such Out of Path Diversions nominated by those Shippers for delivery at such alternate Receipt Point or such alternate Delivery Point;
- (d) fourth priority shall be given to AOS, provided that if Westcoast determines that the capacity available on any such day in Zone 3 or any part thereof will not be sufficient to permit Westcoast to authorize all of the AOS nominated by Shippers for the day, Westcoast will allocate the available capacity between the affected Shippers pro rata on the basis of the volumes of AOS nominated by those Shippers for the day; and
- (e) fifth priority shall be given to Interruptible Service, provided that if Westcoast determines that the capacity available on any such day in Zone 3 or any part thereof will not be sufficient to permit Westcoast to authorize all of the Interruptible Service nominated by Shippers for the day, Westcoast will allocate the available capacity between the affected Shippers pro rata on the basis of the volumes of Interruptible Service nominated by those Shippers for the day.

Subject to the availability of capacity, having regard to the service and diversions authorized in the prior Nomination Cycles for each day, Westcoast will authorize additional Firm Service, Equivalent Point Diversions, In Path Diversions, Out of Path Diversions, AOS and Interruptible Service in Zone 3 in the Intra-Day 3 Nomination Cycle in the same priority and sequence as set out in Subsections 3.03 (a) to (e).

- 3.04 Priorities, Zone 4. Westcoast will authorize Firm Service, Huntingdon Delivery Area Diversions, Upstream Diversions, AOS, Downstream Diversions and Interruptible Service in Zone 4 for each day in the Timely Nomination Cycle and, notwithstanding any earlier authorization given for AOS, Downstream Diversions and Interruptible Service in a prior Nomination Cycle for any such day, will authorize Firm Service, Huntingdon Delivery Area Diversions, Upstream Diversions, AOS, Downstream Diversions and Interruptible Service in Zone 4 for any such day in the Evening Nomination Cycle, the Intra-Day 1 Nomination Cycle and the Intra-Day 2 Nomination Cycle in the following priority and sequence:

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- (a) first priority shall be given to Firm Service, provided that if Westcoast determines that the capacity available in Zone 4 or any part thereof will not be sufficient to permit Westcoast to authorize all of the Firm Service nominated by Shippers for the day, Westcoast will allocate the available capacity between the affected Shippers pro rata on the basis of Contract Demand;
- (b) second priority shall be given to Huntingdon Delivery Area Diversions and Upstream Diversions, provided that if Westcoast determines that the capacity available to deliver gas at an alternate Delivery Point in the Huntingdon Delivery Area or an Upstream Delivery Point will not be sufficient to permit Westcoast to authorize all of such Huntingdon Delivery Area Diversions and Upstream Diversions nominated by Shippers for the day, Westcoast will allocate the available capacity between the affected Shippers pro rata on the basis of the volumes of gas nominated by those Shippers for delivery at such alternate Delivery Point in the Huntingdon Delivery Area or Upstream Delivery Point;
- (c) third priority shall be given to AOS, provided that if Westcoast determines that the capacity available on any such day in Zone 4 or any part thereof will not be sufficient to permit Westcoast to authorize all of the AOS nominated by Shippers for the day, Westcoast will allocate the available capacity between the affected Shippers pro rata on the basis of the volumes of AOS nominated by those Shippers for the day;
- (d) fourth priority shall be given to Downstream Diversions, provided that if Westcoast determines that the capacity available in Zone 4 or any part thereof is not sufficient to permit Westcoast to authorize all of the Downstream Diversions nominated by Shippers for the day, Westcoast will allocate the available capacity between the affected Shippers pro rata on the basis of the volumes of such Downstream Diversions nominated by those Shippers for the day; and
- (e) fifth priority shall be given to Interruptible Service, provided that if Westcoast determines that the capacity available on any such day in Zone 4 or any part thereof will not be sufficient to permit Westcoast to authorize all of the Interruptible Service nominated by Shippers for the day, Westcoast will allocate the available capacity between the affected Shippers pro rata on the basis of the volumes of Interruptible Service nominated by those Shippers for the day.

Subject to the availability of capacity in Zone 4 having regard to the service and diversions authorized in the prior Nomination Cycles for each day, Westcoast will authorize additional Firm Service, Huntingdon Delivery Area Diversions, Upstream Diversions, AOS, Downstream Diversions and Interruptible Service in Zone 4 in the Intra-Day 3 Nomination Cycle in the same priority and sequence set out in Subsections 3.04(a) to (e).

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3.05 Curtailments. If at any time after Westcoast has authorized Firm Service, including diversions, AOS and Interruptible Service in Zones 1A, 3 and 4 for any day in any Nomination Cycle pursuant to Sections 4.09, Westcoast determines that the capacity available in Zone 1A, Zone 3 or Zone 4 of the Pipeline System or any part thereof is not sufficient to permit Westcoast to provide all of the service and diversions so authorized for that day, Westcoast will curtail or interrupt the service and diversions authorized for the affected Shippers in the following priority and sequence:

- (a) Westcoast will first curtail or interrupt the Interruptible Service which has been authorized for that day in accordance with Section 4.09, pro rata on the basis of the volumes of such service so authorized;
- (b) Westcoast will, if required, then curtail or interrupt the Downstream Diversions which have been authorized for that day in accordance with Section 4.09, pro rata on the basis of the volumes of the Downstream Diversions so authorized;
- (c) Westcoast will, if required, then curtail or interrupt AOS in Zone 3 and Zone 4, pro rata on the basis of the volumes of such service so authorized;
- (d) Westcoast will, if required and if there is a constraint (i) in Zone 4 at an alternate Delivery Point in the Huntingdon Delivery Area or an Upstream Delivery Point to which gas has been diverted in accordance with Subsection 7.01(a) or 7.01(b) or (ii) in Zone 3 at an alternate Receipt Point or an alternate Delivery Point to which gas has been diverted pursuant to an Out of Path Diversion made in accordance with Section 7.07, then curtail or interrupt diversions to that alternate Delivery Point in the Huntingdon Delivery Area, Upstream Delivery Point, alternate Receipt Point in Zone 3 or alternate Delivery Point in Zone 3 which are authorized for the day in accordance with Section 4.09, in each case pro rata on the basis of the volumes of gas so authorized to be diverted to that alternate Delivery Point in the Huntingdon Delivery Area, Upstream Delivery Point, alternate Receipt Point in Zone 3 or alternate Delivery Point in Zone 3;
- (e) Westcoast will, if required and if there is a constraint at an alternate Receipt Point or an alternate Delivery Point on a Restricted Lateral to which gas has been diverted pursuant to an In Path Diversion made in accordance with Section 7.07, then curtail or interrupt the In Path Diversions to any such Receipt Point or Delivery Point which are authorized for the day in accordance with Section 4.09, pro rata on the basis of the volumes of gas authorized to be diverted to any such alternate Receipt Point or alternate Delivery Point; and
- (f) Westcoast will, if required, then curtail or interrupt Firm Service, Equivalent Point Diversions and In Path Diversions, other than In Path Diversions to an alternate Receipt Point or an alternate Delivery Point on a Restricted Lateral, authorized for the day in accordance with Section 4.09, pro rata on the basis of Contract Demand.

Westcoast will give notice of any intended curtailment or interruption of service pursuant to this Section to all Shippers by means of its public bulletin board, as promptly as reasonably possible following its determination that a curtailment or interruption of service is necessary.

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3.06 Import Backhaul Service. The obligation of Westcoast to authorize and to provide Import Backhaul Service in Zone 4 on any day under an Interruptible Service Agreement shall be conditional upon:

- (a) operating constraints on the Pipeline System; and
- (b) the authorization and continued authorization of the delivery by Westcoast on any such day to the Northwest Delivery Point of a volume of gas at least thermally equivalent to that in respect of which Shippers have given nominations for Import Backhaul Service for such day.

3.07 Conditions of Service. Westcoast shall not be obligated to provide any service to a Shipper in Zone 1A, Zone 3 or Zone 4 of the Pipeline System under a Firm Service Agreement or an Interruptible Service Agreement on any day unless that service has been authorized by Westcoast in accordance with Article 4, and Westcoast shall not be obligated to authorize, or to maintain the authorization for, the delivery of gas to or for the account of a Shipper in Zone 1A, Zone 3 or Zone 4 on any day pursuant to a Service Agreement unless:

- (a) the Shipper has given a nomination to Westcoast for the delivery of such gas in accordance with Section 4.05;
- (b) in the case of gas to be delivered to or for the account of the Shipper under a Firm Service Agreement, there is adequate Contract Demand under that Firm Service Agreement for the transmission of the volume of gas nominated by the Shipper and the required allowance for System Gas through each Zone between the Receipt Point and the Delivery Point;
- (c) in the case of gas to be delivered to or for the account of the Shipper pursuant to the AOS entitlement under a Firm Service Agreement, there is adequate capacity available in Zone 3 or Zone 4, up to the maximum daily volume for the AOS specified in Section 2.11(a), for the transmission of the volume of gas nominated for AOS by the Shipper and the required allowance for System Gas through each such Zone between the Receipt Point and the Delivery Point;
- (d) in the case of gas to be delivered to or for the account of the Shipper under an Interruptible Service Agreement, there is adequate capacity available on the Pipeline System, up to the maximum volume specified in the Interruptible Service Agreement, for the transmission of the volume of gas nominated by the Shipper and the required allowance for System Gas through each such Zone between the Receipt Point and the Delivery Point;
- (e) in the case of gas to be delivered pursuant to a Service Agreement to a Delivery Point at which the Pipeline System connects with the pipeline facilities of a Receiving Party, the receipt by Westcoast of confirmation from the Receiving Party that it will take delivery of the gas to be delivered to or for the account of the Shipper at the Delivery Point, and the reconfirmation thereof by the Receiving Party in any subsequent Nomination Cycle;

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- (f) in the case of gas to be delivered pursuant to a Service Agreement at any other Delivery Point in Zone 3 or Zone 4, the authorization by Westcoast of the delivery of that gas pursuant to another Service Agreement to a point at which the Pipeline System connects with the pipeline facilities of a Receiving Party; and
- (g) the confirmation by Westcoast and the reconfirmation by Westcoast in any subsequent nomination cycle, to its satisfaction, that the Shipper will be capable of fulfilling its obligations under Sections 4.14 and 4.15.

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**ARTICLE 4
SHIPPER NOTIFICATIONS, NOMINATIONS,
AUTHORIZATION OF SERVICE AND DELIVERIES OF GAS
FOR SERVICE IN ZONES 1A, 3 AND 4**

- 4.01 Application. The provisions of this Article apply to Fuel Gas Service provided by Westcoast in Zone 1A, to Transportation Service – Northern, Temporary Firm Service and Short Term Firm Service provided by Westcoast in Zone 3 and to Transportation Service – Southern, Short Term Firm Service and Import Backhaul Service provided by Westcoast in Zone 4.
- 4.02 Notification of Estimated Yearly Heat Content Values. On or before September 30 of each year, Westcoast will determine, and will notify all Shippers by means of its public bulletin board of, the Estimated Yearly Heat Content Values to be effective for the 12 month period commencing on the next succeeding November 1st for residue gas delivered into Zone 3 of the Pipeline System from the outlet of each of the Processing Plants, other than the Dawson Processing Plant and the Fort Nelson North Processing Plant, and for residue gas delivered into the Pipeline System at each Receipt Point in Zone 3 and Zone 4 and, during each such 12 month period, Westcoast will add to such posting on its public bulletin board the Estimated Yearly Heat Content Values for residue gas delivered from the outlet of a Processing Plant or at a Receipt Point in Zone 3 or Zone 4 which is placed into service during any such 12 month period.
- 4.03 Monthly Notification to Shippers. Westcoast will, at least five days prior to the first day in each month, notify all Shippers of the Transportation System Gas Ratios applicable to gas to be transmitted through each of Zone 3 and Zone 4 on any day in the month unless changed in accordance with Section 4.04.
- 4.04 Change of Transportation System Gas Ratios. If, during any month, there are material changes in the volumes of System Gas consumed in the operation of the Pipeline System, Westcoast will change the Transportation System Gas Ratios applicable to gas to be transmitted through each of Zone 3 and Zone 4 which are in effect in accordance with Section 4.03 or this Section 4.04 and will give notice to all Shippers of such changes at least two days prior to the day on which the changes are to come into effect. Westcoast will not change any Transportation System Gas Ratios in accordance with this Section more frequently than once every seven days. Changes in the Transportation System Gas Ratios made pursuant to this Section shall remain in effect until the end of the month in which the changes were made, unless subsequently changed by Westcoast in accordance with this Section.
- 4.05 Nominations. Subject to Section 4.07, if a Shipper requires Firm Service, AOS or Interruptible Service in Zone 1A, Zone 3 or Zone 4 of the Pipeline System, including a diversion pursuant to Section 7.01, Section 7.06 or Section 7.07, or a transfer pursuant to Section 7.04 or Section 7.05, under a Service Agreement on any day, the Shipper may give a nomination to Westcoast in the Timely Nomination Cycle which nomination shall be given in accordance with Section 4.06 and prior to the applicable time specified in Section 4.10, and, subject to Section 4.08, if a Shipper:
- (a) requires any such service on any such day in addition to that previously authorized by Westcoast for the day in a prior Nomination Cycle; or

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- (b) wishes to reduce any such service previously authorized by Westcoast for any such day in a prior Nomination Cycle

the Shipper may give a nomination to Westcoast in the Evening Nomination Cycle, the Intra-Day 1 Nomination Cycle, the Intra-Day 2 Nomination Cycle, or the Intra-Day 3 Nomination Cycle which nomination shall be given in accordance with Section 4.06 and prior to the applicable times specified in Sections 4.10 and 4.11.

4.06 Content of Nominations. A nomination given by a Shipper to Westcoast in accordance with Sections 4.05 for service in Zone 1A, Zone 3 or Zone 4 of the Pipeline System shall specify such information as is required by Westcoast including the following information:

- (a) the Service Entitlement Identifier in respect of which the nomination is given;
- (b) the points between which the service is to be provided in the Zone, including (i) in the case of a diversion in Zone 4 pursuant to Section 7.01, the alternate Delivery Point in the Huntingdon Delivery Area, the Upstream Delivery Point or the Downstream Delivery Point, (ii) in the case of an Equivalent Point Diversion pursuant to Section 7.06, the Equivalent Delivery Point or the Equivalent Receipt Point, (iii) in the case of an In Path Diversion or an Out of Path Diversion pursuant to Section 7.07, the alternate Receipt Point and/or the alternate Delivery Point in Zone 3 and (iv) in the case of residue gas to be delivered into or out of a Supply Account or a Non-Supply Account at Compressor Station No. 2, the Supply Account or Non-Supply Account into or from which such gas is to be delivered;
- (c) in the case of gas to be transferred to a Receiving Shipper within the Huntingdon Delivery Area pursuant to Section 7.04, (i) the specification by the originating Shipper of the Huntingdon Pool as the Delivery Point and the corporate name of the Receiving Shipper and (ii) the specification by the Receiving Shipper of the Huntingdon Pool as the Receipt Point, the Delivery Point within the Huntingdon Delivery Area at which the transferred gas is to be delivered to or for the account of the Receiving Shipper and the corporate name of the originating Shipper;
- (d) in the case of gas to be transferred to a Receiving Shipper at a Receipt Point in Zone 3 or Zone 4 pursuant to Section 7.05, (i) the specification by the originating Shipper of that Receipt Point as the Delivery Point and the corporate name of the Receiving Shipper and (ii) the specification by the Receiving Shipper of the corporate name of the originating Shipper;
- (e) the volume of gas, including System Gas, in respect of which the service is to be provided in the Zone; and
- (f) any increase or decrease in the Authorized Receipt Volume required to correct its Cumulative Supply Imbalance in accordance with Section 6.13.

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- 4.07 Multi-Day Nominations. A Shipper may give a nomination to Westcoast in accordance with Section 4.05 for two or more days. Where a Shipper has given a nomination to Westcoast for service for two or more days, the Shipper may change that nomination in respect of the second or any subsequent day specified in the original nomination by giving a new nomination to Westcoast in respect of any such day in accordance with Section 4.05. Except as superceded for any day by a new nomination given in accordance with Section 4.05, a multi-day nomination given by a Shipper shall remain in effect for the days in respect of which it was originally given by the Shipper.
- 4.08 Limitation, Intra-Day Nomination Cycles. If a Shipper gives a nomination to Westcoast during a day in accordance with Section 4.05 to reduce the service in any Zone previously authorized by Westcoast for that day in accordance with Section 4.09, such a nomination shall not be for service in any such Zone in respect of a volume of gas which is less than the Elapsed Prorata Volume.
- 4.09 Authorizations. Where a Shipper has given a nomination to Westcoast for service on any day in any Nomination Cycle in accordance with Section 4.05, Westcoast will, prior to the applicable time for such Nomination Cycle specified in Sections 4.10 and 4.11, notify:
- (a) the Shipper of the Authorized Volume of gas to be delivered to or for the account of the Shipper on the day at the Delivery Point;
 - (b) the Receiving Party of the Authorized Volume of gas to be delivered to or for the account of the Shipper on the day at the Delivery Point at which the Pipeline System connects with the pipeline facilities of the Receiving Party;
 - (c) the Shipper and the Receipt Point Operator of the Authorized Receipt Volume to be delivered into Zone 1A, Zone 3 or Zone 4 of the Pipeline System at the Receipt Point on the day by or for the account of the Shipper; and
 - (d) in the case of gas to be transferred to a Receiving Shipper pursuant to Section 7.04 or 7.05, the Receiving Shipper of the volume authorized to be delivered to or for its account at the Delivery Point in the Huntingdon Delivery Area or at the Receipt Point in Zone 3 or Zone 4 as the case may be.
- 4.10 Timely and Evening Nomination Cycles. Nominations made by a Shipper for service on any day in the Timely Nomination Cycle and the Evening Nomination Cycle in accordance with Section 4.05 shall be given by the Shipper to Westcoast on the preceding day prior to the applicable time specified in the following table, and notification of the service authorized for the day in either such Nomination Cycle shall be given by Westcoast in accordance with Section 4.09 on the preceding day prior to the applicable time specified in the following table:

<u>Nomination Cycle</u>	<u>Nomination</u>	<u>Authorization</u>
Timely	1300 CCT	1700 CCT
Evening	1800 CCT	2100 CCT

Such authorizations shall become effective at the beginning of the day in respect of which they are given by Westcoast.

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- 4.11 Intra-Day Nomination Cycles. Nominations made by a Shipper for service on any day in the Intra-Day 1 Nomination Cycle, the Intra-Day 2 Nomination Cycle, and the Intra-Day 3 Nomination Cycle in accordance with Section 4.05 shall be given by the Shipper to Westcoast during the day prior to the applicable time specified in the following table, notification of the service authorized for the day in either Intra-Day Nomination Cycle shall be given by Westcoast in accordance with Section 4.09 prior to the applicable time specified in the following table and such authorizations shall become effective during the day at the times specified in the following table:

<u>Nomination Cycle</u>	<u>Nomination</u>	<u>Authorization</u>	<u>Effective Time of Authorization</u>
Intra-Day 1	1000 CCT	1300 CCT	1400 CCT
Intra-Day 2	1430 CCT	1730 CCT	1800 CCT
Intra-Day 3	1900 CCT	2200 CCT	2200 CCT

- 4.12 Adjustment of Authorization. Notwithstanding any authorization for service given by Westcoast in the Intra-Day 3 Nomination Cycle in accordance with Section 4.09, Westcoast will subsequently reduce the service in any Zone so authorized for a Shipper to a volume of gas, including System Gas, equal to the greater of that volume specified in the final confirmation given by the Receiving Party and the Elapsed Prorata Volume, if:

- (a) in the case of gas to be delivered pursuant to a Service Agreement to a Delivery Point at which the Pipeline System connects with the pipeline facilities of a Receiving Party, the confirmation given by the Receiving Party in the Intra-Day 3 Nomination Cycle reduces the volume of gas the Receiving Party will accept at the Delivery Point for the account of the Shipper; or
- (b) in the case of gas to be delivered pursuant to a Service Agreement at any other Delivery Point, Westcoast has, pursuant to this Section, reduced the service authorized in respect of that gas pursuant to another Service Agreement under which the gas is to be delivered to a point at which the Pipeline System connects with the pipeline facilities of a Receiving Party.

Any change in an authorization made in accordance with this Section shall be made by Westcoast and communicated to the persons specified in Section 4.10 within one hour of the receipt of that final confirmation from the Receiving Party and shall become effective as at the time it is so communicated by Westcoast.

- 4.13 Delivery by Westcoast at Delivery Points. Subject to Section 3.05, Westcoast will on each day deliver to or for the account of a Shipper at the Delivery Point a volume of residue gas which is thermally equivalent to the Authorized Volume for such day. Westcoast shall not be obligated to deliver at any Delivery Point:

- (a) in the case of an authorization for service which comes into effect at the beginning of the day, pursuant to Section 4.10, a volume of gas during each hour in the day which exceeds the quotient obtained by dividing (i) 180 percent of the Authorized Volume by 24 in the case of Fuel Gas Service and (ii) 120 percent of the Authorized Volume by 24 in the case of any other service;

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- (b) in the case of an authorization for service other than Fuel Gas Service, which comes into effect during the day pursuant to Section 4.11, a volume of gas during each hour in the remainder of the day which exceeds 120 percent of that volume determined by (i) subtracting from the current Authorized Volume the Elapsed Prorata Volume for that part of the day prior to the time at which the current authorization came into effect and (ii) dividing the difference so obtained by the number of hours remaining in the day following the time at which the current authorization came into effect; and
- (c) in the case of an authorization for Fuel Gas Service which comes into effect during the day pursuant to Section 4.11, a volume of gas during each hour in the remainder of the day which exceeds 180 percent of that volume determined by (i) subtracting from the current Authorized Volume the Elapsed Prorata Volume for that part of the day prior to the time at which the current authorization came into effect and (ii) dividing the difference so obtained by the number of hours remaining in the day following the time at which the current authorization came into effect.

4.14 Shipper's Delivery Obligations, Thermal Equivalents. A Shipper shall on each day deliver to Westcoast, or cause to be delivered to Westcoast, in accordance with the applicable Service Agreements, the thermal equivalent of:

- (a) the total volume of residue gas authorized by Westcoast for each such day for Fuel Gas Service from the outlet of the Processing Plant from which the residue gas is delivered into the Fuel Gas Pipelines for the account of the Shipper under those Service Agreements;
- (b) the total volume of residue gas authorized by Westcoast for each such day for Transportation Service – Northern, Temporary Firm Service and Short Term Firm Service from the outlet of the Processing Plants from which, and at the Receipt Points in Zone 3 at which, the residue gas is delivered into Zone 3 of the Pipeline System for the account of the Shipper under those Service Agreements;
- (c) the total volume of residue gas authorized by Westcoast for each such day for Import Backhaul Service and, in the case of FortisBC Energy Inc., for Transportation Service – Southern from the Receipt Point at Kingsvale, British Columbia, at which residue gas is delivered into Zone 4 of the Pipeline System for the account of FortisBC Energy Inc. under those Service Agreements; and
- (d) an appropriate allowance for System Gas.

4.15 Shipper's Delivery Obligations, Volumes at Receipt Points. A Shipper shall on each day deliver, or cause to be delivered:

- (a) at the outlet of each Processing Plant at which residue gas is delivered into Zone 1A or Zone 3 of the Pipeline System by or for the account of the Shipper, the sum of the Shipper's Authorized Receipt Volumes for residue gas to be delivered into Zone 1A and Zone 3 from the outlet of each such Processing Plant; and
- (b) at each Receipt Point at which residue gas is delivered into Zone 3 or Zone 4 of the Pipeline System by or for the account of the Shipper, the sum of the Shipper's Authorized Receipt Volumes for each such Receipt Point.

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A Shipper shall not, if so notified by Westcoast in circumstances where operating conditions on any part of the Pipeline System so require, deliver, or cause to be delivered, at any Receipt Point:

- (c) in the case of an authorization for service which comes into effect at the beginning of the day pursuant to Section 4.10, a volume of gas during each hour in the day which exceeds the quotient obtained by dividing 120 percent of the Authorized Receipt Volume by 24; and
- (d) in the case of an authorization for service which comes into effect during the day pursuant to Section 4.11, a volume of gas during each hour in the remainder of the day which exceeds 120 percent of that volume determined by (i) subtracting from the current Authorized Receipt Volume the Elapsed Prorata Volume for that part of the day prior to the time at which the current authorization came into effect and (ii) dividing the difference so obtained by the number of hours remaining in the day following the time at which the current authorization came into effect.

4.16 Energy Units. Nominations given by Shippers pursuant to Sections 4.05, and authorizations given by Westcoast pursuant to Section 4.09 will, when so prescribed by Westcoast, be given in energy units rather than volumetric units. Where such nominations and authorizations are to be given in energy units, all conversions of such nominations and authorizations from volumetric units to energy units and from energy units to volumetric units shall be made utilizing the applicable Estimated Yearly Heat Content Values determined by Westcoast and posted on its public bulletin board in accordance with Section 4.02.

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**ARTICLE 5
RECEIPT POINT OPERATORS**

- 5.01 Application. The provisions of this Article apply to each Shipper for whose account raw gas or residue gas are delivered into the Pipeline System at a Receipt Point, and each such Shipper shall cause the Receipt Point Operator for each such Receipt Point to carry out the duties, functions and responsibilities prescribed in Section 5.04.
- 5.02 Receipt Point Operators. Each Shipper which delivers raw gas or residue gas into the Pipeline System at a Receipt Point at which such Shipper is not the owner of the pipeline facilities which connect with the Pipeline System at the Receipt Point shall be deemed conclusively for all purposes of these General Terms and Conditions to have appointed the Receipt Point Operator for such Receipt Point as its agent for the purpose of carrying out and performing the duties, functions and responsibilities of a Receipt Point Operator which are described in this Article.
- 5.03 Appointment of Receipt Point Operators. For Receipt Points other than the Straddle Plant Receipt Point, the owner of the pipeline facilities which connect with the Pipeline System at the Receipt Point may appoint another person, acceptable to Westcoast, as the Receipt Point Operator for such Receipt Point, such appointment to be effective:
- (a) in the case of an existing Receipt Point, on the first day of the month immediately following the day on which notice is given to Westcoast in accordance with this Section; and
 - (b) in the case of a new Receipt Point, on the first day on which gas is delivered to Westcoast at the Receipt Point.

The owner of the connecting pipeline facilities shall, at least five Business Days prior to the day on which such appointment is to be effective, give notice of such appointment to Westcoast and specify in the notice the name and address of such person and the day on which such appointment is to be effective. Each Shipper which delivers raw gas or residue gas into the Pipeline System at such Receipt Point shall, effective as of the day on which the appointment of such person becomes effective, be deemed conclusively for all purposes of these General Terms and Conditions to have appointed such person as its agent for the purpose of carrying out and performing the duties, functions and responsibilities of a Receipt Point Operator which are described in this Article.

- 5.04 Duties, Functions and Responsibilities. The Receipt Point Operator for each Receipt Point shall carry out the following duties, functions and responsibilities (which duties, functions and responsibilities shall, in the case of each Shipper which is deemed to have appointed the Receipt Point Operator as its agent pursuant to Section 5.02 or Section 5.03, be carried out by the Receipt Point Operator as agent for and on behalf of such Shipper):
- (a) the delivery to Westcoast at a Receipt Point in Zone 1 or Zone 2 of the Pipeline System, in accordance with the applicable pressure and quality specifications prescribed in Articles 11 and 12, of the volumes of raw gas which each such Shipper requires to be delivered to Westcoast pursuant to Section 27.02, Section 28.03 or Section 29.03.

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- (b) the delivery from the outlet of a Processing Plant and at a Receipt Point in Zone 3 or Zone 4 of the Pipeline System, in accordance with the applicable pressure and quality specifications prescribed in Articles 11 and 12, of the Authorized Receipt Volume authorized by Westcoast for delivery into Zone 3 or Zone 4 of the Pipeline System by or for the account of each such Shipper from the outlet of any such Processing Plant or at any such Receipt Point;
- (c) the reporting to Westcoast, in the time and manner prescribed in Sections 6.03 and 6.04, of the estimated volume of raw gas or the estimated quantity of residue gas delivered into the Pipeline System on each day for the account of each such Shipper;
- (d) the delivery to Westcoast of a statement of the actual volumes of raw gas and Hydrocarbon Liquids or the actual quantity of residue gas in gigajoules delivered into the Pipeline System on each day in the previous month for the account of each such Shipper, in the time and manner prescribed in Section 10.01;
- (e) the installation, maintenance and operation at such Receipt Point at which raw gas is delivered into the Pipeline System of the pressure control and overpressure protection equipment required to be installed, maintained and operated at such Receipt Point pursuant to Section 11.11, and the calibration of that equipment in accordance with the requirements of Section 11.11;
- (f) the installation, maintenance and operation at and upstream of such Receipt Point at which raw gas is delivered into the Pipeline System, of the equipment required to be installed, maintained and operated at and upstream of such a Receipt Point pursuant to and in accordance with Article 14;
- (g) ensuring that the sampling, testing and analysis of raw gas produced from gas wells upstream of such Receipt Point at which raw gas is delivered into the Pipeline System and the sampling, testing and analysis of raw gas and Hydrocarbon Liquids at such Receipt Point are carried out pursuant to and in accordance with Article 15;
- (h) the installation, maintenance and operation at such Receipt Point of the gas and Hydrocarbon Liquids metering, measuring, monitoring and sampling equipment which the Shipper or the Receipt Point Operator and Westcoast have agreed, pursuant to Section 14.04, are to be installed, maintained and operated by the Shipper or the Receipt Point Operator; and
- (i) the submission of a request to Westcoast to review a Production Source in accordance with Article 26.

5.05 Reliance on Receipt Point Operators. For all purposes of a Service Agreement and these General Terms and Conditions:

- (a) Westcoast shall be entitled to rely and act upon all notifications, communications and information given, made or provided by a Receipt Point Operator on behalf of and in respect of a Shipper in connection with the matters specified in Section 5.04 as if such notifications, communications and information had been given, made or provided directly by the Shipper to Westcoast; and

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- (b) all allocations of raw gas and Hydrocarbon Liquids and of residue gas delivered into the Pipeline System at a Receipt Point which are made by a Receipt Point Operator to or in respect of a Shipper, and all deliveries of raw gas and Hydrocarbon Liquids and of residue gas made by a Receipt Point Operator at a Receipt Point for or on behalf of a Shipper shall be binding upon the Shipper as if those allocations and deliveries had been made or provided directly by the Shipper for whose account or on whose behalf they were made or provided by the Receipt Point Operator.

5.06 Non-Performance, Quality and Pressure. If the Receipt Point Operator for any Receipt Point at which raw gas, Hydrocarbon Liquids or residue gas is or are delivered into the Pipeline System fails to:

- (a) deliver raw gas, Hydrocarbon Liquids or residue gas into the Pipeline System at the Receipt Point which meets the applicable quality specifications set out in Article 12; or
- (b) comply with the applicable receipt pressures at the Receipt Point prescribed in accordance with Article 11,

Westcoast may, without prejudice to any other right it has, (i) in the case of raw gas, reduce or direct the Receipt Point Operator, with corresponding notice to the Shippers upstream of the Receipt Point, to reduce the volume of raw gas being delivered into the Pipeline System at the Receipt Point (ii) in the case of residue gas, reduce the volume of residue gas authorized for delivery into the Pipeline System at the Receipt Point or (iii) in the case of both raw gas and residue gas, physically shut-in all deliveries of raw gas and Hydrocarbon Liquids or of residue gas into the Pipeline System at the Receipt Point and, in the case where the Receipt Point Operator fails to deliver raw gas, Hydrocarbon Liquids or residue gas into the Pipeline System at the Receipt Point which meets the applicable quality specifications set out in Article 12, Westcoast shall have the right to recover from the Shippers at the Receipt Point the amount of any credits that Westcoast is required to provide pursuant to Article 8 and which are directly attributable to such failure by the Receipt Point Operator. Westcoast shall give notice to the Receipt Point Operator, and to the Shippers upstream of the Receipt Point, of any direction to reduce, reduction or shut-in of deliveries of raw gas and Hydrocarbon Liquids or of residue gas at the Receipt Point in accordance with this Section, and shall accept deliveries of raw gas and Hydrocarbon Liquids or of residue gas again at the Receipt Point at such time as the failure of the Receipt Point Operator has been corrected and notice of the correction has been given by the Receipt Point Operator to Westcoast.

5.07 Non-Performance, EFM Equipment. If the Receipt Point Operator for a Receipt Point in any of the RGT Systems fails to install, maintain and operate any EFM Equipment required to be installed, maintained and operated pursuant to Section 14.02, or if any such EFM Equipment suffers chronic failures, Westcoast may, without prejudice to any other right it has, reduce or direct the Receipt Point Operator, with corresponding notice to the Shippers upstream of the Receipt Point, to reduce the volume of raw gas being delivered into the Pipeline System at the Receipt Point to a volume not less than (i) in the case of a Receipt Point in the Fort St. John RGT System $56.7 \times 10^3 \text{m}^3$ per day and (ii) in the case of a Receipt Point in any other RGT System $141.6 \times 10^3 \text{m}^3$ per day, provided that in the case of the chronic failure of any such EFM Equipment Westcoast will not reduce or direct the reduction of the volume of raw gas being delivered into the Pipeline System at the Receipt Point without first giving the Receipt Point

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Operator, and the Shippers upstream of the Receipt Point five Business Days notice within which to correct such failure.

5.08 Audit by Westcoast. Westcoast shall in respect of each Receipt Point at which a Shipper delivers raw gas into the Pipeline System, have the right at any time and from time to time to undertake an audit of:

- (a) the actual allocations made of the raw gas and Hydrocarbon Liquids delivered into the Pipeline System at any such Receipt Point for the account of two or more Shippers;
- (b) all readings made of raw gas measurements in the measurement equipment required to be installed upstream of any such Receipt Point pursuant to Section 14.03; and
- (c) all readings made of raw gas and Hydrocarbon Liquids measurements in the measuring equipment required to be installed at any such Receipt Point pursuant to Section 14.02.

An audit conducted in accordance with this Section shall be restricted to the last 24 months of available data, and Westcoast will, within 60 days of the completion of any audit, provide the Receipt Point Operator with a report setting out the results of the audit. Westcoast will initiate any corrections (other than corrections which the Shipper and Westcoast agree are not material) to the amount of raw gas, Hydrocarbon Liquids, acid gas, sulphur gas, elemental sulphur, residue gas, Liquid Products, Fort Nelson Liquids and Dawson Liquids allocated to the Shipper and to the statements and invoices previously provided to the Shipper in accordance with these General Terms and Conditions within 60 days of the completion of any audit undertaken by Westcoast in accordance with this Section. If a Receipt Point Operator for a Receipt Point fails to cooperate with Westcoast with respect to an audit undertaken by Westcoast pursuant to this Section, Westcoast may, without prejudice to any other right it has, refuse to accept the delivery of raw gas and Hydrocarbon Liquids from those Production Sources upstream of the Receipt Point in respect of which there has been a failure to cooperate, provided that Westcoast will not refuse to accept deliveries from such Production Sources without first giving the Receipt Point Operator and Shippers upstream of the Receipt Point, 30 days notice within which to cooperate with such audit.

5.09 Non-Performance, Pressure Control and Overpressure Protection Equipment. If the Receipt Point Operator for a Receipt Point in any of the RGT Systems at which raw gas is delivered into the Pipeline System fails to install the pressure control and overpressure protection equipment required to be installed pursuant to Sections 5.04(e) and 11.11, or fails to maintain, operate and calibrate such equipment in accordance with the requirements of Sections 5.04(e) and 11.11, Westcoast may, without prejudice to any other right it has, physically shut-in all deliveries of raw gas and Hydrocarbon Liquids into the Pipeline System at the Receipt Point. Westcoast shall give notice to the Receipt Point Operator of any shut-in of deliveries of raw gas and Hydrocarbon Liquids in accordance with this Section, and shall accept deliveries of raw gas and Hydrocarbon Liquids at the Receipt Point at such time as Westcoast is satisfied that the failure of the Receipt Point Operator has been corrected and notice of the correction has been given by the Receipt Point Operator to Westcoast.

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- 5.10 Inspection by Westcoast. Westcoast shall, in respect of each Receipt Point in an RGT System at which a Shipper delivers raw gas into the Pipeline System, have the right at any time and from time to time to undertake an inspection of the pressure control and overpressure protection equipment installed or caused to be installed by a Shipper or by a Receipt Point Operator pursuant to Sections 5.04(e) and 11.11 for the purposes of confirming that such equipment, and the maintenance, operation and calibration thereof, complies with the requirements of Section 11.11.
- 5.11 Liabilities. If Westcoast reduces or directs a reduction of the volume of raw gas being delivered into the Pipeline System at a Receipt Point pursuant to Section 5.06 or Section 5.07, reduces the volume of residue gas authorized for delivery into the Pipeline System at a Receipt Point pursuant to Section 5.06 or physically shuts in all deliveries of raw gas and Hydrocarbon Liquids or of residue gas at a Receipt Point in accordance with Section 5.06 or Section 5.09 or refuses to accept the delivery of raw gas or Hydrocarbon Liquids from Production Sources upstream of a Receipt Point in accordance with Section 5.08, Westcoast shall not have any liability whatsoever to a Shipper arising out of any such action by Westcoast and, without restricting the generality of the foregoing, shall not be liable to give the Shipper any credits pursuant to Article 8 by reason of any such action.
- 5.12 Non-Performance, Hydrocarbon Liquids Measurement. Notwithstanding any other provision of these General Terms and Conditions, a Shipper shall not be entitled to any allocation or delivery of Liquid Products or Fort Nelson Liquids recovered from Hydrocarbon Liquids delivered into the Pipeline System with raw gas at a Receipt Point if the Shipper, or the Receipt Point Operator for the Receipt Point at which the Hydrocarbon Liquids are delivered into the Pipeline System, fails to install, maintain and operate Hydrocarbon Liquids separating, metering, measuring and sampling equipment in accordance with the requirements of Section 14.02 or if any such equipment suffers chronic failures.

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**ARTICLE 6
UPSTREAM TRANSMISSION BALANCING, SWING COSTS,
INVENTORY TRANSFERS AND STATION 2 GAS ACCOUNTS**

6.01 Shipper Balancing Obligations. Each Shipper:

- (a) for the account of which residue gas is delivered into Zone 3 of the Pipeline System from the outlet of a Processing Plant; and
- (b) which delivers residue gas, or for the account of which residue gas is delivered, into the Pipeline System at a Receipt Point in Zone 3 or Zone 4, other than the NOVA/Boundary Lake Interconnection and the NOVA/Gordondale Interconnection,

shall minimize the incurrence of imbalances at the point in Zone 3 immediately downstream of the outlet of each such Processing Plant and at each such Receipt Point in Zone 3 and Zone 4 and shall:

- (c) correct its Cumulative Supply Imbalance at the times, in the manner and to the extent required by this Article;
- (d) comply with the requirements of a Shipper Specific OFO issued to it by Westcoast pursuant to Sections 6.10 and 6.11;
- (e) comply with the requirements of a System Wide OFO issued by Westcoast pursuant to Sections 6.10 and 6.12; and
- (f) pay Swing Costs to Westcoast in the amounts determined in accordance with Section 6.15.

6.02 Balancing Tolerance Range. Westcoast will on each day prior to 0630 hours CCT determine the Balancing Tolerance Range for each Shipper, other than the Straddle Plant Operator, for each such day, which Balancing Tolerance Range shall have:

- (a) an upper limit equal to the greater of (i) eight percent of the Shipper's Calculated Production Value for each such day and (ii) 500 gigajoules; and
- (b) a lower limit equal to the lesser of (i) minus eight percent of the Shipper's Calculated Production Value for each such day and (ii) minus 500 gigajoules.

The Calculated Production Value for each Shipper, other than the Straddle Plant Operator, for each such day shall be the daily average in gigajoules of the aggregate of the following recorded in each of the Upstream Balancing Accounts maintained for the Shipper in accordance with Section 6.05:

- (c) the Predicted Volume for the current day on which the Balancing Tolerance Range is being determined; and
- (d) the Final Estimated Volume for each of the three days immediately preceding the day on which the Balancing Tolerance Range is being determined.

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6.03 Predicted Volume. The Predicted Volume in respect of raw gas and residue gas delivered into the Pipeline System on each day at a Receipt Point pursuant to a Service Agreement shall be determined in accordance with the following procedures:

- (a) Each Shipper which delivers raw gas or residue gas into the Pipeline System at a Receipt Point, other than the NOVA/Boundary Lake Interconnection and the NOVA/Gordondale Interconnection, shall notify Westcoast, or shall cause the Receipt Point Operator for the Receipt Point to notify Westcoast, no later than 0600 hours CCT of the estimated volume of raw gas produced from each Production Source or the estimated quantity of residue gas in gigajoules supplied by each Upstream Supplier, and delivered to Westcoast at the Receipt Point by or for the account of the Shipper during the first 20 hours of the current day.
- (b) If the Shipper or the Receipt Point Operator fails to notify Westcoast in accordance with Section 6.03(a) of the volume of raw gas or the quantity of residue gas delivered into the Pipeline System during the first 20 hours of any day, Westcoast may estimate that volume or quantity based on the information available to it, and the volume or quantity so estimated by Westcoast shall, for all purposes of these General Terms and Conditions including an Upstream Balancing Account, be deemed conclusively to be the volume of raw gas or quantity of residue gas reported by the Shipper or the Receipt Point Operator for any such day.
- (c) Based on the volume of raw gas or the quantity of residue gas reported or deemed to be reported by a Shipper or a Receipt Point Operator for the first 20 hours of any day for any Receipt Point, Westcoast will estimate the total volume of raw gas or total quantity of residue gas that will be delivered into the Pipeline System by or for the account of a Shipper at any such Receipt Point for the entire day.
- (d) The Predicted Volume for each day in respect of raw gas delivered into the Pipeline System by or for the account of each Shipper at a Receipt Point upstream of a Processing Plant will be determined by Westcoast by allocating the volume of residue gas that Westcoast estimates will be delivered at the outlet of the Processing Plant on each such day pro rata to all such Shippers based upon the residue gas equivalents of the volumes of raw gas estimated for each such Shipper by Westcoast for each such day in accordance with this Section.
- (e) The Predicted Volume for each day in respect of residue gas delivered into the Pipeline System by or for the account of a Shipper at a Receipt Point shall be the volumetric equivalent, as determined by Westcoast, of the quantity of residue gas estimated for each such Shipper in accordance with this Section.

6.04 Final Estimated Volume. The Final Estimated Volume in respect of raw gas or residue gas delivered into the Pipeline System on each day at a Receipt Point pursuant to a Service Agreement shall be determined in accordance with the following procedures:

- (a) Each Shipper which delivers raw gas or residue gas into the Pipeline System at a Receipt Point, other than the NOVA/Boundary Lake Interconnection and the NOVA/Gordondale Interconnection, shall notify Westcoast, or shall cause the Receipt Point Operator for the Receipt Point to notify Westcoast, prior to 1500 hours CCT of the

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estimated volume of raw gas produced from each Production Source or the estimated quantity of residue gas in gigajoules supplied by each Upstream Supplier, and delivered to Westcoast at the Receipt Point by or for the account of the Shipper on the immediately preceding day.

- (b) If the Shipper or the Receipt Point Operator fails to notify Westcoast in accordance with Section 6.04(a) of the volume of raw gas or the quantity of residue gas so delivered on any day, Westcoast may estimate that volume or quantity based on the information available to it, and the volume or quantity so estimated by Westcoast shall, for all purposes of these General Terms and Conditions including an Upstream Balancing Account, be deemed conclusively to be the volume of raw gas or the quantity of residue gas reported by the Shipper or the Receipt Point Operator for any such day.
- (c) The Final Estimated Volume for each day in respect of raw gas delivered into the Pipeline System by or for the account of each Shipper at a Receipt Point upstream of a Processing Plant will be determined by Westcoast by allocating the volume of residue gas measured at the outlet of the Processing Plant on each such day pro rata to all such Shippers based upon the residue gas equivalents of the volumes of raw gas reported or deemed to be reported by each such Shipper to Westcoast for each such day in accordance with this Section.
- (d) The Final Estimated Volume for each day in respect of residue gas delivered into the Pipeline System by or for the account of a Shipper at a Receipt Point will be the volumetric equivalent, as determined by Westcoast, of the quantity of residue gas reported or deemed to be reported by each such Shipper to Westcoast for each such day in accordance with this Section.

6.05 Balancing and Suspense Accounts. Westcoast will establish and maintain an Upstream Balancing Account and an Upstream Suspense Account for each Shipper:

- (a) at a point in Zone 3 immediately downstream of the outlet of each Processing Plant from which residue gas is delivered into Zone 3 of the Pipeline System for the account of the Shipper; and
- (b) at each Receipt Point in Zone 3 and Zone 4, other than the NOVA/Boundary Lake Interconnection and the NOVA/Gordondale Interconnection, at which residue gas is delivered into the Pipeline System by or for the account of that Shipper.

6.06 Upstream Balancing Account. Westcoast will record for each day in each Upstream Balancing Account established and maintained for a Shipper in accordance with Section 6.05 the opening balance in the account as at the beginning of the day, and will record in the account for each day:

- (a) the thermal equivalent of the difference between the Final Estimated Volume and the Predicted Volume of residue gas delivered into the account for the Shipper on the immediately preceding day, as determined pursuant to Sections 6.04 and 6.03;
- (b) the thermal equivalent of the Predicted Volume of residue gas to be delivered into the account for the Shipper on that day as determined in accordance with Section 6.03;

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- (c) the thermal equivalent of the authorized volume of gas, including the required allowance for System Gas and gas transferred pursuant to Section 7.05, which is delivered out of the account for transmission in Zone 3, Zone 4 or Zone 1A on the day;
- (d) the thermal equivalent of any inventory of residue gas transferred into or out of the account on the day pursuant to Sections 6.17 and 6.18(b);
- (e) any transfers of imbalances made into the account from the Shipper's Upstream Suspense Account at the same point on the Pipeline System on the day pursuant to Section 6.09; and
- (f) in the case of the Straddle Plant Operator and the Straddle Plant Receipt Point only, the thermal equivalent of the difference obtained by subtracting the Metered Delivery Volume from the Authorized Volume for the Straddle Plant Delivery Point for the immediately preceding day,

and shall determine the closing balance in the account as at the end of the day.

6.07 Daily Reporting by Westcoast. Westcoast will on each day prior to 0630 hours CCT provide each Shipper with a report setting out:

- (a) the Shipper's preliminary Cumulative Supply Imbalance as of the end of each such day, as determined by Westcoast based upon the aggregate of each such Shipper's Predicted Volumes for such day; and
- (b) the Shipper's Balancing Tolerance Range for each such day.

After the end of each such day, Westcoast will provide each Shipper with a further report setting out the Shipper's closing Cumulative Supply Imbalance for each such day, as adjusted to reflect any transfers of inventories of residue gas made pursuant to Sections 6.17 and 6.18(b).

6.08 Upstream Suspense Account. Westcoast will record in each Upstream Suspense Account established and maintained for a Shipper pursuant to Section 6.05 for each day:

- (a) any variances between the thermal equivalent of the Final Estimated Volume and the thermal equivalent of the Receipt Volume of residue gas for each day for which the Receipt Volume has been determined;
- (b) the thermal equivalent of any inventory of residue gas transferred into or out of the account on any day pursuant to Sections 6.17(b) and 6.18; and
- (c) any transfers of imbalances made from the Shipper's Upstream Suspense Account to its Upstream Balancing Account at the same point on the Pipeline System pursuant to Section 6.09,

and shall determine the closing balance in the account as at the end of the day.

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6.09 Monthly Transfer of Upstream Suspense Accounts. Westcoast shall determine the balance in each Upstream Suspense Account as at the end of the twenty-third day of each month, and shall adjust that balance to reflect any inventory transfer made into or from that account in accordance with Sections 6.17 and 6.18 by the end of the twenty-fifth day of the month. Westcoast shall divide the balance recorded in each Upstream Suspense Account as at the end of the twenty-fifth day in the month, net of any quantity of gas to be transferred to the corresponding Upstream Balancing Account during the remainder of the month in accordance with this Section, by the number of days in the next succeeding month, and shall transfer the daily amount so determined to the Shipper's corresponding Upstream Balancing Account at the same point on the Pipeline System on each day in the next succeeding month.

6.10 Orders. If on any day Westcoast determines that operations in Zones 3 and 4 of the Pipeline System are or may move outside normal operating conditions for any reason including, but not limited to:

- (a) high or low volumes of linepack gas resulting from a significant loss of gas supply or changes in delivery markets;
- (b) net overall supply account imbalances which are adversely affecting Pipeline System operations; or
- (c) significant changes in the inventory of gas in Zones 3 and 4 of the Pipeline System due to unplanned pipeline outages,

Westcoast may issue a Shipper Specific OFO to any Shipper whose Cumulative Supply Imbalance is outside the limits of its Balancing Tolerance Range or may issue a System Wide OFO to all Shippers. Shipper Specific OFO's and System Wide OFO's:

- (d) may be made effective on the day on which such orders are issued, if issued by Westcoast prior to 1500 hours CCT on any day, and
- (e) shall become effective at the beginning of the next succeeding day, if issued by Westcoast after 1500 hours CCT on any day.

6.11 Shipper Specific OFO. A Shipper Specific OFO issued by Westcoast to a Shipper in accordance with Section 6.10 shall specify:

- (a) the date and time of issue by Westcoast;
- (b) the date and time at which the order becomes effective;
- (c) a direction to the Shipper to correct its Cumulative Supply Imbalance so as to bring its Cumulative Supply Imbalance within the limits of its Balancing Tolerance Range; and
- (d) the time within which the Shipper is required to take such corrective action.

A Shipper Specific OFO issued to a Shipper in accordance with this Section shall remain in effect until the earliest of the following occurs:

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- (e) the Shipper has corrected its closing Cumulative Supply Imbalance, as reported to the Shipper in accordance with Section 6.07, so that it is within the limits of its Balancing Tolerance Range;
- (f) operating conditions on the Pipeline System have returned to normal operating conditions; or
- (g) the Shipper Specific OFO is superceded by the issue of a System Wide OFO by Westcoast.

Westcoast shall give notice of the termination of a Shipper Specific OFO to each Shipper to which such an order was issued at such time as Westcoast has determined that one of the foregoing conditions has been satisfied.

6.12 System Wide OFO. A System Wide OFO issued by Westcoast to all Shippers in accordance with Section 6.10 shall specify:

- (a) the date and time of issue by Westcoast;
- (b) the date and time at which the order becomes effective;
- (c) the duration of the order, unless it is specified to continue in effect until further notice is given by Westcoast;
- (d) the reason for the issue of the order;
- (e) the required change in the upper limit or lower limit of the Balancing Tolerance Ranges last reported to Shippers in accordance with Section 6.07, and any other changes in the management of deliveries of gas into the Pipeline System at Receipt Points; and
- (f) a direction to all Shippers to correct their Cumulative Supply Imbalances so as to bring their Cumulative Supply Imbalances within the limits of their Balancing Tolerance Ranges as changed in accordance with the System Wide OFO.

If a System Wide OFO is specified to continue in effect until further notice, Westcoast shall give notice of the termination of a System Wide OFO to all Shippers at such time as the operating conditions which resulted in the issue of the order have been corrected.

6.13 Correction of Imbalances by Shippers. If Westcoast issues:

- (a) a Shipper Specific OFO to one or more Shippers in accordance with Sections 6.10 and 6.11; or
- (b) a System Wide OFO to all Shippers in accordance with Sections 6.10 and 6.12,

each Shipper to which any such order is issued shall take action to correct its Cumulative Supply Imbalance so as to comply with the requirements of such order by:

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- (c) increasing or decreasing its deliveries of raw gas to Westcoast at Receipt Points in Zone 1 and its deliveries of residue gas to Westcoast at Receipt Points in Zone 3 and Zone 4;
- (d) increasing or decreasing in the Nomination Cycles the deliveries of gas to be made for the Shipper's account at one or more Delivery Points in Zone 3, Zone 4 or Zone 1A; and
- (e) making an inventory transfer in accordance with Section 6.17.

6.14 Imbalance Correction by Westcoast. If:

- (a) a Shipper fails for any reason to comply with a Shipper Specific OFO or a System Wide OFO issued by Westcoast in accordance with Sections 6.10, 6.11 and 6.12; or
- (b) Westcoast determines that Shipper imbalances have resulted in, or could result in, adverse conditions on the Pipeline System which could negatively affect the operations, integrity or safety of the Pipeline System,

then, notwithstanding any other provision of a Service Agreement or these General Terms and Conditions and notwithstanding any authorization of service previously given for a day in accordance with Article 4, Westcoast may:

- (c) decrease the Authorized Receipt Volume of residue gas authorized for delivery by or for the account of a Shipper at the outlet of a Processing Plant or at a Receipt Point in Zone 3 or Zone 4;
- (d) decrease the Authorized Volume of residue gas to be delivered to or for the account of a Shipper at a Delivery Point in Zone 3, Zone 4 or Zone 1A at which gas recorded in the account is delivered to or for the account of the Shipper; or
- (e) incur Swing Costs in order to restore normal operating conditions on the Pipeline System,

to the extent that Westcoast, in its sole discretion, considers necessary to ensure the compliance by a Shipper with its obligations under a Shipper Specific OFO or a System Wide OFO issued by Westcoast in accordance with Sections 6.10, 6.11 and 6.12 or to correct adverse operating conditions on the Pipeline System.

6.15 Recovery of Swing Costs. If, as a result of the failure of one or more Shippers to comply with the requirements of a Shipper Specific OFO or a System Wide OFO issued by Westcoast in accordance with Sections 6.10, 6.11 and 6.12 or adverse operating conditions on the Pipeline System resulting from Shipper imbalances, Westcoast incurs Swing Costs in order to restore normal operating conditions on the Pipeline System, each of such Shippers shall be allocated and shall pay to Westcoast a pro rata share of such Swing Costs based upon the sum of the daily amounts by which each such Shipper's Cumulative Supply Imbalance is greater or less than its Balancing Tolerance Range, for the period during which, in Westcoast's opinion, the imbalances incurred by each such Shipper materially contributed to Westcoast incurring such Swing Costs.

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6.16 Termination of Service Agreements. If, from time to time following the expiration or termination of the last Service Agreement under which residue gas is delivered:

- (a) for the account of a Shipper at the outlet of a Processing Plant; or
- (b) by or for the account of a Shipper to Westcoast at a Receipt Point in Zone 3 or Zone 4, other than the NOVA/Boundary Lake Interconnection and the NOVA/Gordondale Interconnection,

there is a positive or negative closing balance in the Shipper's Upstream Balancing Account or Upstream Suspense Account at that point, Westcoast will transfer any such closing balance in the Shipper's Upstream Suspense Account to its Upstream Balancing Account at that point, and will on the day following such transfer, provide the Shipper with a report setting out the closing balance recorded in the Shipper's Upstream Balancing Account following the transfer made on the preceding day. Within three days of the receipt of the report provided by Westcoast in accordance with this Section, the Shipper shall, notwithstanding the expiration or termination of such last Service Agreement, correct the positive or negative closing balance specified in that report by:

- (c) in the case of a positive closing balance, by delivering residue gas off the Pipeline System at a Delivery Point in Zone 3, Zone 4 or Zone 1A and paying any tolls applicable to such deliveries;
- (d) in the case of a negative closing balance, by delivering residue gas to Westcoast at a Receipt Point on the Pipeline System approved by Westcoast; or
- (e) in either case, by making an inventory transfer in accordance with Section 6.17, and paying any tolls required to be paid in accordance with Section 6.20.

If the Shipper fails to correct such closing balance within the time prescribed in this Section, Westcoast may take such action as Westcoast, in its sole discretion, considers necessary or desirable to correct such closing balance, including selling gas to correct a positive closing balance and purchasing gas to correct a negative closing balance. Notwithstanding the expiration or termination of such last Service Agreement, the Shipper shall be liable to pay to Westcoast all costs, including all tolls and gas sale and purchase costs, incurred by Westcoast to correct a closing balance in accordance with this Section.

6.17 Inventory Transfers from Upstream Balancing Accounts. Subject to Section 6.19, a Shipper may transfer all or any portion of a positive closing balance recorded in its Upstream Balancing Account at a point on the Pipeline System to:

- (a) its Upstream Balancing Account having a negative closing balance at another point on the Pipeline System; or
- (b) its Upstream Suspense Account having a negative closing balance at the same point on the Pipeline System.

Subject to Section 6.19, a Shipper may transfer a volume of gas from its Upstream Balancing Account having a positive or negative closing balance at a point on the Pipeline System to the

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Upstream Balancing Account of another Shipper having a positive or negative closing balance at the same point or at another point on the Pipeline System.

- 6.18 Inventory Transfers from Upstream Suspense Accounts. Subject to Section 6.19, a Shipper may transfer all or any portion of a positive closing balance recorded in its Upstream Suspense Account at a point on the Pipeline System to:
- (a) its Upstream Suspense Account having a negative closing balance at another point on the Pipeline System;
 - (b) its Upstream Balancing Account having a negative closing balance at the same point on the Pipeline System;
 - (c) the Upstream Suspense Account of another Shipper having a negative closing balance at another point on the Pipeline System; or
 - (d) the Upstream Suspense Account of another Shipper having a positive or a negative closing balance at the same point on the Pipeline System.
- 6.19 Inventory Transfers. A Shipper shall not make any inventory transfer in accordance with Section 6.17 or Section 6.18 without obtaining the prior approval of Westcoast for the proposed inventory transfer, including the volume of gas to be transferred. Subject to obtaining the approval of Westcoast, a Shipper may make an inventory transfer in accordance with Sections 6.17 and 6.18(b) on any day in a month and in accordance with Sections 6.18(a), 6.18(c) and 6.18(d) only during the period commencing on the twentieth day and ending on the twenty-fifth day in each month.
- 6.20 Tolls on Inventory Transfers. Where a Shipper transfers the positive closing balance recorded in its Upstream Balancing Account or its Upstream Suspense Account at a point on the Pipeline System pursuant to Sections 6.17(a), 6.18(a), 6.18(c) or 6.18(d) and where a Shipper transfers a volume of gas from its Upstream Balancing Account at a point on the Pipeline System to the Upstream Balancing Account of another Shipper at the same point or at another point on the Pipeline System pursuant to Section 6.17, the Shipper shall, in addition to any other charges payable pursuant to a Service Agreement and these General Terms and Conditions, pay to Westcoast the difference greater than zero, if any, between:
- (a) the tolls that would be payable in respect of Transportation Service - Northern by that Shipper, assuming the volume of gas so transferred was transported on an interruptible basis from the point on the Pipeline System from which such volume of gas was so transferred; and
 - (b) the tolls that would be payable in respect of Transportation Service - Northern by that Shipper or by the Shipper to which such volume of gas was so transferred, assuming the volume of gas so transferred was transported on an interruptible basis from the point on the Pipeline System to which such volume of gas was so transferred.

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6.21 Station 2 Gas Accounts. Westcoast will establish and maintain the following accounts for Shippers at Compressor Station No. 2:

- (a) a Supply Account for each Supply Shipper;
- (b) a Non-Supply Account for each Non-Supply Shipper; and
- (c) an Inventory Transfer Account for each Inventory Transfer Shipper.

6.22 Supply and Non-Supply Accounts. Westcoast will record for each day in each Supply Account and in each Non-Supply Account established and maintained for a Shipper in accordance with Section 6.21 the opening balance in the account as at the beginning of the day, and will record in the account for each day:

- (a) the thermal equivalent of the authorized volume of residue gas transmitted through Zone 3 for delivery into the account;
- (b) the thermal equivalent of the volumes of residue gas transferred into the account at Compressor Station No. 2 from the Supply Account, Non-Supply Account or Inventory Transfer Account of another Shipper;
- (c) the thermal equivalent of the volumes of residue gas transferred out of the account at Compressor Station No. 2 into the Supply Account, Non-Supply Account or Inventory Transfer Account of another Shipper; and
- (d) the thermal equivalent of the authorized volume of residue gas, including the required allowance for System Gas, which is delivered out of the account for transmission to a Delivery Point in Zone 3 or Zone 4,

and shall determine the closing balance in the account as at the end of the day.

6.23 Balancing Tolerance Range, Non-Supply Accounts. Westcoast will for each month determine the Balancing Tolerance Range for each Non-Supply Shipper, which Balancing Tolerance Range shall have:

- (a) an upper limit equal to two percent of the Non-Supply Shipper's Average Daily Scheduled Quantity, subject to a maximum of 5,000 gigajoules and a minimum of 500 gigajoules; and
- (b) a lower limit equal to minus two percent of the Non-Supply Shipper's Average Daily Scheduled Quantity, subject to a maximum of minus 5,000 gigajoules and a minimum of minus 500 gigajoules.

6.24 Daily Reporting by Westcoast. Westcoast will after the end of each day provide each Non-Supply Shipper with a report setting out:

- (a) the Shipper's Non-Supply Account Imbalance as at the end of each such day as determined by Westcoast in accordance with Section 6.22; and
- (b) the Shipper's Balancing Tolerance Range for each such day.

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6.25 Non-Supply Shipper Balancing Obligations. Each Non-Supply Shipper for which a Non-Supply Shipper Account has been established in accordance with Section 6.21 shall minimize the incurrence of imbalances in its Non-Supply Account and shall:

- (a) correct its Non-Supply Account Imbalance at the times, in the manner and to the extent required by this Article;
- (b) comply with the requirements of a Shipper Specific OFO issued to it by Westcoast pursuant to Sections 6.10 and 6.11;
- (c) comply with the requirements of a System Wide OFO issued by Westcoast pursuant to Sections 6.10 and 6.12; and
- (d) pay Swing Costs to Westcoast in the amounts determined in accordance with Section 6.15.

The provisions of Sections 6.10, 6.11, 6.12, 6.14 and 6.15 respecting a Shipper Specific OFO, a System Wide OFO, the correction of imbalances by Westcoast and the recovery of Swing Costs shall apply to a Non-Supply Shipper in respect of its Non-Supply Account as if the references in those sections to a Shipper include a reference to a Non-Supply Shipper and the references in those sections to a Cumulative Supply Imbalance include a reference to a Non-Supply Account Imbalance.

6.26 Correction of Imbalances by Non-Supply Shippers. If Westcoast issues:

- (a) a Shipper Specific OFO to one or more Non-Supply Shippers in accordance with Sections 6.10 and 6.11; or
- (b) a System Wide OFO to all Shippers in accordance with Sections 6.10 and 6.12,

each Non-Supply Shipper to which such order is issued shall take action to correct its Non-Supply Account Imbalance so as to comply with the requirements of such order by:

- (c) increasing or decreasing its deliveries of residue gas into its Non-Supply Account; or
- (d) increasing or decreasing its deliveries of residue gas out of its Non-Supply Account to a Delivery Point in Zone 3 or Zone 4; or
- (e) making a transfer of residue gas to, or receiving a transfer of residue gas from, the Supply Account, Non-Supply Account or Inventory Transfer Account of another Shipper at Compressor Station No. 2.

6.27 Termination of Service Agreements, Non-Supply Shippers. If, from time to time following the expiration or termination of the last Service Agreement under which residue gas is delivered for the account of a Non-Supply Shipper to or from Compressor Station No. 2, there is a positive or negative closing balance in the Non-Supply Shipper's Non-Supply Account, Westcoast will provide the Non-Supply Shipper with a report setting out the closing balance in its Non-Supply Account. Within three days of the receipt of the report provided by Westcoast in accordance with this Section, the Non-Supply Shipper shall, notwithstanding the expiration

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or termination of such last Service Agreement, correct the positive or negative closing balance specified in that report by:

- (a) in the case of a positive closing balance, by delivering residue gas off the Pipeline System at a Delivery Point in Zone 3 or Zone 4 and paying any tolls applicable to such deliveries;
- (b) in the case of a negative closing balance, by delivering residue gas to Westcoast at Compressor Station No. 2 and paying any tolls applicable to such deliveries; or
- (c) in either case, by making a transfer of residue gas to, or receiving a transfer of residue gas from, the Supply Account, Non-Supply Account or Inventory Transfer Account of another Shipper at Compressor Station No. 2.

If the Non-Supply Shipper fails to correct such closing balance within the time prescribed in this Section, Westcoast may take such action as Westcoast, in its sole discretion, considers necessary or desirable to correct such closing balance, including selling gas to correct a positive closing balance and purchasing gas to correct a negative closing balance. Notwithstanding the expiration or termination of such last Service Agreement, the Non-Supply Shipper shall be liable to pay to Westcoast all costs, including all tolls and gas sale and purchase costs, incurred by Westcoast to correct a closing balance in accordance with this Section.

6.28 Inventory Transfer Accounts. Westcoast will record for each day in each Inventory Transfer Account established and maintained for an Inventory Transfer Shipper in accordance with Section 6.21:

- (a) the thermal equivalent of the volume of residue gas transferred into the account at Compressor Station No. 2 from the Supply Account, Non-Supply Account or Inventory Transfer Account of another Shipper; and
- (b) the thermal equivalent of the volume of residue gas transferred out of the account at Compressor Station No. 2 into the Supply Account, Non-Supply Account or Inventory Transfer Account of another Shipper,

and shall determine the closing balance in the account as at the end of the day.

6.29 Imbalances, Inventory Transfer Accounts. Notwithstanding any other provision of these General Terms and Conditions, an Inventory Shipper shall not under any circumstances incur an imbalance in its Inventory Transfer Account at the end of any day.

6.30 Correction of Imbalances by Westcoast. If an Inventory Transfer Shipper incurs an imbalance in its Inventory Transfer Account at the end of any day, then, notwithstanding any other provision of a Service Agreement or these General Terms and Conditions, Westcoast may decrease the thermal equivalent of the volumes of residue gas transferred into or out of the Inventory Transfer Account on any such day in order to correct the imbalance incurred by the Inventory Transfer Shipper at the end of any such day.

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6.31 Liabilities. If Westcoast corrects a Shipper's Cumulative Supply Imbalance in accordance with Section 6.14, corrects a Non-Supply Shipper's Non-Supply Account Imbalance in accordance with Sections 6.14 and 6.25 or corrects an imbalance in an Inventory Transfer Account in accordance with Section 6.30, Westcoast shall not have any liability whatsoever to the Shipper, Non-Supply Shipper or Inventory Transfer Shipper arising out of the correction so made by Westcoast and, without restricting the generality of the foregoing, shall not be liable to give the Shipper any credits in accordance with Article 8 by reason of correcting any such Cumulative Supply Imbalance or Non-Supply Account Imbalance.

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GENERAL TERMS AND CONDITIONS - SERVICE**ARTICLE 7
ZONE 4 AND ZONE 3 DIVERSIONS, HUNTINGDON DELIVERY AREA,
AND DELIVERY AND RECEIPT TRANSFERS**

- 7.01 Zone 4 Diversions. Subject to Section 3.04, Westcoast will, at the request of a Shipper given in a nomination made in the Timely Nomination Cycle, the Evening Nomination Cycle or an Intra-Day Nomination Cycle pursuant to Section 4.05, authorize the delivery of the volumes of gas in respect of which the nomination is given under a Firm Service Agreement
- (a) to a Delivery Point within the Huntingdon Delivery Area other than the Delivery Point within that area specified in the Firm Service Agreement;
 - (b) to an Upstream Delivery Point instead of the Delivery Point in Zone 4 specified in the Firm Service Agreement; or
 - (c) to a Downstream Delivery Point instead of the Delivery Point in Zone 4 specified in the Firm Service Agreement.
- 7.02 Tolls, Upstream Diversions. Where volumes of gas are diverted to an Upstream Delivery Point in accordance with Section 7.01(b), the Shipper shall pay to Westcoast the Demand Tolls payable for service to the Delivery Point specified in the Firm Service Agreement plus the amount of tax on fuel gas consumed in operations applicable pursuant to the Toll Schedules to gas delivered from the Receipt Point specified in the Firm Service Agreement to the Upstream Delivery Point.
- 7.03 Toll Differential, Downstream Diversions. Where volumes of gas are diverted to a Downstream Delivery Point in accordance with Section 7.01(c), the Shipper shall, in addition to the tolls and other amounts payable pursuant to the Toll Schedules in respect of gas delivered to the Delivery Point specified in the Firm Service Agreement, also pay to Westcoast in respect of the gas so diverted an amount equal to the difference between:
- (a) the Commodity Tolls and the taxes on fuel gas that would be payable pursuant to the Toll Schedules for Interruptible Service for gas delivered from the Receipt Point specified in the Firm Service Agreement to the Downstream Delivery Point; and
 - (b) the Commodity Tolls and the taxes on fuel gas that would be payable pursuant to the Toll Schedules for Interruptible Service for gas delivered from the Receipt Point specified in the Firm Service Agreement to the Delivery Point specified in that agreement.
- 7.04 Delivery Transfers, Huntingdon Delivery Area. Unless restricted by Westcoast by means of a notice given to all Shippers at least two hours prior to the time fixed for the giving of a nomination in accordance with Sections 4.05, 4.10 and 4.11, a Shipper which has entered into a Firm Service Agreement or an Interruptible Service Agreement with Westcoast providing for the delivery of gas to a Delivery Point within the Huntingdon Delivery Area may request Westcoast to deliver gas on any day pursuant to that Service Agreement to or for the account of a Receiving Shipper within the Huntingdon Delivery Area, and the Receiving Shipper may request Westcoast to authorize the delivery of such gas to or for its account

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either at the Delivery Point specified in the Service Agreement or at another Delivery Point within the Huntingdon Delivery Area provided:

- (a) the originating Shipper gives Westcoast the required form of nomination in accordance with Sections 4.05 and 4.06; and
- (b) the Receiving Shipper gives Westcoast the required form of nomination in accordance with Sections 4.05 and 4.06.

Where an originating Shipper and a Receiving Shipper request Westcoast to authorize the delivery of gas to or for the account of the Receiving Shipper pursuant to this Section:

- (c) the nominations given by the originating Shipper and the Receiving Shipper and the authorizations given by Westcoast in respect of those nominations shall, for all purposes of these General Terms and Conditions including, without limitation, Sections 3.04, 3.05 and 3.07, be deemed conclusively to be nominations and authorizations given under the Service Agreement between the originating Shipper and Westcoast; and
- (d) the delivery of gas by Westcoast to or for the account of the Receiving Shipper at a Delivery Point within the Huntingdon Delivery Area shall, for all purposes of the Service Agreement between the originating Shipper and Westcoast and of these General Terms and Conditions, constitute delivery of that gas by Westcoast to or for the account of the originating Shipper in accordance with that Service Agreement.

7.05 Receipt Transfers, Zone 3 and Zone 4. A Shipper which has entered into a Firm Service Agreement or an Interruptible Service Agreement providing for service from a Receipt Point in Zone 3 or Zone 4 at which the Shipper delivers residue gas into the Pipeline System may request Westcoast, in lieu of Transportation Service or Short Term Firm Service from that Receipt Point, to authorize the delivery of gas into the Pipeline System at that Receipt Point, up to the Contract Demand specified in the Firm Service Agreement or up to the maximum daily volume specified in the Interruptible Service Agreement, for transfer at that same Receipt Point to a Receiving Shipper for ongoing transmission to a Delivery Point in Zone 3, Zone 4 or Zone 1A on any day provided:

- (a) the originating Shipper gives Westcoast the required form of nomination in accordance with Sections 4.05 and 4.06;
- (b) the Receiving Shipper gives Westcoast the required form of nomination in accordance with Sections 4.05 and 4.06; and
- (c) the Receiving Shipper, or any other Receiving Shipper to which the gas is transferred at the Receipt Point in accordance with this Section, has given Westcoast a nomination to transmit the gas to a Delivery Point in Zone 3, Zone 4 or Zone 1A pursuant to a Service Agreement.

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Where Westcoast authorizes the transfer of gas to one or more Receiving Shippers at a Receipt Point in accordance with this Section:

- (d) all of the General Terms and Conditions including, without limitation, Articles 6 and 25 shall apply to the originating Shipper in respect of the gas received into the Pipeline System at the Receipt Point and so transferred for its account at the Receipt Point; and
- (e) all of the General Terms and Conditions other than Articles 6 and 25 shall apply to each Receiving Shipper in respect of the gas so transferred for its account at the Receipt Point.

7.06 Equivalent Point Diversions. Subject to Section 3.03, Westcoast will at the request of a Shipper given in a nomination made in the Timely Nomination Cycle, the Evening Nomination Cycle or an Intraday Nomination Cycle pursuant to Section 4.05, authorize the delivery of the volume of gas in respect of which the nomination is given under a Firm Service Agreement:

- (a) by Westcoast to a Delivery Point in Zone 3 which is an Equivalent Delivery Point to that specified in the Firm Service Agreement; or
- (b) to Westcoast at a Receipt Point in Zone 3 which is an Equivalent Receipt Point to that specified in the Firm Service Agreement.

For the purposes of this Section 7.06:

- (c) each of Delivery Point No. 92 (the NOVA/Gordondale Interconnection) and Delivery Point No. 3295 (the Alliance/Gordondale Interconnection) is an Equivalent Delivery Point to the other;
- (d) each of Receipt Point No. 560 (the McMahon Processing Plant outlet) and Receipt Point No. 2243 (the Straddle Plant Receipt Point) is an Equivalent Receipt Point to the other;
- (e) each of Receipt Point No. 4963 (Groundbirch #1), Receipt Point No. 8726 (Groundbirch #2) and Receipt Point No. 9866 (Groundbirch #3) is an Equivalent Receipt Point to the others;
- (f) each of Receipt Point No. 9207 (Farrell Creek) and Receipt Point No. 11626 (Farrell Creek #2) is an Equivalent Receipt Point to the other; and
- (g) each of Receipt Point No. 375 (West Doe) and Receipt Point No. 8626 (West Doe Plant) is an Equivalent Receipt Point to the other.

7.07 Other Zone 3 Diversions. Subject to Section 3.03 and operating conditions on the Pipeline System, and notwithstanding the provisions of Article 9 respecting Temporary In Path Relocations and Temporary Out of Path Relocations, Westcoast will at the request of a Shipper which:

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- (a) has entered into a Service Agreement providing for Firm Transportation Service – Northern, Long Haul; and
- (b) has given a nomination therefor to Westcoast in the Timely Nomination Cycle, the Evening Nomination Cycle or an Intraday Nomination Cycle pursuant to Section 4.05,

authorize an In Path Diversion or an Out of Path Diversion of such Firm Transportation Service – Northern, Long Haul, to an alternate Receipt Point in Zone 3 and/or an alternate Delivery Point in Zone 3 provided that any such diversion does not result in any change in the direction of flow of the service through the Pipeline System from that of the currently contracted Firm Transportation Service – Northern, Long Haul and provided that the service as so diverted continues to be provided along all or part of the route of the currently contracted Firm Transportation Service – Northern, Long Haul.

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GENERAL TERMS AND CONDITIONS - SERVICE**ARTICLE 8
CONTRACT DEMAND CREDITS**

- 8.01 Fuel Gas Service. Subject to Section 8.04, if Westcoast is unable to provide a Shipper with all of the Firm Fuel Gas Service nominated by the Shipper for any day in a month, the Shipper will be entitled to a credit for that day in respect of each such service equal to the product obtained by multiplying the applicable Daily Demand Toll by the amount, if any, by which the sum of (i) the volume of residue gas which the Shipper nominated in good faith in the Timely and Evening Nomination Cycles up to the Contract Demand and (ii) the additional volume of residue gas which the Shipper nominated in good faith in the Intra-Day 1 Nomination Cycle, up to a volume equal to that determined by multiplying the difference between the Contract Demand and the volume of residue gas so nominated in the prior Nomination Cycles by two-thirds, exceeds the actual volume of residue gas for which Westcoast authorized such service on any such day, but a Shipper will not be entitled to any such credits if the inability of Westcoast to authorize such service resulted from the performance of planned maintenance by Westcoast.
- 8.02 Firm Service, Zone 3. Subject to Sections 8.04 and 8.06, if Westcoast is unable to provide a Shipper with any Firm Transportation Service – Northern, Temporary Firm Service or Short Term Firm Service in Zone 3 nominated by the Shipper for any day in a month, the Shipper will be entitled to a credit determined for any such day in accordance with the following provisions:
- (a) if no notice respecting a restriction in service was in effect prior to the time specified in Section 4.11 for giving of nominations in the Intra-Day 1 Nomination Cycle for any such day, the Shipper will be entitled to a credit in respect of that day equal to the product obtained by multiplying the applicable Daily Demand Toll by the amount, if any, by which the sum of (i) the volume of residue gas nominated in good faith by the Shipper in the Timely and Evening Nomination Cycles, up to a volume equal to that determined by multiplying the Contract Demand by the applicable Transmission Reliability Percentage, and (ii) the additional volume of residue gas nominated in good faith by the Shipper in the Intra-Day 1 Nomination Cycle, up to a volume equal to that determined by multiplying the difference between the Contract Demand and the volume of residue gas so nominated in the prior Nomination Cycles by two-thirds and by the applicable Transmission Reliability Percentage, exceeds the actual volume of residue gas for which Westcoast authorized such service on that day; and
 - (b) if Westcoast gave a notice that such service was restricted to a volume less than the Contract Demand and such notice was in effect at the time specified in Section 4.11 for the giving of nominations in the Intra-Day 1 Nomination Cycle for any such day, the Shipper will be entitled to a credit in respect of that day equal to the product obtained by multiplying the applicable Daily Demand Toll by the amount, if any, by which (i) the average of the daily volumes of such Firm Transportation Service – Northern, Temporary Firm Service and Short Term Firm Service authorized by Westcoast for the Shipper, up to a volume equal to that determined by multiplying the Contract Demand by the applicable Transmission Reliability Percentage, for the immediately preceding three days on which there was no such restriction on such service, exceeds (ii) the actual volume of residue gas for which Westcoast authorized such service on that day.

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8.03 Firm Service, Zone 4. Subject to Section 8.04, if Westcoast is unable to provide a Shipper with any Firm Transportation Service - Southern or Short Term Firm Service in Zone 4 nominated by the Shipper for any day in a month, the Shipper will be entitled to a credit determined for any such day in accordance with the following provisions:

- (a) if no notice respecting a restriction in service was in effect at the applicable time specified in Section 4.11 for the giving of nominations in the Intra-Day 1 Nomination Cycle for any such day, the Shipper will be entitled to a credit in respect of that day equal to the product obtained by multiplying the applicable Daily Demand Toll by the amount, if any, by which the sum of (i) the volume of residue gas nominated in good faith by the Shipper in the Timely and Evening Nomination Cycles, up to a volume equal to that determined by multiplying the Contract Demand by the applicable Transmission Reliability Percentage, and (ii) the additional volume of residue gas nominated in good faith by the Shipper in the Intra-Day 1 Nomination Cycle, up to a volume equal to that determined by multiplying the difference between the Contract Demand and the volume of residue gas so nominated in the prior Nomination Cycles by two-thirds and by the applicable Transmission Reliability Percentage, exceeds the actual volume of residue gas for which Westcoast authorized such service on that day; and
- (b) if Westcoast gave a notice that such service was restricted to a volume less than the Contract Demand and such notice was in effect at the time specified in Section 4.11 for the giving of nominations in the Intra-Day 1 Nomination Cycle for any such day, the Shipper will be entitled to a credit in respect of that day equal to the product obtained by multiplying the applicable Daily Demand Toll by the amount, if any, by which (i) the average of the daily volumes of such Firm Transportation Service - Southern and Short Term Firm Service authorized by Westcoast for the Shipper, up to a volume equal to that determined by multiplying the Contract Demand by the applicable Transmission Reliability Percentage, for the immediately preceding three days on which there was no such restriction on such service, exceeds (ii) the actual volume of residue gas for which Westcoast authorized such service on that day.

8.04 Exceptions. A Shipper shall not be entitled to any credits under Sections 8.01, 8.02 and 8.03, if or to the extent that the inability of Westcoast to provide any Firm Service to the Shipper resulted from:

- (a) the failure of the Receiving Party to confirm that it will take delivery of the gas to be delivered by Westcoast to or for the account of the Shipper or to take delivery of the volume of gas authorized by Westcoast at the Delivery Point at the applicable pressure prescribed in these General Terms and Conditions;
- (b) the inability of Westcoast to confirm to its satisfaction pursuant to Section 3.07(g) that the Shipper, or the Receipt Point Operator on its behalf, will be capable of fulfilling its obligations under Sections 4.14, 4.15(a) and 4.15(b) or the failure by the Shipper or the Receipt Point Operator on its behalf, to deliver gas to Westcoast at the Receipt Point in accordance with these General Terms and Conditions; or
- (c) the inability of Westcoast to authorize or provide service in any other Zone of the Pipeline System by reason of an event or circumstance occurring in that other Zone.

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- 8.05 Firm Service, Zones 1 and 2. A Shipper which has entered into a Service Agreement providing for Firm Service in Zone 1 and Zone 2, will only be entitled to such credits as are determined in accordance with Schedule B.
- 8.06 Service to the Straddle Plant Delivery Point. For the purposes of determining the amount of any Contract Demand Credits in accordance with Section 8.02 in respect of Firm Transportation Service - Northern with a Delivery Point at the Straddle Plant Delivery Point, the volume differential to be used in the calculation of those credits shall be a volume of gas equal to the product obtained by multiplying the applicable volume differential specified in Section 8.02 by the Straddle Plant Shrinkage Factor.

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**ARTICLE 9
CAPACITY ALLOCATION AND RELOCATIONS**

- 9.01 Application. The provisions of this Article apply to the allocation of all capacity which becomes available in Zones 3 and 4 for any reason, including the failure of a Shipper to exercise renewal rights in respect of any Firm Transportation Service in accordance with Section 2.06, and to Permanent In Path Relocations and Temporary In Path Relocations, but does not apply to the allocation of any capacity which becomes available through the construction of new facilities or which is required for Short Term Firm Service.
- 9.02 Allocation Priorities. Available capacity in Zones 3 and 4 which is posted by Westcoast on its public bulletin board in any month in accordance with Section 9.04 and Permanent In Path Relocations and Temporary In Path Relocations will be awarded by Westcoast in accordance with the provisions of this Article in the following priority and sequence:
- (a) first priority shall be given to new Firm Transportation Service, which shall be awarded by Westcoast in accordance with Sections 9.08 and 9.09;
 - (b) second priority shall be given to Temporary Firm Service, which shall be awarded by Westcoast in accordance with Sections 9.08 and 9.09.
 - (c) third priority shall be given to Permanent In Path Relocations, which shall be awarded by Westcoast in accordance with Section 9.11;
 - (d) fourth priority shall be given to Temporary In Path Relocations, which shall be awarded by Westcoast in accordance with Section 9.12;
 - (e) fifth priority shall be given to Permanent Out of Path Relocations, for which the consideration is a Term Extension, which shall be awarded by Westcoast in accordance with Section 9.13;
 - (f) sixth priority shall be given to Permanent Out of Path Relocations for which the consideration is a Relocation Fee, which shall be awarded by Westcoast in accordance with Section 9.13; and
 - (g) seventh priority shall be given to Temporary Out of Path Relocations, which shall be awarded by Westcoast in accordance with Section 9.14.
- 9.03 Limitations on Relocations. Notwithstanding the provisions of Sections 9.04 to 9.07, Sections 9.11 to 9.14 and Section 9.16:
- (a) no bid shall be submitted in respect of a Relocation pursuant to Section 9.05 and no Relocation shall be awarded by Westcoast in accordance with this Article if the effect of any such Relocation would be (i) to convert any Transportation Service – Northern, Long Haul to Transportation Service – Northern, Short Haul or vice versa or (ii) to effect a Relocation of any Temporary Firm Service;

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- (b) no bid shall be submitted for any Permanent In Path Relocation or Permanent Out of Path Relocation, and no such Relocation shall be awarded by Westcoast pursuant to Section 9.11 or Section 9.13, unless, at the time such bid is submitted, the Firm Transportation Service – Northern to be relocated is renewable in accordance with Section 2.06;
- (c) no bid shall be submitted for any Permanent Out of Path Relocation for which the consideration is a Term Extension, and no such Relocation shall be awarded by Westcoast pursuant to Section 9.13, unless the Term Extension specified in such bid is one or more whole years;
- (d) no bid shall be submitted in respect of a Permanent Out of Path Relocation for which the consideration is a Relocation Fee, and no such Relocation shall be awarded by Westcoast in accordance with Section 9.13, unless, at the time such bid is submitted, the remaining term of the Firm Transportation Service – Northern is not less than three years;
- (e) all bids submitted in respect of any Relocations shall be subject to meter station capacity and other capacity constraints on the Pipeline System; and
- (f) all Temporary In Path Relocations and all Temporary Out of Path Relocations awarded by Westcoast in accordance with this Article shall be effective only for the month immediately following the day on which the Relocation was awarded by Westcoast.

9.04 Notification by Westcoast. On or before the 15th day of each month, Westcoast will post on its public bulletin board all capacity available in Zones 3 and 4 on and after the first day of the next succeeding month, together with the parameters which define the scope of the available capacity including:

- (a) the Contract Demand;
- (b) the sections of the Pipeline System within Zones 3 and 4 on which the capacity is available; and
- (c) the commencement and termination dates of the term during which such capacity is available,

and will also post the electronic mail address to which bids are to be submitted in accordance with Section 9.05.

9.05 Bids. Bids for available capacity in Zones 3 and 4 and bids for Permanent In Path Relocations and Temporary In Path Relocations shall be submitted to Westcoast at the electronic mail address posted by Westcoast in accordance with Section 9.04, prior to 1600 hours CCT on the fifth Business Day following the day upon which Westcoast posted the available capacity in accordance with Section 9.04. Each bid shall be unconditional and shall specify the parameters required to define the bid and, in the case of a bid for Firm Transportation Service or Temporary Firm Service, shall include:

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- (a) the Contract Demand which the bidder desires to secure;
- (b) the minimum Contract Demand which the bidder is prepared to accept;
- (c) the term for which the bidder requires the Firm Transportation Service or Temporary Firm Service and the commencement date of that term if it is different from that specified by Westcoast; and
- (d) the Receipt Point and the Delivery Point for the service,

and, in the case of a Relocation, shall include:

- (e) the Contract and Line number for the existing Firm Transportation Service – Northern;
- (f) the existing Receipt Point and Delivery Point for such service;
- (g) the requested Receipt Point and/or Delivery Point;
- (h) in the case of a Permanent Out of Path Relocation of Firm Transportation Service – Northern for which the consideration is a Term Extension, the Term Extension proposed by the Shipper; and
- (i) in the case of a Permanent Out of Path Relocation of Firm Transportation Service – Northern for which the consideration is a Relocation Fee, the Relocation Fee payable in respect of such Relocation.

9.06 Additional Bid Provisions. The following provisions shall apply to bids made in accordance with Section 9.05 in respect of capacity for Firm Transportation Service, Temporary Firm Service and Relocations:

- (a) For the purposes of the evaluation by Westcoast in accordance with Section 9.08 of bids in respect of capacity for Firm Transportation Service and Temporary Firm Service, all such bids will be deemed to have been submitted at the currently applicable Demand Toll for such service.
- (b) A bidder may submit multiple bids in respect of capacity for Firm Transportation Service or Temporary Firm Service having the same Receipt Point and Delivery Point provided that each such bid is unconditional and is not made as an alternative to any other bid submitted by such bidder.
- (c) Except for the name of the bidder, all bids submitted to Westcoast shall be open to public examination.

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9.07 Withdrawal and Amendment of Bids. The following provisions shall apply to the withdrawal of bids for capacity for Firm Transportation Service, Temporary Firm Service and Permanent Out of Path Relocations:

- (a) A bidder may withdraw any bid for capacity for Firm Transportation Service, Temporary Firm Service or for a Permanent Out of Path Relocation which has been posted to the public bulletin board at any time prior to the time specified in Section 9.05. Thereafter, a bid shall be irrevocable.
- (b) Where a bidder withdraws a bid in respect of capacity for Firm Transportation Service, Temporary Firm Service or a Permanent Out of Path Relocation, the bidder shall not be entitled to submit a new bid for the same capacity having a lower economic value than the prior bid which was withdrawn.

9.08 Award of Firm Service. Westcoast will evaluate each bid in respect of capacity for Firm Transportation Service and for Temporary Firm Service submitted in compliance with Sections 9.05 and 9.06 on the basis of its unit economic value. The unit economic value of each such bid for Firm Transportation Service shall be the net present value of the currently applicable Demand Toll for Firm Transportation Service having the term specified in the bid, discounted at the Discount Rate. The unit economic value of each such bid for Temporary Firm Service shall be the currently applicable Demand Toll for that service. Following evaluation of the bids, Westcoast will, subject to the limitations set out in Section 9.20, first award Firm Transportation Service and then award Temporary Firm Service, in each case on the basis of the economic value of the bids received for each such service by allocating it to the bid having the highest economic value and to other bids in descending order of economic value until all the available capacity has been allocated or until all valid bids have been accepted by Westcoast. If the economic values of two or more bids are equal, Westcoast will determine the priority of those bids by applying one or more of the following criteria:

- (a) the bid with the earliest commencement date will be given the highest priority; and
- (b) the bid with the longest term will be given the highest priority.

Westcoast will notify each successful bidder of the Firm Transportation Service and Temporary Firm Service awarded to it.

9.09 Allocation Between Equal Bids for Firm Service. If, following the application of the criteria in Section 9.08, Westcoast determines that two or more bids in respect of capacity for Firm Transportation Service or Temporary Firm Service remain equal, Westcoast will allocate the available capacity for Firm Transportation Service or Temporary Firm Service in accordance with the following procedures:

- (a) Westcoast will offer the available capacity to the affected bidders pro rata on the basis of the Contract Demands specified in their bids.
- (b) Affected bidders which accept or are deemed to have accepted the capacity for Firm Transportation Service or Temporary Firm Service offered by Westcoast will be offered a pro rata share in any capacity for such service not accepted by another bidder, until they have been allocated the entire Contract Demand specified in their respective bids.

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- (c) Any remaining capacity which has not been awarded in accordance with Subsection (b) will be allocated by way of lottery to those affected bidders which rejected the allocation of Firm Transportation Service or Temporary Firm Service made in accordance with Subsection (a). Firm Transportation Service or Temporary Firm Service up to the Contract Demand specified in the bids submitted in accordance with Sections 9.05 and 9.06 will be offered sequentially to those bidders in the order in which they are selected by lottery.
- 9.10 Acceptance of Firm Service by Bidder. If Westcoast awards or offers Firm Transportation Service or Temporary Firm Service to a bidder pursuant to this Article and if that Firm Transportation Service or Temporary Firm Service is for a Contract Demand which is less than the minimum Contract Demand specified in the bid submitted in accordance with Sections 9.05 and 9.06, the bidder shall notify Westcoast of its acceptance of that Firm Transportation Service or Temporary Firm Service within the time specified by Westcoast in its notice of the award or offer, failing which the bidder shall be deemed conclusively to have declined the award or offer. If the Firm Transportation Service or Temporary Firm Service awarded or offered to a bidder by Westcoast is equal to or exceeds the minimum Contract Demand specified in the bid submitted, the bidder shall be deemed conclusively to have accepted the award or offer.
- 9.11 Award of Permanent In Path Relocations. Subject to meter station capacity and other capacity constraints, Westcoast will award all Permanent In Path Relocations requested by Shippers by means of a bid submitted in compliance with Sections 9.03, 9.05 and 9.06. If there is a meter station capacity restriction or other capacity constraint, Westcoast will award the available capacity to the Shippers which submitted valid bids pro rata on the basis of the Contract Demand for the service in respect of which the bid was submitted.
- 9.12 Award of Temporary In Path Relocations. Subject to meter station capacity and other capacity constraints, Westcoast will award all Temporary In Path Relocations requested by Shippers by means of a bid submitted in compliance with Sections 9.03, 9.05 and 9.06. If there is a meter station capacity restriction or other capacity constraint, Westcoast will award the available capacity to the Shippers which submitted valid bids pro rata on the basis of the Contract Demand for the service in respect of which the bid was submitted.
- 9.13 Award of Permanent Out of Path Relocations. Subject to meter station capacity and other capacity constraints, Westcoast will award Permanent Out of Path Relocations requested by Shippers by means of a bid submitted in compliance with Sections 9.03, 9.05 and 9.06 on the following basis:
- (a) Westcoast will first award Permanent Out of Path Relocations for which the consideration is a Term Extension, with the highest priority being given to the longest Term Extension and, where there are capacity limitations, pro rata on the basis of the Contract Demand for such service to be relocated in respect of bids having the same Term Extension; and
 - (b) Westcoast will then award Permanent Out of Path Relocations for which the consideration is a Relocation Fee and, where there are capacity limitations, pro rata on the basis of the Contract Demand for such service to be relocated.

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- 9.14 Award of Temporary Out of Path Relocations. Subject to meter station capacity and other capacity constraints, Westcoast will award Temporary Out of Path Relocations of Firm Transportation Service – Northern requested by Shippers by means of a bid submitted in compliance with Sections 9.03, 9.05 and 9.06 pro rata on the basis on the Contract Demand for the Firm Transportation Service – Northern in respect of which bids were submitted.
- 9.15 Service Agreements. A bidder which accepts or which is deemed to have accepted Firm Transportation Service or Temporary Firm Service in accordance with Section 9.10 shall be bound to take up and pay for that Firm Transportation Service or Temporary Firm Service and, if so required by Westcoast, to provide security for payment in accordance with Section 10.08. Westcoast will forward to each such bidder a Service Agreement providing for the Firm Transportation Service or Temporary Firm Service so accepted for the term specified in the bid submitted in accordance with Section 9.05. The bidder shall be obligated to execute and return the Service Agreement, without modification or amendment, together with the security required by Westcoast in accordance with Section 10.08, within five Business Days of its receipt thereof, but in any event no later than two Business Days prior to the commencement of the Firm Transportation Service or Temporary Firm Service. If Westcoast provides the Firm Transportation Service or Temporary Firm Service to the bidder prior to receipt of the executed Service Agreement and security for payment required by Westcoast in accordance with Section 10.08, then:
- (a) the bidder shall be deemed conclusively, without further act or formality, to have entered into a Service Agreement with Westcoast for the Firm Transportation Service or Temporary Firm Service which the bidder accepted or is deemed to have accepted; and
 - (b) if the bidder fails to provide the security for payment required by Westcoast within three days of the commencement of the Firm Transportation Service or Temporary Firm Service, Westcoast may, notwithstanding any other provision of these General Terms and Conditions, suspend the authorization and delivery of gas to the Shipper until the required security for payment has been provided or terminate the Service Agreement immediately without notice to the Shipper. Notwithstanding the termination of the Service Agreement, the bidder shall be liable to Westcoast for any Firm Transportation Service or Temporary Firm Service provided to the bidder prior to the termination of the Service Agreement.
- 9.16 Service Agreement Amendments for Relocations. A Shipper which has been awarded a Relocation in accordance with Section 9.11, 9.12, 9.13 or 9.14 shall be required to enter into an amendment to the applicable Service Agreement and, if so required by Westcoast in the case of a Permanent Out of Path Relocation or a Temporary Out of Path Relocation, to provide security or additional security for payment in accordance with Section 10.08. Westcoast will forward to each such Shipper an amendment to its Service Agreement providing for the awarded Relocation. The Shipper shall execute the amendment, without any modification, and shall return the amendment together with the security or additional security required by Westcoast in accordance with Section 10.08 and, in the case of a Permanent Out of Path Relocation awarded pursuant to Section 9.14(b), with payment of the Relocation Fee for such Relocation within two days of its receipt thereof, but in any event no later than two Business Days prior to the day on which the Relocation is to become effective. If the Shipper fails to return the executed amendment to its Service Agreement, the security or additional security required by Westcoast and, where applicable, payment of the

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Relocation Fee within the time specified in this Section, the Relocation awarded to the Shipper by Westcoast shall be deemed conclusively to be void and of no further effect.

- 9.17 Designation of Bid Recipient. If Westcoast determines that it would be desirable to do so, Westcoast may designate a Bid Recipient as Westcoast's agent to receive all bids to be submitted in any month in accordance with Section 9.05. Where Westcoast designates a Bid Recipient to receive bids for any month in accordance with this Section, Westcoast will specify the name and electronic mail address of the Bid Recipient in the notification posted in accordance with Section 9.04, and all bids for capacity shall be submitted to the Bid Recipient prior to the time specified in Section 9.05.
- 9.18 Exception, Zone 4 Capacity. Notwithstanding the provisions of Sections 9.03, 9.04, 9.05 and 9.06 requiring the submission of a bid in connection with a posting of available capacity by Westcoast, and notwithstanding the provisions of Section 9.08 and 9.09 respecting the evaluation of bids for available capacity and the awarding of capacity to the bids received, Westcoast may at any time receive a request from a prospective Shipper for Firm Transportation Service in Zone 4 from a Receipt Point at Compressor Station No. 2 to a Delivery Point within the Huntingdon Delivery Area or the Inland Delivery Area or for Enhanced T-South Service (as defined in the Tariff Supplement, Enhanced T-South Service) and may, subject to the limitations set out in Section 9.20, make an award of such Firm Transportation Service or Enhanced T-South Service to a prospective Shipper provided that, after any such award of service is made by Westcoast, the available capacity in Zone 4 between Compressor Station No. 2 and the Huntingdon Delivery Area is not less than 4 249.2 10³m³. A request for such Firm Transportation Service in Zone 4 or for such Enhanced T-South Service submitted to Westcoast in accordance with this Section 9.18 shall specify:
- (a) the Contract Demand which the prospective Shipper requires;
 - (b) the minimum Contract Demand which the prospective Shipper is prepared to accept;
 - (c) the commencement date of the term for which the prospective Shipper requires such service, which commencement date shall be the first day of a month occurring within 60 days of the date on which the request is submitted to Westcoast; and
 - (d) the term for which the prospective Shipper requires such service, which term shall be a period of one year ending on October 31, a period of 17 to 19 months, a period of two years or a period in excess of two years,

and shall be submitted to Westcoast by E-mail at WEIcapacity@spectraenergy.com. Westcoast will award such Firm Transportation Service in Zone 4 and Enhanced T-South Service in accordance with this Section 9.18 on a first come, first served basis, based on the date and time at which each request for service is received by Westcoast. The provisions of Sections 9.10 and 9.15 respecting the acceptance of Firm Transportation Service awarded, Service Agreements and security for payment apply to any such Firm Transportation Service in Zone 4 and Enhanced T-South Service awarded by Westcoast in accordance with this Section 9.18.

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- 9.19 Exception, Permanent In Path Relocations. Notwithstanding the limitation in Section 9.03(a)(i), a Shipper may submit a bid in accordance with Section 9.05 for a Permanent In Path Relocation of Firm Transportation Service – Northern which has the effect of converting that service from Transportation Service – Northern, Long Haul to Transportation Service – Northern, Short Haul, and Westcoast may award such a Permanent In Path Relocation to the Shipper in accordance with Section 9.11, if the Shipper agrees in the amendment to the applicable Service Agreement referred to in Section 9.16 to continue to pay to Westcoast in respect of the Firm Transportation Service – Northern as so relocated and the AOS attributed to such relocated Firm Transportation Service – Northern, the Demand Tolls for Firm Transportation Service – Northern, Long Haul and the Commodity Tolls for AOS, Long Haul, respectively, which are in effect from time to time in accordance with the Toll Schedule for Transportation Service – Northern, Long Haul and Short Haul, and Temporary Firm Service.
- 9.20 Limitations on Certain Service Awards. Awards made by Westcoast after August 12, 2013 pursuant to Section 9.06 and 9.18 of:
- (a) Firm Transportation Service in Zone 4 from a Receipt Point at Compressor Station No.2 to a Delivery Point within the Huntingdon Delivery Area having a term of 17 to 19 months shall not exceed an aggregate Contract Demand of $8\,101.8\ 10^3\text{m}^3$;
 - (b) Firm Transportation Service in Zone 4 from a Receipt Point at Compressor Station No.2 to a Delivery Point within the Inland Delivery Area having a term of 17 to 19 months shall not exceed an aggregate Contract Demand of $283.3\ 10^3\text{m}^3$; and
 - (c) Enhanced T South Service having a term of 17 to 19 months shall not exceed an aggregate Contract Demand of $396.6\ 10^3\text{m}^3$.

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**ARTICLE 10
STATEMENTS, PAYMENTS, AUDITS AND SECURITY FOR PAYMENT**

- 10.01 Statements, Deliveries at Receipt Points. On or before the 15th day of each month, each Shipper shall deliver to Westcoast, or shall cause the Receipt Point Operator for the Receipt Point at which gas is delivered into the Pipeline System for the account of the Shipper pursuant to a Service Agreement to deliver to Westcoast, a statement for the immediately preceding month setting out:
- (a) the actual volume of raw gas and of Hydrocarbon Liquids produced from each Production Source and delivered into the Pipeline System at the Receipt Point for the account of the Shipper on each day in the immediately preceding month; and
 - (b) the actual quantity of residue gas in gigajoules supplied by each Upstream Supplier and delivered into the Pipeline System at the Receipt Point for the account of the Shipper on each day in the immediately preceding month.
- 10.02 Statements, Deliveries at Delivery Points. On or before the 15th day of each month, Westcoast shall deliver to the Shipper a statement for the immediately preceding month setting out the volumes of residue gas delivered by Westcoast to or for the account of the Shipper at a Delivery Point pursuant to a Service Agreement on each day in such immediately preceding month.
- 10.03 Statements, Residue Gas Equivalents. On or before the 15th day of each month, Westcoast shall deliver to each Shipper a statement for the second month immediately preceding the month in which the statement is delivered setting out the residue gas equivalent of the volume of raw gas produced from a Production Source and delivered into the Pipeline System under a Service Agreement on each day in such preceding month at each Receipt Point in respect of which the Shipper is required to deliver a statement to Westcoast in accordance with Section 10.01.
- 10.04 Invoices. On or before the 20th day of each month, Westcoast shall deliver to each Shipper an invoice specifying the amount payable by the Shipper pursuant to a Service Agreement, which amount shall include:
- (a) the amount of the tolls, including the taxes on fuel gas consumed in operations, payable by the Shipper for the service provided during the immediately preceding month, determined in accordance with the Toll Schedules;
 - (b) the amount of the toll adjustments and differentials, including differentials in the taxes on fuel gas consumed in operations, payable by the Shipper in respect of upstream and downstream diversions made during the immediately preceding month, determined in accordance with Sections 7.02 and 7.03;
 - (c) the amount of any toll differential or tolls payable by the Shipper in respect of inventory transfers made during the immediately preceding month, determined in accordance with Section 6.20 and the Toll Schedules;

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- (d) the amount of any charges payable by the Shipper following the termination of a Service Agreement, determined in accordance with Section 6.16 or Section 6.27;
- (e) the amount of any Swing Costs payable by the Shipper, determined in accordance with Section 6.15;
- (f) the amount of any credits to which the Shipper is entitled, determined pursuant to Article 8;
- (g) the amount of any overdelivery charges payable by the Shipper, determined in accordance with Sections 23.11 to 23.13;
- (h) the amount of any credit to which the Shipper is entitled in respect of overdelivery charges, determined in accordance with Section 23.14; and
- (i) the amount of any overproduction charges payable by the Shipper, determined in accordance with Sections 25.05 and 25.10.

Where actual volumes of raw gas or Hydrocarbon Liquids or actual quantities of residue gas are not available, the amounts payable by a Shipper may be determined by Westcoast based upon the best estimates of such volumes or quantities as are available to Westcoast, and shall be adjusted in the invoice delivered for a subsequent month, when actual volumes or quantities become available.

10.05 Payments. All payments to Westcoast under a Service Agreement shall be made in Canadian funds to Westcoast at its head office in Vancouver, British Columbia, or at such other place in Canada as it shall designate, on or before the later of (i) the 25th day of the month, and (ii) the fifth Business Day following receipt by a Shipper of an invoice referred to in Section 10.04. If a Shipper fails to make each such payment, or any portion thereof, to Westcoast when due, interest thereon shall accrue at the rate of interest which is equal to the rate of interest declared from time to time by the chartered bank in Canada used by Westcoast as the rate of interest charged by such bank to its most credit worthy commercial borrowers for loans in Canadian dollars payable on demand and commonly referred to as its "prime rate", plus:

- (a) 2% from the day when such payment was due for the first 30 days that such payment remains unpaid and 5% thereafter until the same is paid where the Shipper has not during the immediately preceding six month period failed to make any payment when due under the Service Agreement; or
- (b) 5% from the day when such payment was due until the same is paid where the Shipper has during the immediately preceding six month period failed to make any payment when due under the Service Agreement.

If the Shipper fails to pay the full amount of any invoice when payment is due, Westcoast may, upon giving the Shipper two Business Days prior written notice, suspend any and all service being or to be provided to the Shipper pursuant to the Service Agreement. If, at any time during such period of suspension, the Shipper pays the full amount payable to Westcoast, Westcoast will within two Business Days recommence the provision of such suspended service. If the failure by the Shipper to pay continues for a period of four

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Business Days from the day on which service was suspended, Westcoast may, in addition to any other remedy that may be available to it, upon giving two Business Days prior written notice to the Shipper, terminate the Service Agreement. Notwithstanding either of the suspension of service or termination of the Service Agreement pursuant to this Section, the Shipper shall continue to be liable to Westcoast for the payment of all tolls, charges and other amounts accruing, and for the performance of all obligations arising, under the Service Agreement for the remainder of its term which payments of all tolls, charges and other amounts accruing for what would have been the remainder of the term shall become due and payable in full immediately upon termination of the Service Agreement.

- 10.06 Errors in Statements and Invoices. If any error is discovered in a statement or invoice delivered in accordance with this Article, such error for allocations shall be adjusted according to the then current plant allocation rerun schedule posted on Westcoast's electronic bulletin board and for other errors it shall be adjusted within 60 days from the date of discovery of such errors, provided, however, that there will be no adjustments made for any error discovered more than 13 months after receipt of the applicable statement or invoice or for any error which the Shipper and Westcoast agree is not material.
- 10.07 Audits. Each of a Shipper and Westcoast shall have the right at reasonable times to examine the books, records and charts of the other party to the extent necessary to verify the accuracy of any statement, invoice, charge or computation made under or pursuant to any of the provisions of the Toll Schedules and these General Terms and Conditions.
- 10.08 Security for Payment. In order to secure the prompt and orderly payment of the amounts to be paid by a Shipper to Westcoast pursuant to a Service Agreement, Westcoast may, at any time and from time to time prior to or during the term of the Service Agreement, require the Shipper to provide, and at all times maintain, an irrevocable letter of credit in favour of Westcoast, in a form and substance satisfactory to Westcoast and issued by a financial institution acceptable to Westcoast, in an amount equal to the maximum amount payable by the Shipper under the Service Agreement for 70 days of service. Where Westcoast requires a Shipper to provide a letter of credit and the Shipper is able to provide a guarantee or other security in a form and substance acceptable to Westcoast, Westcoast will accept such guarantee or other security in lieu of a letter of credit. Westcoast may withhold the provision of new service under a Service Agreement until Westcoast has received security for payment in accordance with this section.
- 10.09 Failure to Provide Security for Payment. If a Shipper fails to provide security for payment in accordance with Section 10.08 within four Business Days of Westcoast's request therefor, Westcoast may, upon giving the Shipper two Business Days prior written notice, immediately suspend any and all service being or to be provided to the Shipper pursuant to the Service Agreement. If, at any time during such period of suspension, the Shipper provides Westcoast with the security for payment required in accordance with Section 10.08, Westcoast will within two Business Days commence or recommence the provision of such suspended service. If the failure by the Shipper to provide security for payment continues for a period of two Business Days from the day on which such service was suspended, Westcoast may, in addition to any other remedy that may be available to it, upon giving two Business Days prior written notice to the Shipper, terminate the Service Agreement. Notwithstanding either of the suspension of service or termination of the Service Agreement pursuant to this Section, the Shipper shall continue to be liable to Westcoast for the payment of all tolls, charges and other amounts accruing, and for the performance of all obligations arising, under the Service

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Agreement for the remainder of its term which payments of all tolls, charges and other amounts accruing for what would have been the remainder of the term shall become due and payable in full immediately upon termination of the Service Agreement.

- 10.10 Term of a Letter of Credit. Where Westcoast requires a Shipper to provide and maintain a letter of credit pursuant to Section 10.08, such letter of credit, or any replacement thereof, must have a term which ends no earlier than two months after the last month in the term of the Service Agreement between the Shipper and Westcoast.
- 10.11 Draw on a Letter of Credit. Westcoast may in any month draw on a letter of credit provided by a Shipper in accordance with Section 10.08, in an amount necessary to satisfy the amount due under an invoice when the Shipper has not paid such amount within the time and in the manner provided for in Section 10.05.
- 10.12 Survival. Notwithstanding the termination of a Service Agreement, the provisions of Sections 6.16 and 6.27, Sections 10.01 to 10.07, Section 10.09 and Section 10.11 shall survive the termination of the Service Agreement, and the Shipper and Westcoast shall, as soon as reasonably possible, settle all outstanding obligations and payments which have accrued under the Service Agreement up to and including the day upon which the Service Agreement terminated.

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GENERAL TERMS AND CONDITIONS - SERVICE**ARTICLE 11
RECEIPT AND DELIVERY PRESSURE, AND
PRESSURE CONTROL AND OVERPRESSURE PROTECTION EQUIPMENT**

- 11.01 Obligation of Westcoast. Westcoast shall not be obligated to take delivery from or for the account of a Shipper at a Receipt Point of any raw gas or residue gas which is delivered to Westcoast at the Receipt Point at pressures which do not comply with the receipt pressures prescribed in accordance with this Article.
- 11.02 McMahon Processing Plant and Aitken Creek Processing Plant. Except as provided in Section 11.03, all raw gas delivered by a Shipper to Westcoast at a Receipt Point for processing at the McMahon Processing Plant and the Aitken Creek Processing Plant shall be delivered at the Receipt Point at those pressures specified by Westcoast up to 5 520 kilopascals gauge, but in no event at a pressure greater than 6 067 kilopascals gauge.
- 11.03 Certain Receipt Points, Fort St. John RGT System. All raw gas delivered by a Shipper to Westcoast at a Receipt Point located on:
- (a) the eight inch East Osborne pipeline shall be delivered at those pressures specified by Westcoast up to 5 865 kilopascals gauge;
 - (b) the eight inch Peace River Pipeline shall be delivered at those pressures specified by Westcoast up to 9 928 kilopascals gauge;
 - (c) the 12 inch Peace River Pipeline shall be delivered at those pressures specified by Westcoast up to 9 928 kilopascals gauge;
 - (d) the 20 inch South Peace Pipeline and the 20 inch South Peace Connector and Connector Loop Pipelines shall be delivered at those pressures specified by Westcoast up to 9928 kilopascals gauge;
 - (e) the 16 inch Willowbrook Pipeline shall be delivered at those pressures specified by Westcoast up to 9928 kilopascals gauge.
- 11.04 Fort Nelson Area and Pine River Processing Plant. All raw gas delivered by a Shipper to Westcoast at a Receipt Point for processing at the Fort Nelson Processing Plant, the Fort Nelson North Processing Plant or the Pine River Processing Plant shall be delivered at the Receipt Point at those pressures specified by Westcoast up to 8 067 kilopascals gauge, except for raw gas delivered at a Receipt Point located on:
- (a) the Beaver River, Pointed Mountain and Maxhamish pipelines, which shall be delivered at those pressures specified by Westcoast up to 9 308 kilopascals gauge;
 - (b) the Bullmoose, Murray River and Red Willow pipelines, which shall be delivered at those pressures specified by Westcoast up to 8 618 kilopascals gauge;
 - (c) the Grizzly Extension, Weejay Lateral, North Maxhamish Loop and South Maxhamish Loop pipelines, which shall be delivered at those pressures specified by Westcoast up to 9 928 kilopascals gauge; and

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- (d) the Adsett pipeline, which shall be delivered at those pressures specified by Westcoast up to 9 653 kilopascals gauge.
- 11.05 Sikanni Processing Plant. All raw gas delivered by a Shipper to Westcoast at the Receipt Point at the inlet of the Sikanni Processing Plant shall be delivered at the Receipt Point at those pressures specified by Westcoast up to 8 500 kilopascals gauge.
- 11.06 Dawson Processing Plant. All raw gas delivered by a Shipper to Westcoast at a Receipt Point for processing at the Dawson Processing Plant shall be delivered at the Receipt Point at those pressures specified by Westcoast up to 9 928 kilopascals gauge.
- 11.07 Residue Gas Receipt Points. All residue gas delivered by a Shipper to Westcoast at a Receipt Point shall be delivered at those pressures specified by Westcoast up to:
- (a) 6 453 kilopascals gauge with respect to deliveries into the Fort Nelson Mainline, the Fort St. John Mainline and Zone 4, other than the pipelines specified in Subsections (c) and (d);
 - (b) 6 895 kilopascals gauge with respect to deliveries into the Pine River Mainline;
 - (c) 8 067 kilopascals gauge with respect to deliveries into the ten inch pipeline extending from the outlet of the Sikanni Processing Plant and into any lateral pipelines connected to that ten inch pipeline;
 - (d) 8 067 kilopascals gauge with respect to deliveries into the Aitken Creek Pipeline other than deliveries made at the interconnection with the Storage Reservoir;
 - (e) 5 516 kilopascals gauge with respect to deliveries into the Alberta Mainline; and
 - (f) 6 895 kilopascals gauge with respect to deliveries into the Boundary Lake Pipeline.
- 11.08 Delivery Points, Zones 1A, 3 and 4. Westcoast shall deliver residue gas to a Shipper at a Delivery Point in Zones 1A, 3 and 4, including the Alliance/Gordondale Interconnection, at the pressure existing in the Pipeline System from time to time at the Delivery Point, which pressure shall never be less than 3 450 kilopascals gauge at Delivery Points on the 26 inch, 30 inch and 36 inch mainlines, the Boundary Lake Pipeline and the Fuel Gas Pipelines, except in circumstances where Westcoast is required to regulate the pressure to permit the metering of the gas delivered, and which pressure shall, in the case of residue gas delivered at the NOVA/Gordondale Interconnection, be no greater than 8 274 kilopascals gauge.
- 11.09 Certain NOVA Delivery Points. All residue gas delivered by Westcoast to or for the account of a Shipper at the NOVA/Tremblay Delivery Point and the NOVA/Komie East Delivery Point shall be delivered at the pressure required by the Receiving Party, which pressure shall be no greater than 9 928 kilopascals gauge.

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- 11.10 Storage Reservoir. All gas delivered by Westcoast to a Shipper at the interconnection of the Pipeline System and the Storage Reservoir for injection into the Storage Reservoir shall be delivered at a pressure not less than 3 450 kilopascals gauge and all gas withdrawn from the Storage Reservoir and delivered by a Shipper to Westcoast at the interconnection of the Pipeline System and the Storage Reservoir shall be delivered at those pressures specified by Westcoast:
- (a) up to 6 516 kilopascals gauge on those days when the total volumes of gas delivered to Westcoast from the Storage Reservoir are less than $3\,680\,10^3\text{m}^3$; and
 - (b) up to 8 067 kilopascals gauge on those days when the total volumes of gas delivered to Westcoast from the Storage Reservoir are equal to or in excess of $3\,680\,10^3\text{m}^3$.
- 11.11 Pressure Control and Overpressure Protection Equipment. Each Shipper which delivers raw gas to Westcoast at a Receipt Point in the Fort St. John RGT System, the Fort Nelson RGT System and the Grizzly Valley RGT System shall at its own expense:
- (a) install, maintain and operate, or cause to be installed, maintained and operated, at each such Receipt Point pressure control and overpressure protection equipment which meets the requirements of applicable legislation, the Canadian Standards Association standard Z662 for oil and gas pipeline systems and Westcoast's Measurement Policies; and
 - (b) calibrate, or cause to be calibrated, the overpressure protection equipment to ensure that raw gas is not delivered to Westcoast at each such Receipt Point at a pressure which exceeds the maximum pressure specified for each such Receipt Point in Section 11.02, 11.03, 11.04, 11.05 or 11.06.

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**ARTICLE 12
GAS AND HYDROCARBON LIQUIDS QUALITY**

- 12.01 Obligation of Westcoast. Westcoast shall not be obligated to take delivery from or for the account of a Shipper at a Receipt Point of any raw gas, residue gas or Hydrocarbon Liquids which do not comply with the applicable quality specifications set out in this Article.
- 12.02 Raw Gas, McMahon Processing Plant and the Aitken Creek Processing Plant. Raw gas delivered to Westcoast at a Receipt Point for processing at the McMahon Processing Plant or the Aitken Creek Processing Plant shall:
- (a) be free of sand, gum, dust, oils and other impurities or objectionable substances which may, in the judgement of Westcoast, adversely affect the delivery to or subsequent handling thereof by Westcoast;
 - (b) not contain water vapour in excess of 65 milligrams per cubic meter, as determined by dewpoint apparatus approved by the Bureau of Mines of the United States, but in no case need the raw gas be dehydrated to a water vapour dewpoint of less than minus 12°C at the delivery pressure;
 - (c) be free of water in liquid form;
 - (d) have a temperature not exceeding 54°C;
 - (e) be as free of oxygen as the Shipper, by making every reasonable effort (which the Shipper undertakes to do), is able to make it, but in any event not contain more than one percent by volume of oxygen; and
 - (f) after removal of hydrogen sulphide and carbon dioxide, have a total heating value of not less than 36.00 megajoules per cubic meter.
- 12.03 Raw Gas, Fort Nelson Area and the Pine River Processing Plant. Raw gas delivered to Westcoast at a Receipt Point for processing at the Fort Nelson Processing Plant, the Fort Nelson North Processing Plant or the Pine River Processing Plant shall:
- (a) be free of sand, gum, dust, oils and other impurities or objectionable substances which may, in the judgement of Westcoast, adversely affect the delivery to or subsequent handling thereof by Westcoast;
 - (b) not have a water vapour dewpoint in excess of minus 10°C, as determined by dewpoint apparatus approved by the Bureau of Mines of the United States;
 - (c) be free of water in liquid form;
 - (d) not contain hydrocarbons in liquid form and not have a hydrocarbon dewpoint in excess of minus 9°C at a pressure of 5 516 kilopascals gauge, except where otherwise specified in a Service Agreement;

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- (e) have a temperature not exceeding 54°C or, in the case of raw gas delivered to Westcoast at Receipt Point No. 8786 (Louise, c-74-J), have a temperature not exceeding 15.6°C;
- (f) be as free of oxygen as the Shipper, by making every reasonable effort (which the Shipper undertakes to do), is able to make it, but in any event not contain more than one percent by volume of oxygen;
- (g) in the case of raw gas delivered to Westcoast at Receipt Point No. 8786 (Louise, c-74-J), not contain more than 100 parts per million of gaseous hydrogen sulphide; and
- (h) after removal of hydrogen sulphide and carbon dioxide, have a total heating value of not less than 36.00 megajoules per cubic meter.

12.04 Raw Gas, Sikanni Processing Plant. Raw gas delivered to Westcoast at a Receipt Point for processing at the Sikanni Processing Plant shall:

- (a) be free of sand, gum, dust, oils and other impurities or objectionable substances which may, in the judgement of Westcoast, adversely affect the delivery to or subsequent handling thereof by Westcoast;
- (b) on a steady state two phase flow basis, not contain more water than would result in the removal of more than 15 litres of water per 10³m³ of raw gas at the plant inlet, averaged over a 24 hour period;
- (c) contain less than 250 parts per million of gaseous hydrogen sulphide and less than 7,000 parts per million of total acid gas;
- (d) be as free of oxygen as the Shipper, by making every reasonable effort (which the Shipper undertakes to do), is able to make it, but in any event not contain more than one percent by volume of oxygen; and
- (e) after removal of hydrogen sulphide and carbon dioxide, have a total heating value of not less than 36.00 megajoules per cubic meter.

12.05 Raw Gas, Dawson Processing Plant. Raw gas delivered to Westcoast at a Receipt Point for processing at the Dawson Processing Plant shall:

- (a) be free of sand, gum, dust, oils and other impurities or objectionable substances which may, in the judgment of Westcoast, adversely affect the delivery to or the subsequent handling thereof by Westcoast;
- (b) not contain water vapour in excess of 65 milligrams per cubic meter, as determined by dewpoint apparatus approved by the Bureau of Mines of the United States;
- (c) be free of water in liquid form;
- (d) have a temperature not exceeding 49°C;

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- (e) not contain more than 2000 parts per million of gaseous hydrogen sulphide;
- (f) not contain more than 2.0 percent by volume of carbon dioxide;
- (g) not contain Hydrocarbon Liquids in excess of 0.1010623 m³ per 10³m³ (18.0 bbls/MMcf), as measured at the inlet of the Dawson Processing Plant;
- (h) be as free of oxygen as the Shipper, by making every reasonable effort (which the Shipper undertakes to do), is able to make it, but in any event not contain more than one percent by volume of oxygen; and
- (i) after removal of hydrogen sulphide and carbon dioxide, have a total heating value of not less than 36.00 megajoules per cubic meter.

12.06 Hydrocarbon Liquids. Hydrocarbon Liquids delivered into the Pipeline System at a Receipt Point with raw gas which is to be processed at the McMahon Processing Plant, the Fort Nelson Processing Plant, the Dawson Processing Plant or the Aitken Creek Processing Plant shall:

- (a) be free of sand, gum, dust and other impurities or objectionable substances which may, in the judgment of Westcoast, adversely affect the delivery to or the subsequent transportation and handling thereof by Westcoast; and
- (b) not contain any free water or emulsified water, unless the Receipt Point is deemed by Westcoast to be a low liquid volume site, in which case shall not contain more than 0.5% water content by volume.

12.07 Residue Gas at Receipt Points. Residue gas delivered to Westcoast by or for the account of a Shipper at a Receipt Point shall:

- (a) not contain sand, dust, gums, oils and other impurities or other objectionable substances in such quantities as may be injurious to pipelines or may interfere with the transmission or commercial utilization of the gas;
- (b) not contain more than six milligrams per cubic meter of hydrogen sulphide;
- (c) not contain water in the liquid phase and not contain more than 65 milligrams per cubic meter of water vapour;
- (d) be free of hydrocarbons in liquid form and not have a hydrocarbon dewpoint in excess of minus 9°C at the delivery pressure;
- (e) not contain more than 23 milligrams per cubic meter of total sulphur;
- (f) not contain more than two percent by volume of carbon dioxide;
- (g) be as free of oxygen as Shipper can keep it through the exercise of all reasonable precautions and shall not in any event contain more than 0.4 percent by volume of oxygen;

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- (h) have a temperature not exceeding 54°C; and
- (i) have a total heating value of not less than 36.00 megajoules per cubic meter.

12.08 Residue Gas at Delivery Points, Zones 1A, 3 and 4. Residue gas delivered by Westcoast to or for the account of a Shipper at a Delivery Point in Zones 1A, 3 and 4 at which the Pipeline System interconnects with the pipeline facilities of a Receiving Party shall:

- (a) not contain sand, dust, gums, oils and other impurities or other objectionable substances in such quantities as may be injurious to pipelines or may interfere with the transmission or commercial utilization of the gas;
- (b) not contain more than six milligrams per cubic meter of hydrogen sulphide;
- (c) be free of water and hydrocarbons in liquid form and not contain more than 65 milligrams per cubic meter of water vapour;
- (d) not contain more than 115 milligrams per cubic meter of total sulphur;
- (e) not contain more than two percent by volume of carbon dioxide;
- (f) be as free of oxygen as Westcoast can keep it through the exercise of all reasonable precautions, and shall not in any event contain more than 0.2 percent by volume of oxygen;
- (g) have a temperature not exceeding 54°C; and
- (h) have a total heating value of not less than 36.00 megajoules per cubic meter.

12.09 Residue Gas at Certain NOVA Delivery Points. Residue gas delivered by Westcoast to or for the account of a Shipper at the NOVA/Tremblay Delivery Point and the NOVA/Komie East Delivery Point shall:

- (a) not contain sand, dust, gums, oils and other impurities or other objectionable substances which could be harmful to the interconnecting pipeline;
- (b) not have a hydrocarbon dewpoint in excess of minus 10°C at the operating pressure at the Delivery Point;
- (c) not contain more than 23 milligrams per cubic meter of hydrogen sulphide;
- (d) not contain more than 115 milligrams per cubic meter of total sulphur;
- (e) not contain more than two percent by volume of carbon dioxide;
- (f) not contain more than 65 milligrams per cubic meter of water vapour;
- (g) not have a water dewpoint in excess of minus 10°C at operating pressures greater than 8 275 kilopascals gauge;

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- (h) be as free of oxygen as practicable, and shall not in any event contain more than 0.4 percent by volume of oxygen;
- (i) have a temperature not exceeding 49°C; and
- (j) have a total heating value of not less than 36.00 megajoules per cubic meter.

12.10 Refusal of Delivery by Shipper. If residue gas delivered by Westcoast to or for the account of a Shipper at a Delivery Point fails to conform with the applicable specifications set forth in this Article, Shipper may, without prejudice to any other right it has, refuse to take delivery of such residue gas in which case:

- (a) Shipper shall give notice of such refusal to Westcoast setting forth the reasons therefor; and
- (b) Shipper shall accept deliveries of gas when the failure to conform has been remedied by Westcoast and notice to that effect has been given by Westcoast to Shipper.

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**ARTICLE 13
MEASUREMENT OF GAS AND LIQUID HYDROCARBONS**

13.01 Applicable Standards. All determinations of the volume and energy content of gas made in accordance with these General Terms and Conditions shall be made in accordance with the requirements of:

(a) the Electricity and Gas Inspection Act (Canada); and

(b) Westcoast's Measurement Policies,

and all determinations of the volume and energy content of Hydrocarbon Liquids, Raw Liquids, Fort Nelson Liquids and Dawson Liquids made in accordance with these General Terms and Conditions shall be made in accordance with the requirements of the American Petroleum Institute Manual of Petroleum Measurement Standards and Westcoast's Measurement Policies.

13.02 Unit of Volume. The unit of volume for:

(a) all raw gas and residue gas delivered by a Shipper to Westcoast or by Westcoast to a Shipper; and

(b) all Hydrocarbon Liquids and Raw Liquids delivered by a Shipper to Westcoast and all Fort Nelson Liquids and Dawson Liquids delivered by Westcoast to a Shipper

shall be one cubic meter at base conditions of an absolute pressure of 101.325 kilopascals and a temperature of 15°C.

13.03 Unit of Energy. The unit of energy for:

(a) all raw gas and residue gas delivered by a Shipper to Westcoast or by Westcoast to a Shipper; and

(b) all Hydrocarbon Liquids and Raw Liquids delivered by a Shipper to Westcoast and all Fort Nelson Liquids and Dawson Liquids delivered by Westcoast to a Shipper shall be the gigajoule.

13.04 Resolution of Measurements. All volumes of gas shall be determined and reported to the nearest tenth of a thousand cubic meters, all volumes of Hydrocarbon Liquids, Raw Liquids, Fort Nelson Liquids and Dawson Liquids shall be determined and reported to the nearest tenth of a cubic meter and all energy equivalents shall be determined and reported to the nearest gigajoule.

13.05 Atmospheric Pressure. The atmospheric pressure shall be calculated from the actual elevation of any point in accordance with the formulas prescribed pursuant to the Electricity and Gas Inspection Act (Canada), and the atmospheric pressure, as so determined, shall be applied, irrespective of any changes arising from local weather conditions.

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- 13.06 Flowing Temperature of Gas. The flowing temperature of any gas shall be measured and recorded in accordance with the requirements prescribed pursuant to the Electricity and Gas Inspection Act (Canada), and the arithmetic average of such flowing temperatures shall be used to calculate actual volumes of gas for any period of time.
- 13.07 Flowing Temperature of Liquid Hydrocarbons. Except for those cases where a separate temperature measurement of Hydrocarbon Liquids is required pursuant to Westcoast's Measurement Policies, the flowing temperature of Hydrocarbon Liquids delivered to Westcoast with raw gas at a Receipt Point shall be the same as the flowing temperature of the raw gas so delivered at the Receipt Point. The flowing temperature of any Hydrocarbon Liquids, Raw Liquids, Fort Nelson Liquids and Dawson Liquids for which a separate temperature measurement is required in accordance with Westcoast's Measurement Policies shall be measured and recorded in accordance with the requirements prescribed pursuant to the American Petroleum Institute Manual of Petroleum Measurement Standards and Westcoast's Measurement Policies, and the arithmetic average of such flowing temperatures shall be used to calculate actual volumes of Hydrocarbon Liquids, Raw Liquids, Fort Nelson Liquids or Dawson Liquids for any period of time.
- 13.08 Correction Factors and Deviations from the Ideal Gas Law. Metered volumes of gas at flowing conditions shall be corrected to base conditions and for deviations from the Ideal Gas Law by applying temperature, pressure and compressibility factors in accordance with the applicable provisions of Westcoast's Measurement Policies. A quantitative analysis of the gas shall be made in accordance with Westcoast's Measurement Policies to determine the compressibility factor of any gas.
- 13.09 Correction Factors for Liquid Hydrocarbons. Metered volumes of Hydrocarbon Liquids, Raw Liquids, Fort Nelson Liquids and Dawson Liquids at flowing conditions shall be corrected to base conditions by applying a temperature correction factor in accordance with the applicable provisions of the American Petroleum Institute Manual of Petroleum Measurement Standards and Westcoast's Measurement Policies.

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**ARTICLE 14
MEASURING AND SAMPLING EQUIPMENT**

14.01 Equipment. The metering, measuring, monitoring and sampling of:

- (a) gas delivered by a Shipper to Westcoast at a Receipt Point or delivered by Westcoast to a Shipper at a Delivery Point shall be carried out using equipment and in a manner which complies with the Electricity and Gas Inspection Act (Canada), this Article and Westcoast's Measurement Policies; and
- (b) Hydrocarbon Liquids and Raw Liquids delivered by a Shipper to Westcoast and Fort Nelson Liquids and Dawson Liquids delivered by Westcoast to a Shipper shall be carried out using equipment and in a manner which complies with the American Petroleum Institute Manual of Petroleum Measurement Standards, this Article and Westcoast's Measurement Policies.

14.02 Raw Gas Receipt Points in the RGT Systems. Each Shipper shall, at its own expense, install, maintain and operate, or cause to be installed, maintained and operated, in a manner which meets the requirements of Section 14.01 and which is acceptable to Westcoast, the following equipment in respect of each Receipt Point in the Fort St. John RGT System, the Fort Nelson RGT System and the Grizzly Valley RGT System at which the Shipper delivers raw gas to Westcoast:

- (a) at each such Receipt Point, gas metering and measuring equipment of a type which meets the requirements of Section 14.01 and which is acceptable to Westcoast;
- (b) at each such Receipt Point at which Hydrocarbon Liquids are delivered to Westcoast, Hydrocarbon Liquids separation, metering and measuring equipment of a type which meets the requirements of Section 14.01 and which is acceptable to Westcoast;
- (c) at each such Receipt Point in existence on March 31, 1998 where both the aggregate Contract Demand and daily flow in respect of all Shippers at the Receipt Point are after March 31, 1998 always less than (i) in the case of a Receipt Point in the Fort St. John RGT System $56.7 \times 10^3 \text{m}^3$ and (ii) in the case of any other Receipt Point $141.6 \times 10^3 \text{m}^3$, the Shipper's choice of a mechanical chart recorder, EFM Equipment or an electronic flow measurement device of a type which meets the requirements of Section 14.01 and which is acceptable to Westcoast;
- (d) at each such Receipt Point which comes into existence after March 31, 1998 where both the aggregate Contract Demand and daily flow in respect of all Shippers at the Receipt Point are after March 31, 1998 always less than (i) in the case of a Receipt Point in the Fort St. John RGT System $56.7 \times 10^3 \text{m}^3$ and (ii) in the case of any other Receipt Point $141.6 \times 10^3 \text{m}^3$, the Shipper's choice of EFM Equipment or an electronic flow measurement device of a type which meets the requirements of Section 14.01 and which is acceptable to Westcoast;

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- (e) at each such Receipt Point where the aggregate Contract Demand or daily flow in respect of all Shippers at the Receipt Point on any day after March 31, 1998 is (i) in the case of a Receipt Point in the Fort St. John RGT System $56.7 \times 10^3 \text{m}^3$ or more and (ii) in the case of any other Receipt Point $141.6 \times 10^3 \text{m}^3$ or more, EFM Equipment of a type which meets the requirements of Section 14.01 and which is acceptable to Westcoast;
- (f) at each such Receipt Point, raw gas sampling equipment of a type which meets the requirements of Section 14.01, which is acceptable to Westcoast and which is sufficient to permit the taking of samples of the raw gas for the purpose of testing and analysis in accordance with Westcoast's Measurement Policies and Article 15; and
- (g) at each such Receipt Point at which Hydrocarbon Liquids are delivered to Westcoast, Hydrocarbon Liquids sampling equipment of a type which meets the requirements of Section 14.01, which is acceptable to Westcoast and which is sufficient to permit the taking of samples of Hydrocarbon Liquids for the purpose of testing and analysis in accordance with Westcoast's Measurement Policies and Article 15.

14.03 Gas Wells Upstream of Raw Gas Receipt Points. Each Shipper shall, at its own expense, install, maintain and operate, or cause to be installed, maintained and operated, in a manner which is acceptable to Westcoast, the following equipment in respect of each gas well upstream of a Receipt Point from which raw gas is produced and delivered into the Pipeline System by or for the account of the Shipper:

- (a) at each such gas well other than an associated or solution gas well which is not individually metered, (i) appropriate gas metering and measuring equipment as necessary to enable the Shipper to determine, or cause to be determined, the volume of raw gas delivered to the Receipt Point, and (ii) raw gas sampling equipment as necessary to enable the Shipper to cause representative samples of the raw gas to be taken for the purpose of testing and analysis in accordance with Article 15 and Westcoast's Measurement Policies;
- (b) in respect of two or more associated or solution gas wells having a combined maximum daily production of less than $56.7 \times 10^3 \text{m}^3$ through one meter, (i) at a point downstream of the point of commingling, appropriate gas metering and measuring equipment as necessary to enable the Shipper to determine, or cause to be determined, the volume of raw gas delivered to the Receipt Point, and (ii) at a point upstream of such metering and measuring equipment, raw gas sampling equipment as necessary to enable the Shipper to cause representative spot samples of the commingled raw gas stream to be taken for the purpose of testing and analysis in accordance Article 15 and Westcoast's Measurement Policies; and
- (c) in respect of two or more associated or solution gas wells having a combined maximum daily production of $56.7 \times 10^3 \text{m}^3$ or more through one meter, (i) at a point downstream of the point of commingling, appropriate gas metering and measuring equipment as necessary to enable the Shipper to determine, or cause to be determined, the volume of raw gas delivered to the Receipt Point, and (ii) at a point upstream of such metering and measurement equipment, raw gas sampling equipment as necessary to enable the Shipper to cause representative spot or proportional samples of the commingled raw gas stream to be taken for the purpose

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of testing and analysis in accordance with Article 15 and Westcoast's Measurement Policies.

14.04 Other Receipt Points and Residue Gas Delivery Points. Except where Westcoast and a Receiving Party, a Shipper, a Receipt Point Operator or another person have agreed or agree that the Receiving Party, Shipper, Receipt Point Operator or other person shall provide metering, measuring, monitoring and sampling equipment at a Receipt Point at the inlet of a Processing Plant at which a Shipper delivers raw gas to the Processing Plant, at a Receipt Point at which a Shipper delivers residue gas to Westcoast or at a Delivery Point at which Westcoast delivers residue gas to a Shipper, Westcoast shall, at its own expense, install, maintain and operate at:

- (a) each Receipt Point at the inlet of a Processing Plant at which a Shipper delivers raw gas to the Processing Plant;
- (b) each Receipt Point at which a Shipper delivers residue gas to Westcoast;
- (c) each Delivery Point at which Westcoast delivers residue gas to a Shipper; and
- (d) the outlet of each Processing Plant;

such metering, measuring, monitoring and sampling equipment of a type which meets the requirements of Section 14.01, as Westcoast deems necessary to determine the volume, pressure, temperature, total heating value, composition and quality of the raw gas and any Hydrocarbon Liquids or of the residue gas at any such location.

14.05 Access by Westcoast. Westcoast shall be entitled to:

- (a) have access at reasonable hours to any metering, measuring, monitoring and sampling equipment installed or caused to be installed by a Shipper or by a Receipt Point Operator pursuant to Section 14.02, 14.03 or 14.04 for the purposes of confirming the composition of the gas and Hydrocarbon Liquids delivered and auditing the measurement facilities; and
- (b) have an employee or other representative of Westcoast present at the time of any installation, testing, cleaning, changing, repairing, inspecting, calibrating, proving or adjusting done to or in connection with any such metering, measuring, monitoring and sampling equipment and, for that purpose, the Shipper or the Receipt Point Operator shall give Westcoast reasonable notice of any such activity in order that a Westcoast employee or other representative may be present at the time of such activity.

14.06 Access by Shipper. A Shipper shall be entitled to have access at reasonable hours in company with an employee or other representative of Westcoast to any metering, measuring, monitoring and sampling equipment installed by Westcoast at any Receipt Point or Delivery Point pursuant to Section 14.04 for the purpose of witnessing any installation, testing, cleaning, changing, repairing, inspecting, calibrating, proving or adjusting of any of Westcoast's gas metering, measuring, monitoring or sampling equipment at any Receipt Point or Delivery Point, including the changing of any charts, all of which activities shall be undertaken only by employees or other representatives of Westcoast.

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- 14.07 Verification and Calibration of Equipment. Westcoast and a Shipper shall through testing verify, or cause to be verified, at such times or intervals as are specified in Westcoast's Measurement Policies and whenever requested by the other party, the accuracy of their respective measuring equipment installed in accordance with Sections 14.02 and 14.04. Such equipment shall be verified and calibrated in accordance with the standards, procedures and tolerances set out in Westcoast's Measurement Policies. In the case of such measuring equipment which is not owned by Westcoast, the Shipper shall deliver, or cause to be delivered, a copy of each verification and calibration report to Westcoast. If, upon any test, the volume determined by such measuring equipment of either party is found to be inaccurate but not by more than 2.0 percent, then previous readings from such equipment shall be considered correct for purposes of computing deliveries, but such equipment shall promptly be calibrated and adjusted properly to record accurately as required by Westcoast's Measurement Policies. If, upon any test, the volume determined by such measuring equipment of either party is found to be inaccurate by more than 2.0 percent, then such equipment shall promptly be calibrated and adjusted to record accurately as required by Westcoast's Measurement Policies and any previous readings from such equipment for purposes of computing deliveries shall be corrected for the known bias for the period during which it is known with certainty that such equipment was inaccurate by more than 2.0 percent or for such period which can be agreed to by Westcoast and the Shipper or, if not known with certainty or such period cannot be agreed to, for the last half of the period from the day on which such equipment was last tested and found to be accurate. All costs associated with the verification and calibration of such measuring equipment pursuant to this Section 14.07 shall be borne by the party required to install, maintain and operate such equipment pursuant to this Article, provided that in the case of a requested verification all costs associated with such requested verification shall be borne by the party requesting the verification if the volume determined by such equipment, upon testing, is found to be accurate within 2.0 percent.
- 14.08 Proving of Hydrocarbon Liquids Metering Equipment. Hydrocarbon Liquids metering equipment installed at a Receipt Point in accordance with Section 14.02 shall be proved at such times or intervals and in accordance with the procedures specified in Westcoast's Measurement Policies. Hydrocarbon Liquids metering equipment shall be repaired or replaced if the meter factor determined through four consecutive proof runs is not within two percent of the mean factor.
- 14.09 Equipment Failure. In the event that any gas or liquids metering or measuring equipment is out of service or out of repair for any period of time such that the quantity of gas, Hydrocarbon Liquids, Raw Liquids, Liquid Products, Fort Nelson Liquids or Dawson Liquids delivered at any Receipt Point or Delivery Point is not correctly measured by that equipment, the quantity delivered at that Receipt Point or Delivery Point during that period shall be estimated and agreed upon by the Shipper and Westcoast based on the best data available and by applying the first of the following methods which is feasible in the circumstances:
- (a) by using the registration of any check measuring equipment if installed and registering accurately;
 - (b) by correcting any error, if the percentages of error can be ascertained by calibration, test or mathematical calculations; or

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- (c) by estimating the quantity delivered based upon deliveries made during prior periods when operating conditions were similar and the equipment was registering accurately.
- 14.10 **Preservation of Records.** A Shipper and Westcoast shall preserve, or cause to be preserved, for a period of at least two years, or such longer period as may be required under the Electricity and Gas Inspection Act (Canada), all test data, charts and other records of gas and liquids measurements made by the metering and measuring equipment installed, or caused to be installed, by it. If a Shipper or Westcoast wishes to have any records of the other party preserved for a longer period, it may, by giving notice to the other party, require the other party to deliver such records to it for preservation by it at its expense.
- 14.11 **Exception.** The provisions of Section 14.04 do not apply to the Straddle Plant Receipt Point.
- 14.12 **Low Intervention Trade Transaction Level.** If, pursuant to the Electricity and Gas Inspection Act (Canada) and MC Bulletin G-14, Westcoast has received conditional permission from Measurement Canada for the use of gas measurement equipment without verification and sealing at the Low Intervention Trade Transaction level, then the following provisions shall apply:
- a) the Low Intervention Trade Transactions shall be subject to the provisions and conditions listed in MC Bulletin G-14, as published on the Measurement Canada website (or any replacement thereof);
 - b) the Shipper, Receipt Point Operator or Receiving Party agrees that the gas measurement equipment has been initially calibrated and will be periodically recalibrated (and reprogrammed where necessary) in accordance with a process and procedure acceptable to Westcoast and the Shipper, Receipt Point Operator or Receiving Party;
 - c) any measurement disputes arising between Westcoast and the Shipper, Receipt Point Operator or Receiving Party shall be resolved in accordance with the provisions of Section 14.07;
 - d) Westcoast and the Shipper, Receipt Point Operator or Receiving Party acknowledge and agree that the conditional permission granted by Measurement Canada may restrict Measurement Canada's ability to successfully conclude a measurement dispute investigation, if Measurement Canada involvement were to be requested; and
 - e) Westcoast and the Shipper, Receipt Point Operator or Receiving Party agree to the implementation of Low Intervention Trade Transactions in accordance with MC Bulletin G-14, and that either party has the right to request a revocation of the conditional permission for Low Intervention Trade Transactions in accordance with MC Bulletin G-14.

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**ARTICLE 15
SAMPLING, TESTING AND ANALYSIS**

- 15.01 Sampling, Testing and Analysis at Receipt Points. Westcoast may at any time and from time to time by manual or automatic means sample, test and analyze the composition (including water content) of any fluid delivered at any Receipt Point.
- 15.02 Raw Gas Sampling at Gas Wells. Each Shipper shall in respect of each gas well which produces raw gas delivered into the Pipeline System by or for the account of the Shipper at a Receipt Point cause a person approved by Westcoast pursuant to Westcoast's Measurement Policies to:
- (a) in the case of raw gas produced from a raw gas well or from an associated or solution gas well (other than raw gas produced from an associated or solution gas well which becomes commingled with the production from one or more other associated or solution gas wells upstream of the Receipt Point), take at the location of the sampling equipment required to be installed with respect to such gas well pursuant to Article 14, a representative spot sample of the raw gas produced from the gas well (i) immediately prior to the initial turn-on of the gas well, (ii) immediately prior to the restarting of production from the gas well if the gas well has been shut-in for six months or more, (iii) within the first month following the initial turn-on of the gas well or the restarting of production from the gas well if the gas well has been shut-in for six months or more, and (iv) at least once per annum after the first month following the initial turn-on of the gas well or the restarting of production from the gas well if the gas well has been shut-in for six months or more;
 - (b) in the case of raw gas produced from an associated or solution gas well where the production from such well becomes commingled with the production from one or more other associated or solution gas wells upstream of the Receipt Point and either (i) the maximum daily production at the point of commingling is less than $56.7 \times 10^3 \text{m}^3$ or (ii) the maximum daily production at the point of commingling is equal to or greater than $56.7 \times 10^3 \text{m}^3$ and the Shipper has been able to demonstrate that the commingled raw gas stream meets and continues to meet the stability requirements specified in Westcoast's Production Source Grouping Policy and Westcoast agrees to annual sampling, take at the location of the sampling equipment required to be installed with respect to such gas well pursuant to Article 14, a representative spot sample of the commingled raw gas stream (iii) immediately after the initial turn-on of the gas well, (iv) immediately after the restarting of production from the gas well if the gas well has been shut-in for six months or more, (v) within the first month following the initial turn-on of the gas well or the restarting of production from the gas well if the gas well has been shut-in for six months or more, and (vi) at least once per annum after the first month following the initial turn-on of the gas well or the restarting of production from the gas well if the gas well has been shut-in for six months or more; and
 - (c) in the case of raw gas produced from an associated or solution gas well, other than an associated or solution gas well specified in Subsections (a) and (b), take at the location of the sampling equipment required to be installed with respect to such gas well pursuant to Article 14 (i) a representative spot sample of the commingled raw gas stream immediately after the initial turn-on of the gas well, (ii) a representative

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spot sample of the commingled raw gas stream immediately after the restarting of production from the gas well if the gas well has been shut-in for six months or more, and (iii) a continuous representative sample, with a maximum sampling period of two months, and a representative spot sample taken at the end of each such sample period, following the initial turn-on of the gas well or the restarting of production from the gas well if the gas well has been shut-in for six months or more, until such time as the gas composition of the commingled raw gas stream meets and continues to meet the stability requirements specified in Westcoast's Production Source Grouping Policy and Westcoast agrees to annual sampling, and thereafter if the gas composition of the commingled raw gas stream does not continue to meet the stability requirements specified in Westcoast's Production Source Grouping Policy and Westcoast does not continue to agree to annual sampling,

in each case using sampling equipment which meets the requirements of Section 14.01 and which is acceptable to Westcoast.

- 15.03 Raw Gas Sampling at Receipt Points. Each Shipper for whose account raw gas is delivered into the Pipeline System at a Receipt Point shall cause a person approved by Westcoast in accordance with Westcoast's Measurement Policies, to take at the location of the sampling equipment installed at the Receipt Point in accordance with Article 14, (i) a representative spot sample of the raw gas stream at the Receipt Point immediately after the initial delivery of raw gas at the Receipt Point, (ii) a representative spot sample of the commingled raw gas stream immediately after the restarting of production from a gas well if the gas well has been shut-in for six months or more, and (iii) thereafter, a representative spot sample of the commingled raw gas stream at the Receipt Point taken at the times or intervals specified in Westcoast's Measurement Policies.
- 15.04 Hydrocarbon Liquids Sampling at Receipt Points. Each Shipper for whose account Hydrocarbon Liquids are delivered into the Pipeline System at a Receipt Point shall cause a person approved by Westcoast in accordance with Westcoast's Measurement Policies, to take at the location of the sampling equipment installed at the Receipt Point in accordance with Article 14, (i) a representative spot sample of the commingled Hydrocarbon Liquids stream immediately after the initial delivery of Hydrocarbon Liquids at the Receipt Point, (ii) a representative spot sample of the commingled Hydrocarbon Liquids stream immediately after the restarting of deliveries of Hydrocarbon Liquids if such deliveries had been discontinued for a period of six months or more, and (iii) thereafter, a monthly, representative spot sample of the Hydrocarbon Liquids delivered at the Receipt Point.
- 15.05 Raw Gas Testing and Analysis. Each Shipper shall, forthwith after the taking of each sample of raw gas required to be taken pursuant to Section 15.02 and 15.03, cause such sample to be tested and analyzed in accordance with Westcoast's Measurement Policies by an accredited testing facility as specified in Westcoast's Measurement Policies. Each such Shipper shall cause the testing facility to provide Westcoast with an electronic report, in a form acceptable to Westcoast, showing the results of the tests and analysis specified in this Section.
- 15.06 Hydrocarbon Liquids Testing and Analysis. Each Shipper shall, forthwith after the taking of each sample of Hydrocarbon Liquids required to be taken pursuant to Section 15.04, cause such sample to be tested and analyzed in accordance with Westcoast's Measurement Policies by an accredited testing facility as specified in Westcoast's Measurement Policies.

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Each such Shipper shall cause the testing facility to provide Westcoast with an electronic report, in a form acceptable to Westcoast, showing the results of the tests and analysis specified in this Section.

15.07 Composition of Raw Gas and Hydrocarbon Liquids. Each report from a testing facility or other person provided to Westcoast pursuant to Sections 15.05 and 15.06 shall, for all purposes of a Service Agreement and these General Terms and Conditions, be deemed conclusively:

- (a) to accurately identify the composition and quality of the fluid delivered to Westcoast at a Receipt Point; and
- (b) to provide the proper basis for the allocation between two or more Shippers of the total volume of fluid delivered to Westcoast at a Receipt Point;

effective (i) in the case of the first sample of fluid taken at a gas well or Receipt Point, as of the first day on which the fluid is delivered to Westcoast at the Receipt Point and (ii) in the case of any subsequent samples of fluid taken at a gas well or Receipt Point, as of the first day of the month immediately following the month in which the report is received by Westcoast from the testing facility or other person.

15.08 Cost of Sampling, Testing and Analysis. All costs associated with the sampling, testing and analysis of raw gas and Hydrocarbon Liquids required to be undertaken by a Shipper pursuant to Sections 15.02 to 15.06, inclusive, shall be borne and paid for by the Shipper.

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**ARTICLE 16
POSSESSION AND CONTROL OF GAS AND ENTITLEMENTS TO
SULPHUR, LIQUID PRODUCTS, FORT NELSON LIQUIDS, DAWSON LIQUIDS
AND NATURAL GAS LIQUIDS**

- 16.01 Possession and Control of Gas. Subject to Section 16.02, Westcoast shall be deemed to be in possession and control of, and responsible for, all gas received by it at a Receipt Point, until such gas is delivered by Westcoast to or for the account of a Shipper at a Delivery Point, and shall have the right at all times to commingle such gas with other gas in the Pipeline System.
- 16.02 Shipper Entitlements. Subject to Sections 16.03 and 16.05 and as between a Shipper and Westcoast, the Shipper shall be entitled to:
- (a) the quantities of sulphur and Liquid Products recovered by Westcoast from the Shipper's gas in the Processing Plants;
 - b) the quantities of Fort Nelson Liquids recovered by Westcoast from the Shipper's gas in the Fort Nelson RGT System except for those Fort Nelson Liquids consumed by Westcoast in Pipeline System operations;
 - (c) the quantities of Dawson Liquids recovered by Westcoast from the Shipper's gas in the Dawson Processing Plant;
 - (d) direct Westcoast by means of a nomination given in accordance with Article 4 to deliver to the Straddle Plant Operator at the Straddle Plant Delivery Point, the volumes of residue gas physically processed for the Shipper at the McMahon Processing Plant and the volumes of residue gas physically delivered for the account of the Shipper to Compressor Station No. 1 through the Alberta Mainline and the Boundary Lake Pipeline, other than gas delivered into the Alberta Mainline at the Receipt Points designated as Parkland, West Doe Creek and the NOVA/Gordondale Interconnection;
 - (e) those Natural Gas Liquids entrained in the Shipper's Contracted Residue Gas which is delivered by Westcoast for the account of the Shipper to the Straddle Plant Operator at the Straddle Plant Delivery Point; and
 - (f) the quantities of Natural Gas Liquids which are extracted and recovered from a Shipper's Uncontracted Residue Gas delivered by Westcoast to the Straddle Plant Operator pursuant to Section 16.04.
- 16.03 Displacement Deliveries. Notwithstanding any other provision of a Service Agreement and these General Terms and Conditions, a Shipper shall not be entitled to give a nomination for or to have residue gas delivered for its account by displacement to the Straddle Plant Operator at the Straddle Plant Delivery Point except for residue gas which is physically delivered through the Alberta Mainline and the Boundary Lake Pipeline to Compressor Station No. 1, other than gas delivered into the Alberta Mainline at the Receipt Points designated as Parkland, West Doe Creek and the NOVA/Gordondale Interconnection.

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16.04 Natural Gas Liquids Recovery by Westcoast. Westcoast may from time to time deliver Uncontracted Residue Gas to the Straddle Plant Operator for the purpose of extracting Natural Gas Liquids whenever Westcoast, in its sole discretion, determines that such extraction is required to ensure that the residue gas delivered by Westcoast to or for the account of a Shipper at a Delivery Point in Zone 3 or Zone 4 complies with the specifications prescribed in Article 12. Except for the recovery of Liquid Products in the McMahon Processing Plant and the recovery of Natural Gas Liquids from Uncontracted Residue Gas to the extent permitted by this Section, Westcoast shall not extract or recover, or cause any other person to extract or recover, Natural Gas Liquids from residue gas which is processed at the McMahon Processing Plant or from residue gas which is delivered to Compressor Station No. 1 through the Alberta Mainline or the Boundary Lake Pipeline.

16.05 Curtailment of Deliveries, Straddle Plant. Notwithstanding any other provision of a Service Agreement and these General Terms and Conditions, if Westcoast determines that the flowing temperature of the residue gas in the Pipeline System at the outlet of the Taurus compressor unit located at Compressor Station No. 1 is or is likely to be in excess of 49°C on any day, Westcoast may:

- (a) refuse to authorize the delivery of Contracted Residue Gas to the Straddle Plant Operator at the Straddle Plant Delivery Point and the delivery of Contracted Residue Gas and other residue gas into the Pipeline System by the Straddle Plant Operator at the Straddle Plant Receipt Point; and
- (b) curtail or interrupt deliveries of Contracted Residue Gas previously authorized by Westcoast for delivery to the Straddle Plant Operator at the Straddle Plant Delivery Point and deliveries of Contracted Residue Gas and other residue gas previously authorized by Westcoast for delivery into the Pipeline System by the Straddle Plant Operator at the Straddle Plant Receipt Point,

to the extent that Westcoast, in its sole discretion, determines is necessary to ensure that the flowing temperature of the residue gas at the outlet of the Taurus compressor unit does not exceed that temperature. Where Westcoast curtails or interrupts deliveries of Contracted Residue Gas at the Straddle Plant Delivery Point and deliveries of Contracted Residue Gas and other residue gas into the Pipeline System at the Straddle Plant Receipt Point in accordance with this Section, such curtailment or interruption shall be made in the priority and sequence prescribed in Section 3.05. Notwithstanding the provisions of Article 8, a Shipper shall not be entitled to any Contract Demand Credits if Westcoast refuses to authorize, or curtails or interrupts deliveries of Contracted Residue Gas and other residue gas in accordance with this Section.

16.06 Daily Delivery of Fort Nelson Liquids. Westcoast shall deliver on each day and, subject to section 16.08, each Shipper shall take on any such day, a quantity of Fort Nelson Liquids equal to each such Shipper's daily entitlement as determined by Westcoast for that day.

16.07 Excess Deliveries of Fort Nelson Liquids. If a Shipper takes a quantity of Fort Nelson Liquids which exceeds the total of its daily entitlement and that quantity of Fort Nelson Liquids that Westcoast has authorized the Shipper to remove from storage pursuant to Section 16.08, Westcoast may reduce the Shipper's daily entitlement for the following day or days, by the amount of such excess.

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- 16.08 Deliveries of Fort Nelson Liquids to and from Storage. At a Shipper's request, Westcoast will deliver into storage all or any portion of the Shipper's daily entitlement of Fort Nelson Liquids provided such delivery will not cause the Shipper to exceed its storage entitlement as determined by Westcoast from time to time. Westcoast will, subject to operating conditions and limitations, authorize the removal from storage of Fort Nelson Liquids held for a Shipper's account in the quantities requested by the Shipper from time to time.
- 16.09 Failure to Take Fort Nelson Liquids. If at any time a Shipper fails to take any portion of its daily entitlement to Fort Nelson Liquids that is in excess of the Shipper's storage entitlement for any reason whatsoever, Westcoast may dispose of that quantity of such Fort Nelson Liquids which the Shipper has failed to take, in which event Westcoast will remit to the Shipper the proceeds of sale received by Westcoast less all costs and expenses (including, without limitation, transportation costs) reasonably incurred by Westcoast with respect to the disposition of that quantity. Where the costs of disposition exceed the proceeds of sale, the Shipper will pay the difference to Westcoast.
- 16.10 Possession and Control of Fort Nelson Liquids. Westcoast shall be deemed to be in possession and control of and responsible for all Fort Nelson Liquids recovered for a Shipper's account until such liquids are delivered by Westcoast to or for the account of the Shipper from the facility at which such liquids are recovered. Westcoast shall have the right at all times to commingle the Fort Nelson Liquids in its possession and control.
- 16.11 Daily Delivery of Dawson Liquids. Westcoast shall deliver on each day and each Shipper shall take on any such day, a quantity of Dawson Liquids equal to each such Shipper's daily entitlement as determined by Westcoast for each such day.
- 16.12 Excess Deliveries of Dawson Liquids. If a Shipper takes a quantity of Dawson Liquids which exceeds its daily entitlement, Westcoast may reduce the Shipper's entitlement for the following day or days by the amount of such excess.
- 16.13 Failure to Take Dawson Liquids. If at any time a Shipper fails to take any portion of its daily entitlement to Dawson Liquids for any reason whatsoever, Westcoast may dispose of that quantity of such Dawson Liquids which the Shipper has failed to take, in which event Westcoast will remit to the Shipper the proceeds of sale received by Westcoast less all costs and expenses (including, without limitation, transportation costs) reasonably incurred by Westcoast with respect to the disposition of that quantity. Where the costs of disposition exceed the proceeds of sale, the Shipper will pay the difference to Westcoast.
- 16.14 Possession and Control of Dawson Liquids. Westcoast shall be deemed to be in possession and control of and responsible for all Dawson Liquids recovered for a Shipper's account until such liquids are delivered to or for the account of the Shipper from the Dawson Processing Plant. Westcoast shall have the right at all times to commingle the Dawson Liquids in its possession and control.

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**ARTICLE 17
LIABILITIES AND INDEMNITIES**

- 17.01 Property and Equipment. Each party assumes full responsibility and liability for the maintenance and operation of its respective properties and shall indemnify and save harmless the other party from all liability and expense on account of any and all damages, claims or actions, including injury to and death of persons, arising from any act or accident in connection with the installation, presence, maintenance and operation of the property and equipment of the indemnifying party, or in connection with the presence of gas, Hydrocarbon Liquids, Raw Liquids, Liquid Products, Fort Nelson Liquids or Dawson Liquids which are or are deemed to be in the possession and control of the indemnifying party.
- 17.02 Import Backhaul Service. A Shipper which has entered into an Interruptible Service Agreement providing for Import Backhaul Service shall indemnify and hold Westcoast harmless from and against all actions, proceedings, claims, demands, costs and expenses, including all legal costs and expenses, incurred by Westcoast which arise from or are attributable directly or indirectly to the delivery of gas to the Shipper under the Interruptible Service Agreement providing for Import Backhaul Service.
- 17.03 Curtailment of Services. If Westcoast is required for any reason to curtail or interrupt service or otherwise fails to provide service, a Shipper's sole and exclusive remedy against Westcoast will be the recovery of Contract Demand Credits pursuant to and in accordance with Article 8.
- 17.04 Contracted Residue Gas and Natural Gas Liquids. Westcoast shall have no liability of any kind whatsoever to a Shipper in respect of:
- (a) Contracted Residue Gas which has been delivered for the account of the Shipper to the Straddle Plant Operator at the Straddle Plant Delivery Point and which is or is deemed to be in the possession and control of the Straddle Plant Operator;
 - (b) Natural Gas Liquids extracted and recovered from Contracted Residue Gas at the Straddle Plant by the Straddle Plant Operator, and the allocation of any such Natural Gas Liquids between two or more Shippers;
 - (c) any Contracted Residue Gas and Natural Gas Liquids used as fuel or otherwise consumed or lost in the operations of the Straddle Plant, and the allocation of any such Contracted Residue Gas and Natural Gas Liquids between two or more Shippers; and
 - (d) any difference between the quantity of residue gas reported in a statement delivered to Westcoast pursuant to Section 10.01 as having been delivered into the Pipeline System at the Straddle Plant Receipt Point on any day and the actual quantity of residue gas delivered into the Pipeline System at that Receipt Point on any such day.
- 17.05 Damages. In no event will either Westcoast or a Shipper be liable to the other for any indirect, special or consequential loss, damage, cost or expense whatsoever including, without limitation, any loss of profits or revenues, the cost of capital, any loss or damage arising out of a failure to purchase, sell or deliver gas, the cancellation of permits or

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certificates, and the termination of contracts, whether based on breach of contract, negligence or other tort liability, strict liability or otherwise.

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**ARTICLE 18
REPRESENTATIONS AND WARRANTIES**

18.01 Shipper represents and warrants to Westcoast that:

- (a) it has full right, power and authority to enter into a Service Agreement and that all gas, Liquid Products and Raw Liquids to be delivered thereunder shall be free from all liens and adverse claims;
- (b) as of the day on which service is first provided by Westcoast under a Service Agreement, Shipper shall have obtained all necessary authorizations, permits, licences, certificates and agreements necessary for the receipt and delivery of gas under such Service Agreement and for the delivery of Raw Liquids and/or the receipt of Liquid Products if Shipper is entitled to Liquid Products Stabilization and Fractionation Service thereunder; and
- (c) as of the day on which a Service Agreement or any amendment thereto, other than an amendment providing solely for a Temporary In Path Relocation or a Temporary Out of Path Relocation, is entered into by Westcoast and Shipper, either:
 - (i) in respect of each firm service provided or to be provided by Westcoast thereunder Shipper owns, controls or has contracted on a firm basis for gas supplies or proven reserves from which it is or will be capable of delivering at the Receipt Points specified in such Service Agreement for such service, a volume of gas which is not less than the Contract Demand specified for such service on each day during the period in which Westcoast has agreed to provide such service; or
 - (ii) each firm service provided or to be provided by Westcoast thereunder is required by Shipper to enable it to satisfy, in whole or in part, its firm gas sales obligations during the period in which Westcoast has agreed to provide such service.

Shipper acknowledges and agrees that Westcoast has agreed to provide the services described in a Service Agreement in reliance upon the truth and accuracy of the representations and warranties of Shipper set forth in this section 18.01. Westcoast may at its option and in addition to any other remedy at law it may have, cease to provide such services to Shipper upon 7 days' written notice to Shipper should any of such representations and warranties prove to be false or inaccurate in any material respect. If Westcoast ceases at any time to provide such services to Shipper in accordance with this section 18.01, Shipper shall nonetheless remain liable for and shall pay to Westcoast the tolls prescribed in Westcoast's Toll Schedules for Service for such services up to the time Westcoast ceases to provide such services.

18.02 Shipper shall at all times have the obligation to make settlements for all royalties and overriding royalties and payments to mineral and royalty owners now or hereafter due with respect to the gas and its constituent parts, as may appear from records or otherwise to be binding upon Shipper and in accordance with the terms thereof and of the respective leases and other documents, and to make settlements with all other persons having any ownership

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or interest in the gas, and Shipper agrees to indemnify Westcoast and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any and all persons to the gas and its constituent parts or to royalties, taxes, licences fees or charges thereon which are applicable thereto or which may be levied and assessed upon the same thereof.

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**ARTICLE 19
FORCE MAJEURE**

- 19.01 As used in these General Terms and Conditions, the term "force majeure" means any event or occurrence not within the control of the party claiming force majeure and which by the exercise of due diligence such party is unable to prevent or overcome, including, without limiting the generality of the foregoing, any act of God, strikes, lockouts, or other industrial disturbances, acts of the Queen's enemies, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, floods, storms, fires, washouts, arrests, restraints of rulers and peoples, civil disturbances, explosions, breakages, or accidents to machinery or pipelines, hydrate obstructions of pipelines or appurtenances thereto, temporary failure of gas supply, freezing of wells, or delivery facilities, well blowouts, cratering, inability to obtain materials or equipment, inability to obtain permits, orders, licences, certificates or other authorizations, order of any court, board or governmental authority having jurisdiction.
- 19.02 If either party fails to perform any obligation imposed pursuant to a Service Agreement and such failure is caused or materially contributed to by any occurrence of force majeure, such failure shall be deemed not to be a breach of the obligation of such party, but such party shall use reasonable diligence to put itself in a position to carry out its obligation. Provided, however, that the settlement of strikes or lockouts shall be entirely within the discretion of each party and that the foregoing requirement that any force majeure shall be remedied with the exercise of due diligence shall not require settlement of strikes or lockouts by acceding to the demands of opposing persons when such course is inadvisable in the discretion of the appropriate party.
- 19.03 Notwithstanding section 19.02, force majeure shall not:
- (a) relieve Shipper from its obligation to make monthly payments to Westcoast under a Service Agreement or relieve Westcoast from its obligation to provide a Contract Demand credit in accordance with Article 8 of these General Terms and Conditions; or
 - (b) relieve any party from any other obligation unless such party shall give notice or such cause in writing to the other party with reasonable promptness and like notice shall be given upon termination of such cause, nor shall such cause continue to relieve such party from such other obligation after the expiration of a reasonable period of time within which, by the use of due diligence, such party could have performed its obligations.

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GENERAL TERMS AND CONDITIONS - SERVICE**ARTICLE 20
NOTICES**

20.01 Notices. Except as otherwise provided in these General Terms and Conditions, any notice, statement, invoice or other document that either a Shipper or Westcoast may be required or may desire to give under or pursuant to a Service Agreement shall be in writing and directed to the other party at its address specified in a Service Agreement, or at such other address as may be designated from time to time by written notice, and shall be deemed conclusively to be validly given to and received by the addressee:

- (a) in the case of any statement or invoice delivered pursuant to Article 10, on the date of receipt by the party to whom it is addressed if that day is a Business Day and otherwise on the next Business Day; and
- (b) in any other case, (i) if sent by courier, on the date of delivery if it is a Business Day and the delivery was made prior to 5:00 p.m. local time in the place of receipt and otherwise on the next Business Day, or (ii) if sent by facsimile copier, on the date of sending if it is a Business Day and confirmation of transmission is received by the originating facsimile copier prior to 5:00 p.m. local time at the place of receipt and otherwise on the next Business Day.

20.02 Nominations and Certain Shipper Notices. Any:

- (a) nominations to be given to Westcoast by a Shipper pursuant to Section 4.05;
- (b) notifications respecting deliveries of gas to be made pursuant to Sections 6.03, 6.04 and 27.03; and
- (c) statements respecting deliveries of gas to be delivered pursuant to Section 10.01,

shall be given or delivered to Westcoast by means of an electronic data communications system and in file format which are acceptable to Westcoast or, if Westcoast's electronic data communications system is not available on any day, by facsimile copier. Any other notice to be given to Westcoast by a Shipper or by a Receipt Point Operator pursuant to Articles 4, 5 and 6 shall be given or delivered by facsimile copier or by means of an electronic data communications system and in file format which are acceptable to Westcoast.

20.03 Receipt of Certain Shipper Notices. Where any communication given by a Shipper or a Receipt Point Operator in accordance with Section 20.02 is sent by means of an electronic data communications system, the confirmation and receipt of such communication shall be determined in accordance with the terms of any agreement that may from time to time apply to such communications or, if no such agreement is in effect or if the communication is sent by facsimile copier, then all information contained in any such communication shall be deemed conclusively to be correct, confirmed by the Shipper or Receipt Point Operator and received by Westcoast upon receipt of the communication thereof by Westcoast.

20.04 Invoices. Invoices to be delivered by Westcoast pursuant to Section 10.04 may be delivered to a Shipper either in accordance with Section 20.01 or, in the case of a Shipper which has entered into a Customer Interface Agreement with Westcoast, may be posted by Westcoast

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to a secure website. Upon the completion of the posting of invoices to the secure website, Westcoast shall give notice of such posting by means of its electronic bulletin board. An invoice posted by Westcoast to the secure website shall be deemed conclusively to have been validly delivered to, and to have been received by, the Shipper to which it is addressed at the time notice of the posting is given by Westcoast by means of its electronic bulletin board.

- 20.05 Certain Westcoast Notices. Any notice or other communication to be given by Westcoast to a Shipper, a Receiving Party or a Receipt Point Operator pursuant to Articles 4, 5, 6, 7, 8, 19, 27, 28 and 29 and Schedule B shall be given by Westcoast by facsimile copier or by means of an electronic data communications system or Westcoast's electronic public bulletin board, and all information contained in any such notice or communication shall be deemed conclusively to be correct, confirmed by Westcoast and received by the Shipper, Receiving Party or Receipt Point Operator, if given by facsimile copier or by an electronic data communications system, upon the completion of the communication thereof by Westcoast to the Shipper, Receiving Party or Receipt Point Operator or, if given by means of Westcoast's electronic public bulletin board, upon the posting thereof to the electronic public bulletin board.

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**ARTICLE 21
MISCELLANEOUS**

- 21.01 No waiver by either party of any default by the other in the performance of any of the provisions of a Service Agreement shall operate or be construed as a waiver of any other or future default or defaults, whether of a like or of a different character.
- 21.02 A Service Agreement may not be assigned in whole or in part by Shipper without the prior written consent of Westcoast, which consent shall not be unreasonably withheld.
- 21.04 Nothing herein contained shall prevent any of the parties from pledging or mortgaging its rights under a Service Agreement as security for its indebtedness.
- 21.03 A Service Agreement shall enure to the benefit of and be binding upon the parties thereto and their respective successors and permitted assigns.
- 21.05 A Service Agreement together with these General Terms and Conditions and Westcoast's Toll Schedules for Service incorporated therein by reference, constitutes the entire agreement between the parties and supersedes all previous agreements, understandings, negotiations and representations between the parties.
- 21.06 No amendment or variation of a Service Agreement shall be effective or binding upon the parties thereto unless such amendment or variation is set forth in writing and duly executed by the parties thereto.
- 21.07 A Service Agreement and the rights and obligations of the parties thereunder are subject to all present and future laws, rules, regulations and orders of any legislative body, governmental agency or duly constituted authority now or hereafter having jurisdiction over the parties.
- 21.08 From and after April 15, 1991 any references in a Service Agreement to the terms "delivery point" and "redelivery point" shall be deemed to be references to the terms "Receipt Point" and "Delivery Point", respectively, as such terms are defined in section 1.01 of these General Terms and Conditions.
- 21.09 From and after November 1, 1991 any Service Agreement which provides for "Transportation Storage Service" under Westcoast's Toll Schedules for Service in effect prior to November 1, 1991 shall, without further act or formality, be deemed to be amended by converting such Transportation Storage Service to Transportation Service - Northern with a Receipt Point at the interconnection of the Pipeline System and the Storage Reservoir and a Delivery Point at the Delivery Point specified in such Service Agreement in respect of such Transportation Storage Service.

Effective Date: November 1, 1991

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**ARTICLE 22
LIQUID PRODUCTS STABILIZATION AND FRACTIONATION SERVICE**

- 22.01 Westcoast will provide first priority to the delivery of Contract Demand Liquid Products Stabilization and Fractionation Service and least priority to the delivery of Interruptible Liquid Products Stabilization and Fractionation Service.
- 22.02 If Shipper has entered into a Service Agreement under which Westcoast has agreed to provide Contract Demand Treatment Service and Contract Demand Liquids Recovery Service at the Taylor Processing Plant, from and after the date upon which Westcoast advises Shipper that it is capable of providing Contract Demand Liquid Products Stabilization and Fractionation Service at the Taylor Processing Plant, that Service Agreement shall, without further act or formality, be deemed to include Contract Demand Liquid Products Stabilization and Fractionation Service for a term which is coterminous with such Contract Demand Treatment Service and Contract Demand Liquids Recovery Service and for a quantity of Liquid Products up to a Contract Demand (expressed in cubic metres per day) equal to the product of the Contract Demand (expressed in 10^3m^3 liquids residue gas equivalent) specified in the Service Agreement for Liquids Recovery Service, and 4.6155.
- 22.03 If Shipper has entered into a Service Agreement under which Westcoast has agreed to provide Interruptible Treatment Service and Interruptible Liquids Recovery Service at the Taylor Processing Plant, from and after the date upon which Westcoast advises Shipper that it is capable of providing Interruptible Liquid Products Stabilization and Fractionation Service at the Taylor Processing Plant, that Service Agreement shall, without further act or formality, be deemed to include Interruptible Liquid Products Stabilization and Fractionation Service for a term which is coterminous with such Interruptible Treatment Service and Interruptible Liquids Recovery Service.
- 22.04 On or before the 20th day of each month, Shipper will provide to Westcoast, in writing, Shipper's best estimate of
- (a) the residue gas equivalent of the raw gas volumes that Shipper anticipates it will deliver to Westcoast for processing at the Taylor Processing Plant, and
 - (b) the quantities of Raw Liquids that Shipper anticipates it will deliver to Westcoast at the Raw Liquids Receipt Point,
- on each day of the following month.
- 22.05 Westcoast will provide to Shipper, not less than four Business Days prior to the end of each month, a forecast of Shipper's Daily Authorized Entitlement in respect of each Liquid Product for each day in the following month.
- 22.06 Shipper will provide to Westcoast, no later than two Business Days prior to the end of each month a summary of the quantities of propane and butane that Shipper expects to ship by rail and by truck on each day of the following month.

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- 22.07 Westcoast will notify Shipper by 10:30 PST on each day, of the quantity of each Liquid Product that Shipper is entitled to receive on that day as determined by Westcoast based upon the following:
- (a) Shipper's forecast provided to Westcoast pursuant to section 22.04;
 - (b) Westcoast's estimate of the average composition of raw gas delivered to it by all Shippers entitled to Liquid Products Stabilization and Fractionation Service for processing at the Taylor Processing Plant;
 - (c) Westcoast's estimated shrinkage factors for Liquid Products;
 - (d) Westcoast's estimate of the total volume of raw gas delivered to it by all Shippers for processing at the Taylor Processing Plant on the previous day;
 - (e) the total volume of gas derived from the most recent notifications given by Shipper to Westcoast pursuant to Section 6.04 in respect of all Receipt Points at which raw gas was delivered to Westcoast for processing at the Taylor Processing Plant to Shipper's account; and
 - (f) Westcoast's estimate of the total quantity of Raw Liquids delivered by Shipper to Westcoast at the Raw Liquids Receipt Point on the previous day.
- 22.08 Westcoast shall deliver on each day and, subject to section 22.10, Shipper shall take on that day, a quantity of each Liquid Product equal to Shipper's Daily Authorized Entitlement for that day.
- 22.09 If Shipper takes a quantity of any Liquid Product which exceeds the total of its Daily Authorized Entitlement and the quantity of any such Liquid Product that Westcoast has authorized Shipper to remove from storage pursuant to section 22.10, Westcoast may reduce Shipper's Daily Authorized Entitlement in respect of such Liquid Product for the following day or days, by the amount of such excess.
- 22.10 At Shipper's request, Westcoast will deliver into storage all or any portion of Shipper's Daily Authorized Entitlement in respect of each Liquid Product provided such delivery will not cause Shipper to exceed its Storage Entitlement in respect of that Liquid Product. Westcoast will, subject to operating conditions and limitations, authorize the removal from storage of Liquid Product held to Shipper's account in the quantities requested by Shipper from time to time.
- 22.11 If at any time Shipper fails to take a quantity of any Liquid Product in excess of Shipper's Storage Entitlement for any reason whatsoever, Westcoast may dispose of that quantity of such Liquid Product which Shipper has failed to take, in which event Westcoast will remit to Shipper the proceeds of sale received by Westcoast less all costs and expenses (including, without limitation, transportation costs) reasonably incurred by Westcoast with respect to the disposition of that quantity.
- 22.12 Following the end of each month, Westcoast shall determine the quantity of each Liquid Product that Shipper was entitled to receive in that month based upon the following:

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- (a) the total volume of raw gas delivered by Shipper to Westcoast for processing at the Taylor Processing Plant in that month;
 - (b) Westcoast's most current analysis of the composition of the raw gas delivered by Shipper to Westcoast for processing at the Taylor Processing Plant in that month;
 - (c) the actual quantities of Liquid Products recovered at the Taylor Processing Plant by Westcoast in that month; and
 - (d) the total quantity of Raw Liquids delivered by Shipper to Westcoast at the Raw Liquids Receipt Point in that month.
- 22.13 Within 60 days of the end of each month, Westcoast shall deliver to Shipper a statement which specifies the following:
- (a) the quantity of each Liquid Product in storage to Shipper's account at the commencement and at the end of that month;
 - (b) the total quantity of Raw Liquids delivered by Shipper to Westcoast at the Raw Liquids Receipt Point in that month;
 - (c) the total quantity of Liquid Products actually taken by Shipper in that month;
 - (d) Shipper's Monthly Adjusted Entitlement in respect of each Liquid Product for that month; and
 - (e) Shipper's Monthly Liquid Product Measurement Adjustment in respect of each Liquid Product for that month.
- 22.14 Any Monthly Liquid Product Measurement Adjustment will be eliminated within the time specified by Westcoast in the same manner as provided in sections 22.09 and 22.11 for the elimination of deviations from the Daily Authorized Entitlement.
- 22.15 Raw Liquids shall be free of water in liquid form, impurities and other objectionable substances which may, in the judgement of Westcoast, adversely affect Westcoast's capability of accepting delivery of or fractionating those Raw Liquids. Westcoast may refuse to accept delivery of Raw Liquids which do not conform with this section 22.15.

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22.16 Liquid Products delivered by Westcoast to Shipper at the Liquid Products Delivery Points shall conform to the following specifications:

CONDENSATE

<u>Product Characteristic</u>	<u>Specification</u>		<u>Test Method ASTM</u>
	<u>Min</u>	<u>Max</u>	
Composition, % volume Butane or lighter		3	D2163
Vapour pressure, kpa absolute		106	D323

BUTANE

<u>Product Characteristic</u>	<u>Specification</u>		<u>Test Method ASTM</u>
	<u>Min</u>	<u>Max</u>	
Composition, % volume Butane (iso and normal)		Predominant	D2163
Vapour pressure, kpa @ 37.8°C	240	485	D1267
Sulphur, mg/m ³ of butane vapour (prior to stenching)		345	D2784
Corrosion copper strip		No.1	D1838
Moisture content	No Free Water		
Volatile residue:			
Temperature @ 95% evaporation, °C or		2	D1837
Pentane and heavier, % volume		2	D2163

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GENERAL TERMS AND CONDITIONS - SERVICE**PROPANE**

Product Characteristic	Specification		Test Method ASTM
	Min	Max	
Composition, % volume			D2163
Propane	90		
Propylene		5	
Butane and heavier		2.5	
Vapour pressure, kpa @ 37.8°C		1435	D1267
Sulphur, mg/kg		120	D3246
Corrosion copper strip		No.1	D1838
Moisture:			
Dewpoint, °C		-25	D1142
or			
Valve freeze, seconds	60		D2713
Residual matter:			
Residue on evaporation of 100 mL		0.05	
Oil stain observation	No Oil Stain (Pass)		
Stench - Add 24 g of Ethyl Mercaptan per m ³ of liquid propane			

- 22.17 Westcoast will have the right to dispose of any Liquid Product which does not conform to the specifications set forth in section 22.16, in which event the proceeds of sale received by Westcoast less all costs and expenses (including, without limitation, transportation costs) reasonably incurred by Westcoast with respect to the disposition of that non-conforming Liquid Product will be allocated to each Shipper pro rata on the basis of the average of that Shipper's Daily Authorized Entitlements for the month in which the disposition of such non-conforming Liquid Product occurs. When operating conditions permit, Westcoast will attempt to rerun or blend non-conforming Liquid Product with other Liquid Product in order to reduce the quantity of non-conforming Liquid Product otherwise requiring disposition from time to time in accordance with this section 22.17.

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- 22.18 Subject to section 22.19, Westcoast shall be deemed to be in possession and control of and responsible for all Liquid Products recovered to Shipper's account at the Taylor Processing Plant until delivered by Westcoast to Shipper at the Liquid Products Delivery Points, as if Westcoast were the owner thereof. Westcoast shall have the right at all times to commingle such Liquid Products with other Liquid Products in Westcoast's possession and control.
- 22.19 Westcoast shall not be deemed to be in possession and control of and responsible for Raw Liquids until those Raw Liquids are delivered to Westcoast at the Raw Liquids Receipt Point.

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ARTICLE 23
Reserved for Future Use

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**ARTICLE 24
SHORT TERM FIRM SERVICE**

- 24.01 Application. This Article applies to Short Term Firm Service provided to a Shipper in Zone 3 or Zone 4 pursuant to a Firm Service Agreement into which the Toll Schedule for Short Term Firm Service is incorporated by reference.
- 24.02 General Terms and Conditions. The provisions of Articles 1 to 21 inclusive of these General Terms and Conditions other than Sections 2.03 to 2.10 inclusive, Article 9 and Section 21.02 shall apply to a Firm Service Agreement for STF Service.
- 24.03 Term and Minimum Toll. The term of a Firm Service Agreement for STF Service shall be more than one day and less than one year, and the Demand Toll for any STF Service shall not be less than the Minimum STF Service Toll.
- 24.04 Assignment and Resourcing. Notwithstanding any other provision of these General Terms and Conditions or any Service Agreement, a Shipper may not:
- (a) assign in whole or in part a Firm Service Agreement for STF Service; or
 - (b) relocate the Receipt Point or the Delivery Point specified in a Firm Service Agreement for STF Service.
- 24.05 Additional Facilities. Nothing in these General Terms and Conditions and nothing in a Firm Service Agreement for STF Service shall be interpreted or construed to obligate Westcoast to construct any additional pipeline facilities in order to provide STF Service to a Shipper.
- 24.06 Notification by Westcoast. Westcoast will post on its public bulletin board from time to time any capacity it has available to provide STF Service. The posting by Westcoast will include the information necessary to define the scope of the STF Service being made available, including:
- (a) the Contract Demand;
 - (b) the sections of the Pipeline System within Zone 3 and Zone 4 on which the STF Service is available;
 - (c) the commencement and termination dates of the term for which the STF Service is available;
 - (d) the minimum term for which the STF Service is available;
 - (e) the Minimum STF Service Toll applicable to the STF Service being offered; and
 - (f) the day and time by which bids for the available STF Service are to be received by Westcoast,

and will also post the electronic mail address to which bids are to be submitted in accordance with Section 24.07.

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24.07 Bids. Bidders who wish to obtain any STF Service posted by Westcoast in accordance with Section 24.06 shall submit a bid to Westcoast at the electronic mail address posted by Westcoast in accordance with Section 24.06 prior to the day and time specified by Westcoast pursuant to Section 24.06, which bid shall include the following information with respect to the STF Service for which the bid is submitted:

- (a) the Contract Demand which the bidder desires to secure;
- (b) the minimum Contract Demand which the bidder is prepared to accept;
- (c) the Receipt Point and Delivery Point for the STF Service;
- (d) the Demand Toll, expressed in dollars per 10^3m^3 per day, bid for the STF Service; and
- (e) the term for which the bidder requires the STF Service.

A bidder may withdraw a bid any time up to one hour prior to the day and time specified by Westcoast pursuant to Section 24.06. Thereafter a bid shall be irrevocable but may be amended by the bidder to increase either the Demand Toll or the term for which the bidder requires the STF Service.

24.08 Award of STF Service. Westcoast will evaluate each bid submitted in compliance with Section 24.07 on the basis of the highest unit economic value, and will award the available STF Service to the bid having the highest unit economic value and to other bids in descending order of unit economic value until all the available STF Service has been awarded. If the unit economic values of two or more bids are equal, Westcoast will determine the priority of those bids:

- (a) firstly, on the basis of the highest Demand Toll; and
- (b) secondly, on the basis of the earliest commencement date of the term of the STF Service specified in the bids.

If two or more bids remain equal after application of the above criteria, Westcoast will award the available STF Service pro rata on the basis of the Contract Demands specified in the applicable bids, provided that no STF Service will be awarded to a bidder for a Contract Demand less than the minimum Contract Demand specified in its bid.

24.09 Service Agreement and Security for Payment. A bidder which is awarded STF Service in accordance with Section 24.08 shall be bound to take up and pay for that service, and if so required by Westcoast, to provide security for payment in accordance with Section 10.08. Westcoast shall forward a Service Agreement to each bidder which was awarded STF Service, and the bidder shall be obligated to execute and return the Service Agreement, without modification or amendment, together with the security required by Westcoast in accordance with Section 10.08, within five Business Days of its receipt, but in any event no later than two Business Days prior to the commencement of STF Service awarded. If Westcoast provides STF Service to a bidder prior to receipt of the executed Service Agreement and security for payment required in accordance with this Section, then:

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- (a) the bidder shall be deemed conclusively, without further act or formality, to have entered into a Service Agreement with Westcoast for the STF Service awarded to the bidder by Westcoast; and
- (b) if the bidder fails to provide the security for payment required by Westcoast within three days of the commencement of the STF Service, Westcoast may, notwithstanding any of the provisions of these General Terms and Conditions, suspend the authorization and delivery of gas to the Shipper until the required security for payment has been provided or terminate the Service Agreement immediately without notice to the Shipper. Notwithstanding the termination of the Service Agreement, the bidder shall be liable to Westcoast for any STF Service provided to the bidder prior to the termination of the Service Agreement.

24.10 Designation of Bid Recipient. If Westcoast determines that it would be desirable to do so, Westcoast may designate a Bid Recipient as Westcoast's agent to receive all bids to be submitted in any month in accordance with Section 24.07, Westcoast will specify the name and electronic mail address of the Bid Recipient in the notification posted in accordance with Section 24.06, and all bids for capacity shall be submitted to the Bid Recipient prior to the time specified by Westcoast in accordance with Section 24.06(f).

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GENERAL TERMS AND CONDITIONS - SERVICE**ARTICLE 25
OVERPRODUCTION CHARGES**

- 25.01 Shipper Obligations, Raw Gas, Acid Gas and Sulphur Gas. Subject to Section 25.02 each Shipper which delivers raw gas, or for the account of which raw gas is delivered, into the Pipeline System at one or more Receipt Points for processing at a Processing Plant shall, in addition to any other charges payable pursuant to a Service Agreement and these General Terms and Conditions, pay to Westcoast overproduction charges determined in accordance with Sections 25.04 to 25.06 in respect of Excess Raw Gas Receipts, Excess Acid Gas Receipts and Excess Sulphur Gas Receipts delivered to Westcoast at such Receipt Points on any day if:
- (a) Westcoast has, at or before 1700 hours CCT on the immediately preceding day, given notice in accordance with Section 25.03 that overproduction charges will apply in respect of deliveries of raw gas, acid gas and/or sulphur gas made to Westcoast at Receipt Points upstream of the Processing Plant on any such day; and
 - (b) the total volume of raw gas, acid gas and/or sulphur gas actually delivered to Westcoast on any such day by all Shippers at Receipt Points upstream of the Processing Plant is equal to or in excess of the applicable Constraint Levels specified in the notice given by Westcoast pursuant to Section 25.03.
- 25.02 Exceptions. A Shipper shall not be obligated to pay overproduction charges to Westcoast pursuant to Section 25.01 in respect of:
- (a) any Excess Acid Gas Receipts, if the Shipper's Acid Gas Constraint Volume does not exceed 0.5 103m³ of acid gas; or
 - (b) any Excess Sulphur Gas Receipts, if the Shipper's Sulphur Gas Constraint Volume does not exceed 0.5 103m³ of sulphur gas.
- 25.03 Notification to Shippers. Westcoast will determine the Constraint Levels for each Processing Plant, or in the case of the Fort Nelson Area, for the Processing Plants in that area, for each day and, if Westcoast determines that the total volumes of raw gas, acid gas and/or sulphur gas which are likely to be delivered at Receipt Points upstream of any Processing Plant on any such day may be equal to or in excess of the applicable Constraint Level, Westcoast shall give notice to all Shippers by means of its public bulletin board at or prior to the time specified in Section 25.01(a) on the immediately preceding day, that overproduction charges will apply in respect of deliveries of raw gas, acid gas and/or sulphur gas, as the case may be, made at Receipt Points upstream of the Processing Plant specified in the notice given by Westcoast and shall include in that notice the Constraint Levels applicable to that Processing Plant.
- 25.04 Raw Gas, Acid Gas and Sulphur Gas Tolerances. The following tolerances apply to raw gas and to acid gas and sulphur gas contained in raw gas delivered to Westcoast at Receipt Points for processing at a Processing Plant on any day in respect of which Westcoast has given notice in accordance with Section 25.03:

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- (a) a Shipper's Raw Gas Tolerance shall be five percent of the Shipper's Raw Gas Constraint Volume;
- (b) a Shipper's Acid Gas Tolerance shall be five percent of the Shipper's Acid Gas Constraint Volume; and
- (c) a Shipper's Sulphur Gas Tolerance shall be five percent of the Shipper's Sulphur Gas Constraint Volume.

25.05 Overproduction Charges, Raw Gas, Acid Gas and Sulphur Gas. Subject to Section 25.02, if

- (a) Westcoast has given a notice in accordance with Section 25.03 that overproduction charges will apply on any day in respect of deliveries of raw gas, acid gas and/or sulphur gas made at Receipt Points upstream of the Processing Plant specified in the notice;
- (b) the total volume of raw gas, acid gas and/or sulphur gas, as the case may be, actually delivered to Westcoast on any such day at Receipt Points upstream of the Processing Plant is equal to or exceeds the applicable Constraint Level specified in the notice given by Westcoast; and
- (c) there are, in respect of raw gas and the raw gas components for which a Constraint Level is specified in the notice given by Westcoast, Excess Raw Gas Receipts, Excess Acid Gas Receipts and or Excess Sulphur Gas Receipts delivered at those Receipt Points by or for the account of the Shipper,

the Shipper shall pay to Westcoast overproduction charges for any such day in an amount equal to the product obtained by multiplying 50 percent of the Station 2 Gas Price by the greatest of:

- (a) the thermal equivalent of the Excess Raw Gas Receipts;
- (b) the thermal equivalent of the Excess Acid Gas Receipts; and
- (c) the thermal equivalent of the Excess Sulphur Gas Receipts.

25.06 Thermal Equivalents. For the purposes of Section 25.05, the thermal equivalent of:

- (a) any Excess Raw Gas Receipts for any day shall be determined by multiplying the Excess Raw Gas Receipts by the applicable Weighted Average Residue to Raw Gas Ratio and by multiplying the product so obtained by the applicable Estimated Yearly Heat Content Value;
- (b) any Excess Acid Gas Receipts for any day shall be determined by multiplying the Excess Acid Gas Receipts by the applicable Weighted Average Residue to Acid Gas Ratio and by multiplying the product so obtained by the applicable Estimated Yearly Heat Content Value; and

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- (c) any Excess Sulphur Gas Receipts for any day shall be determined by multiplying the Excess Sulphur Gas Receipts by the applicable Weighted Average Residue to Sulphur Gas Ratio and by multiplying the product so obtained by the applicable Estimated Yearly Heat Content Value.

25.07 Shipper Obligations, Residue Gas. Each Shipper which delivers residue gas, or for the account of which residue gas is delivered, into the Pipeline System at a Receipt Point within a Zone 3 Corridor, other than the NOVA/Boundary Lake Interconnection, the NOVA/Gordondale Interconnection and the Straddle Plant Receipt Point or at a Receipt Point in Zone 4 shall, in addition to any other charges payable pursuant to a Service Agreement and these General Terms and Conditions, pay to Westcoast overproduction charges determined in accordance with Sections 25.09 and 25.10 in respect of Excess Residue Gas Receipts delivered to Westcoast at any such Receipt Point on any day if:

- (a) Westcoast has on the immediately preceding day given notice in accordance with Section 25.08 that overproduction charges will apply in respect of deliveries of residue gas made to Westcoast at Receipt Points within the Zone 3 Corridor or at the Receipt Point in Zone 4 on any such day; and
- (b) the total volume of residue gas actually delivered to Westcoast on any such day at Receipt Points within the Zone 3 Corridor or at the Receipt Point in Zone 4 is equal to or in excess of the Constraint Level specified in the notice given by Westcoast in accordance with Section 25.08.

25.08 Notification to Shippers. Westcoast will, following the Timely Nomination Cycle and the Evening Nomination Cycle for each day, determine the total Authorized Volumes of residue gas to be delivered through each Zone 3 Corridor and the total Authorized Volumes of residue gas to be delivered through Zone 4 and, if Westcoast determines that such total Authorized Volumes will be equal to or exceed 98 percent of the available capacity of any such Zone 3 Corridor or Zone 4, Westcoast will give notice to all Shippers by means of its public bulletin board prior to the beginning of any such day, that overproduction charges will apply to deliveries of residue gas made at Receipt Points within the Zone 3 Corridor specified in the notice and/or at the Receipt Point in Zone 4 specified in the notice, and shall include in that notice the Constraint Level applicable to each such Zone 3 Corridor and/or to each such Receipt Point in Zone 4.

25.09 Residue Gas Tolerance. A Shipper's Residue Gas Tolerance for residue gas delivered into the Pipeline System at each Receipt Point within a Zone 3 Corridor, other than the NOVA/Boundary Lake Interconnection, the NOVA/Gordondale Interconnection and the Straddle Plant Receipt Point, and at each Receipt Point in Zone 4 on any day in respect of which Westcoast has given a notice in accordance with Section 25.08, is the greater of $7.0 \times 10^3 \text{m}^3$ and five percent of the sum of that Shipper's Authorized Receipt Volumes for each such Receipt Point.

25.10 Overproduction Charges, Residue Gas. If:

- (a) Westcoast has given a notice to all Shippers in accordance with Section 25.08 that overproduction charges will apply on any day to deliveries of residue gas made at Receipts Points within a Zone 3 Corridor or at a Receipt Point in Zone 4;

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- (b) the total volume of residue gas delivered into the Pipeline System on any such day at the Receipt Points within such Zone 3 Corridor or at any such Receipt Point in Zone 4 is equal to or in excess of the applicable Constraint Level specified in the notice given by Westcoast; and
- (c) there are Excess Residue Gas Receipts delivered at any such Receipt Point by or for the account of a Shipper,

the Shipper shall pay to Westcoast overproduction charges for any such day in an amount in respect of each such Receipt Point equal to the product obtained by multiplying 10 percent of the Station 2 Gas Price by the thermal equivalent of the Excess Residue Gas Receipts. The thermal equivalent of the Excess Residue Gas Receipts shall be determined by multiplying the Excess Residue Gas Receipts by the Estimated Yearly Heat Content Value of the residue gas delivered into the Pipeline System at each such Receipt Point.

25.11 Liabilities. Payments made by a Shipper pursuant to Sections 25.05 and 25.10 shall not under any circumstances be considered as conferring a right on Shipper to deliver to Westcoast on any day at Receipt Points at which raw gas is delivered into the Pipeline System by or for the account of Shipper for processing at a Processing Plant:

- (a) a volume of raw gas in excess of the applicable Raw Gas Constraint Volume;
- (b) a volume of acid gas in excess of the applicable Acid Gas Constraint Volume; or
- (c) a volume of sulphur gas in excess of the applicable Sulphur Gas Constraint Volume,

or to deliver to Westcoast on any day at a Receipt Point at which residue gas is delivered into the Pipeline System by or for the account of the Shipper, a volume of residue gas in excess of the sum of the applicable Authorized Receipt Volumes, nor shall payment therefor exclude or limit any other remedies available to Westcoast against Shipper for failing to limit its deliveries at such Receipt Points to the applicable Raw Gas Constraint Volume, Acid Gas Constraint Volume and Sulphur Gas Constraint Volume and the sum of the applicable Authorized Receipt Volumes, respectively.

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**ARTICLE 26
PRODUCTION SOURCES**

- 26.01 Application. The provisions of this Article apply to each Shipper in respect of all raw gas delivered into the Pipeline System for the account of the Shipper at a Receipt Point.
- 26.02 Approval of Production Sources. Westcoast will group the gas wells, including associated or solution gas wells, connected to each Receipt Point at which raw gas is delivered into the Pipeline System into separate Production Sources based upon the raw gas composition and flow rate grouping criteria specified in Westcoast's Production Source Grouping Policy, and shall give notice of the approved Production Sources to each Shipper for whose account raw gas is delivered into the Pipeline System at each such Receipt Point. A Shipper shall furnish Westcoast, or shall cause the Receipt Point Operator for the Receipt Point to furnish Westcoast, with such raw gas composition and flow rate data for the gas wells connected or to be connected to the Receipt Point as Westcoast requires to apply the grouping criteria set out in Westcoast's Production Source Grouping Policy
- 26.03 Review of Production Sources by Westcoast. Westcoast may from time to time review, or upon the request of a Receipt Point Operator on behalf of one or more Shippers shall review, a Production Source previously approved by Westcoast. When so requested by Westcoast, the Receipt Point Operator shall provide Westcoast with such raw gas composition and flow rate data for the gas wells connected to the Pipeline System at the affected Receipt Point as Westcoast requires to determine compliance with the grouping criteria specified in Westcoast's Production Source Grouping Policy. If Westcoast determines that changes are required to any existing Production Sources, Westcoast shall give notice of the changed Production Sources to the Receipt Point Operator for the affected Receipt Point. Any change in a Production Source approved by Westcoast in accordance with this Section shall become effective on the first day of the month following the day on which notice of the changed Production Source is given by Westcoast to the Receipt Point Operator.

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**ARTICLE 27
DAWSON AREA**

- 27.01 Application. The provisions of this Article apply to Raw Gas Transmission Service and Treatment Service provided by Westcoast to a Shipper in the Dawson Area pursuant to a Service Agreement.
- 27.02 Deliveries of Raw Gas by Shipper. Subject to Section 27.05, a Shipper may on each day deliver to Westcoast at the Receipt Point specified in a Service Agreement for processing at the Dawson Processing Plant:
- (a) a volume of raw gas not exceeding the aggregate Contract Demand for Firm RGT Service specified in the Service Agreement for each such day; and
 - (b) subject to the availability of capacity therefor, a volume of raw gas not exceeding the maximum daily volume for Interruptible RGT Service specified in the Service Agreement for each such day.
- 27.03 Daily Delivery Estimates. Each Shipper shall provide Westcoast with an estimate of the total volume of raw gas to be delivered by it to Westcoast on each day at the Receipt Point specified in a Service Agreement for processing at the Dawson Processing Plant in accordance with the following requirements:
- (a) Shipper shall give an initial estimate of such total volume of raw gas to Westcoast on the preceding day prior to 1500 CCT; and
 - (b) if, either prior to the day or during the day, there is any change in the initial estimate given in accordance with Subsection 27.03(a) or a prior revised estimate given in accordance with this Subsection 27.03(b), the Shipper shall promptly give a revised estimate of such total volume of raw gas to Westcoast.
- 27.04 Deliveries of Gas by Westcoast. Subject to Section 27.05, Westcoast will on each day deliver to or for the account of a Shipper at the Delivery Point specified in a Service Agreement a volume of residue gas equal to the lesser of:
- (a) the volume of residue gas which the Receiving Party confirms to Westcoast that it will take delivery of at the Delivery Point on each such day for the account of the Shipper; and
 - (b) the volume of residue gas produced at the Dawson Processing Plant on each such day for the account of the Shipper.
- 27.05 Curtailments. If at any time on any day Westcoast determines that the capacity available on the Dawson RGT Pipeline and at the Dawson Processing Plant is not sufficient to provide all of the RGT Service and Treatment Service required by Shippers on any such day, Westcoast will curtail or interrupt the service being provided to Shippers on the Dawson RGT Pipeline and at the Dawson Processing Plant in the following priority and sequence:
- (a) Westcoast will first curtail or interrupt Interruptible Service pro rata on the basis of the volume of such service being provided by Westcoast to each Shipper; and

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- (b) Westcoast will, if required, then curtail or interrupt Firm Service pro rata on the basis of Contract Demand.

Westcoast will give notice of any curtailment or interruption of service made pursuant to this Section 27.05 to each Shipper in accordance with Section 20.05 and by means of its public bulletin board, as promptly as reasonably possible following its determination that a curtailment or interruption of service is necessary. A notice of any curtailment or interruption of service given to each such Shipper in accordance with this Section 27.05 shall specify the Raw Gas Constraint Volume, the Acid Gas Constraint Volume and/or the Sulphur Gas Constraint Volume which each Shipper may deliver to Westcoast at the Receipt Point for processing at the Dawson Processing Plant during the period such curtailment or interruption of service remains in effect.

- 27.06 Purchase of Return Fuel Gas. Westcoast may purchase residue gas to be delivered to it at the NOVA/Tremblay Delivery Point for consumption by Westcoast as fuel in the operation of the Dawson Processing Plant.

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**ARTICLE 28
FORT NELSON AREA**

- 28.01 Application. The provisions of this Article apply to Raw Gas Transmission Service and Treatment Service provided by Westcoast to a Shipper in the Fort Nelson Area pursuant to a Service Agreement.
- 28.02 Monthly Notification to Shippers. Westcoast will, at least five days prior to the first day in each month, notify each Shipper of:
- (a) its Treatment Flow Capability for each day in each such month; and
 - (b) the conversion factors applicable to each Production Source from which each such Shipper produces raw gas which is delivered to Westcoast at a Receipt Point in the Fort Nelson Area.
- Westcoast will, prior to the start of each gas day, notify each Shipper of its RGT Flow Capability for each receipt point for each such day.
- 28.03 Deliveries of Raw Gas by Shipper. Subject to Sections 28.05 and 28.06, a Shipper may on each day deliver to Westcoast at the Receipt Point specified in a Service Agreement for processing at the Fort Nelson Processing Plant and the Fort Nelson North Processing Plant, respectively:
- (a) a volume of raw gas not exceeding the aggregate Contract Demand for Firm RGT Service specified in the Service Agreement for each such Processing Plant for each such day; and
 - (b) subject to the availability of capacity therefor, a volume of raw gas not exceeding the maximum daily volume for Interruptible RGT Service specified in the Service Agreement for each such Processing Plant for each such day.
- 28.04 Deliveries of Gas by Westcoast. Subject to Sections 28.05, 28.06, and 28.07 Westcoast will on each day:
- (a) in the case of raw gas processed at the Fort Nelson Processing Plant, deliver to or for the account of a Shipper at the outlet of that Processing Plant the volume of residue gas produced at that Processing Plant on each such day for the account of the Shipper; and
 - (b) in the case of raw gas processed for the account of a Shipper at the Fort Nelson North Processing Plant, deliver to or for the account of the Shipper at the NOVA/Komie East Delivery Point, a volume of residue gas equal to the lesser of (i) the volume of residue gas which the Receiving Party confirms to Westcoast that it will take delivery of at that Delivery Point on each such day for the account of the Shipper and (ii) the volume of residue gas produced at the Fort Nelson North Processing Plant on each such day for the account of the Shipper.

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28.05 Restriction of Interruptible Treatment Service. If at any time on any day Westcoast determines that the capacity available to provide Interruptible Treatment Service at the Fort Nelson Processing Plant, the Fort Nelson North Processing Plant or both of those Processing Plants is not sufficient to provide Interruptible Treatment Service in respect of the volumes of raw gas being delivered by Shippers to Westcoast at Receipt Points in the Fort Nelson Area, Westcoast may restrict the volumes of raw gas being delivered by each Shipper at such Receipt Points for Interruptible Treatment Service at one or both of those Processing Plants. Westcoast will give notice of any restriction on Interruptible Treatment Service implemented by it pursuant to this Section 28.05 to each Shipper in accordance with Section 20.05 and by means of its public bulletin board as promptly as reasonably possible following its determination that a restriction on Interruptible Treatment Service is required. A notice of any restriction on Interruptible Treatment Service given to each Shipper in accordance with this Section 28.05 shall specify the percentage reduction to be made by each such Shipper in the aggregate volume of raw gas being delivered to Westcoast at such Receipt Points for Interruptible Treatment Service.

28.06 Treatment Curtailments. If at any time on any day Westcoast determines that the capacity at the Fort Nelson Processing Plant, the Fort Nelson North Processing Plant or both of those Processing Plants is not sufficient to provide all of the Treatment Service required by Shippers at one or both of those Processing Plants on any such day, Westcoast will curtail or interrupt the Treatment Service being provided to Shippers at those Processing Plants, by allocating the available Treatment Service capacity at those Processing Plants to Shippers in the following priority and sequence:

- (a) first priority shall be given to Firm Treatment Service contracted at each of the Processing Plants, with the available capacity at each such Processing Plant being allocated to each Shipper based upon the lesser of (i) each such Shipper's share of the capacity available to provide Firm Treatment Service at each such Processing Plant determined pro rata on the basis of Contract Demand and ii) each such Shipper's Treatment Flow Capability;
- (b) second priority shall be given to the maximization of Firm Treatment Service provided at each of the Processing Plants, by allocating the remaining available capacity at each of those Processing Plants to those Shippers which can physically deliver additional raw gas to each such Processing Plant, pro rata on the basis of Treatment Flow Capability, subject to the limitation that the aggregate Firm Treatment Service provided to each such Shipper shall not exceed its aggregate Contract Demand; and
- (c) third priority shall be given to Interruptible Treatment Service at each of those Processing Plants, by allocating the remaining available capacity at each of those Processing Plants to those Shippers which can physically deliver additional raw gas to each such Processing Plant, pro rata on the basis of Treatment Flow Capability.

Westcoast will give notice of any curtailment or interruption of Treatment Service made pursuant to this Section 28.06 to each Shipper in accordance with Section 20.05 and by means of its public bulletin board, as promptly as reasonably possible following its determination that a curtailment or interruption of Treatment Service is necessary. A notice of any curtailment or interruption of Treatment Service given to each such Shipper in accordance with this Section 28.06 shall specify the Residue Gas Constraint Volume, the Raw Gas Constraint Volume, the Acid Gas Constraint Volume and/or the Sulphur Gas

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Constraint Volume applicable to the Treatment Service being provided to each such Shipper during the period such curtailment or interruption of Treatment Service remains in effect.

28.07 RGT Curtailments. If at any time on any day Westcoast determines that the capacity at any Receipt Point or any group of Receipt Points in the Ft. Nelson Area is not sufficient to provide all of the RGT Service required by Shippers at that Receipt Point or group of Receipt Points on any such day, Westcoast will curtail or interrupt the RGT Service being provided to Shippers at such Receipt Point or group of Receipt Points, by allocating the available RGT Service capacity to Shippers in the following priority and sequence:

- (a) first priority shall be given to Firm RGT Service contracted at that Receipt Point or group of Receipt Points, with the available capacity being allocated to each Shipper based upon the lesser of (i) each such Shipper's share of the capacity available to provide Firm RGT Service at that Receipt Point or group of Receipt Points determined pro rata on the basis of Contract Demand and ii) each such Shipper's RGT Flow Capability;
- (b) second priority shall be given to the maximization of Firm RGT Service provided at that Receipt Point or group of Receipt Points, by allocating the remaining available capacity to those Shippers which can physically deliver additional raw gas to that Receipt Point or group of Receipt Points, pro rata on the basis of RGT Flow Capability, subject to the limitation that the aggregate Firm RGT Service provided to each such Shipper shall not exceed its aggregate Contract Demand; and
- (c) third priority shall be given to Interruptible RGT Service at that Receipt Point or group of Receipt Points, by allocating the remaining available capacity to those Shippers which can physically deliver additional raw gas to that Receipt Point or Group of Receipt Points, pro rata on the basis of RGT Flow Capability.

Westcoast will give notice of any curtailment or interruption of RGT Service made pursuant to this Section 28.07 to each Shipper and each Receipt Point Operator in accordance with Section 20.05, as promptly as reasonably possible following its determination that a curtailment or interruption of RGT Service is necessary. A notice of any curtailment or interruption of RGT Service given to each such Shipper and each Receipt Point Operator in accordance with this Section 28.07 shall specify the volume that each Shipper is permitted to deliver to each Receipt Point during the period such curtailment or interruption of RGT Service remains in effect

Westcoast will endeavor to work with Shippers and Receipt Point Operators to ensure compliance with permitted delivery volumes in a timely manner, however, if a Receipt Point Operator fails to reduce deliveries at a Receipt Point to the volumes permitted in accordance with this Section 28.07, Westcoast may, without prejudice to any other right it has, physically shut in all deliveries of raw gas and Hydrocarbon Liquids into the Pipeline System at the Receipt Point. Westcoast shall give notice to the Receipt Point Operator, and to the Shippers upstream of the Receipt Point of any shut in of deliveries of raw gas and Hydrocarbon Liquids in accordance with this Section.

Westcoast shall have no liability whatsoever to a Shipper or the Receipt point Operator for a Receipt Point arising out of any action by Westcoast to physically shut in all deliveries of raw gas and Hydrocarbon Liquids at such Receipt Point in accordance with this Section.

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28.07 Purchase of Return Fuel Gas. Westcoast may purchase residue gas to be delivered to it at the NOVA/Komie East Delivery Point for consumption by Westcoast as fuel in the operation of the Fort Nelson North Processing Plant.

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**ARTICLE 29
FORT ST. JOHN AREA, AITKEN CREEK AREA,
GRIZZLY VALLEY AREA AND SIKANNI AREA**

29.01 Application. The provisions of this Article apply to Raw Gas Transmission Service and Treatment Service provided by Westcoast to a Shipper in the Fort St. John Area, the Aitken Creek Area, the Grizzly Valley Area and the Sikanni Area, respectively.

29.02 Notifications to Shippers. Westcoast will, at least five days prior to the first day in each month, notify each Shipper which has entered into a Service Agreement for service in the Fort St. John Area, the Aitken Creek Area, the Grizzly Valley Area and the Sikanni Area, respectively, of:

- (a) its Treatment Flow Capability for each such Area for each day in each such month; and
- (b) the conversion factors applicable to each Production Source from which each such Shipper produces raw gas which is delivered to Westcoast at a Receipt Point in each such Area.

Westcoast will, prior to the start of each gas day, notify each Shipper which has entered into a Service Agreement for service in the Fort St. John Area, the Aitken Creek Area, the Grizzly Valley Area and the Sikanni Area, respectively, of its RGT Flow Capability for each Receipt Point for each such day.

29.03 Deliveries of Raw Gas by Shipper. Subject to Sections 29.05, 29.06 and 29.07, a Shipper may on each day deliver to Westcoast at the Receipt Point specified in a Service Agreement for processing at the McMahon Processing Plant, the Aitken Creek Processing Plant, the Pine River Processing Plant and the Sikanni Processing Plant, respectively:

- (a) in the case of each of the Fort St. John Area, the Aitken Creek Area and the Grizzly Valley Area, a volume of raw gas not exceeding the aggregate Contract Demand for Firm RGT Service specified in the Service Agreement for each such Area for each such day and, in the case of the Sikanni Area, the raw gas equivalent, determined based upon the applicable conversion factors, of the aggregate Contract Demand for Firm Treatment Service specified in the Service Agreement for each such day; and
- (b) subject to the availability of capacity therefor, a volume of raw gas, in the case of each of the Fort St. John Area, the Aitken Creek Area and the Grizzly Valley Area, not exceeding the maximum daily volume for Interruptible RGT Service specified in the Service Agreement for each such Area for each such day and in the case of the Sikanni Area, the raw gas equivalent, determined based on the applicable conversion factors, of the maximum daily volume for Interruptible Treatment Service specified in the Service Agreement for that Area for each such day.

29.04 Deliveries of Gas by Westcoast. Subject to Sections 29.05, 29.06 and 29.07, Westcoast will on each day deliver to or for the account of a Shipper at the outlet of the McMahon Processing Plant, the Aitken Creek Processing Plant, the Pine River Processing Plant and the Sikanni Processing Plant, respectively, the volume of residue gas produced at each such Processing Plant on each such day for the account of the Shipper.

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29.05 Restriction of Interruptible Treatment Service. If at any time on any day Westcoast determines that the capacity available to provide Interruptible Treatment Service at the McMahon Processing Plant, the Aitken Creek Processing Plant, the Pine River Processing Plant or the Sikanni Processing Plant is not sufficient to provide Interruptible Treatment Service in respect of the volumes of raw gas being delivered by Shippers to Westcoast at Receipt Points in the Fort St. John Area, the Aitken Creek Area, the Grizzly Valley Area or the Sikanni Area Westcoast may restrict the volumes of raw gas being delivered by each Shipper at such Receipt Points for Interruptible Treatment Service at the McMahon Processing Plant, the Aitken Creek Processing Plant, the Pine River Processing Plant or the Sikanni Processing Plant. Westcoast will give notice of any restriction on Interruptible Treatment Service implemented by it pursuant to this Section 29.05 to each Shipper in accordance with Section 20.05 and by means of its public bulletin board as promptly as reasonably possible following its determination that a restriction on Interruptible Treatment Service is required. A notice of any restriction on Interruptible Treatment Service given to each Shipper in accordance with this Section 29.05 shall specify the percentage reduction to be made by each such Shipper in the aggregate volume of raw gas being delivered to Westcoast at such Receipt Points for Interruptible Treatment Service.

29.06 Treatment Curtailments. If at any time on any day Westcoast determines that the capacity at the McMahon Processing Plant, the Aitken Creek Processing Plant, the Pine River Processing Plant or the Sikanni Processing Plant is not sufficient to provide all of the Treatment Service required by Shippers at any of those Processing Plants on any such day, Westcoast will curtail or interrupt the Treatment Service being provided to Shippers at that Processing Plant, by allocating the available Treatment Service capacity at that Processing Plant to Shippers in the following priority and sequence:

- (a) first priority shall be given to Firm Treatment Service contracted at that Processing Plant, with the available capacity at that Processing Plant being allocated to each Shipper based upon the lesser of (i) each such Shipper's share of the capacity available to provide Firm Treatment Service at that Processing Plant determined pro rata on the basis of Contract Demand and ii) each such Shipper's Treatment Flow Capability;
- (b) second priority shall be given to the maximization of Firm Treatment Service provided at that Processing Plant, by allocating the remaining available capacity at that Processing Plant to those Shippers which can physically deliver additional raw gas to that Processing Plant, pro rata on the basis of Treatment Flow Capability, subject to the limitation that the aggregate Firm Treatment Service provided to each such Shipper shall not exceed its aggregate Contract Demand; and
- (c) third priority shall be given to Interruptible Treatment Service at that Processing Plant, by allocating the remaining available capacity at that Processing Plants to those Shippers which can physically deliver additional raw gas to that Processing Plant, pro rata on the basis of Treatment Flow Capability.

Westcoast will give notice of any curtailment or interruption of Treatment Service made pursuant to this Section 29.06 to each Shipper in accordance with Section 20.05 and by means of its public bulletin board, as promptly as reasonably possible following its determination that a curtailment or interruption of Treatment Service is necessary. A notice

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of any curtailment or interruption of Treatment Service given to each such Shipper in accordance with this Section 29.06 shall specify the Residue Gas Constraint Volume, the Raw Gas Constraint Volume, the Acid Gas Constraint Volume and/or the Sulphur Gas Constraint Volume applicable to the Treatment Service being provided to each such Shipper during the period such curtailment or interruption of Treatment Service remains in effect.

29.07 RGT Curtailments. If at any time on any day Westcoast determines that the capacity at any Receipt Point or any group of Receipt Points in the Fort St. John Area, the Aitken Creek Area, the Grizzly Valley Area or the Sikanni Area is not sufficient to provide all of the RGT Service required by Shippers at that Receipt Point or group of Receipt Points on any such day, Westcoast will curtail or interrupt the RGT Service being provided to Shippers at such Receipt Point or group of Receipt Points, by allocating the available RGT Service capacity to Shippers in the following priority and sequence:

- (a) first priority shall be given to Firm RGT Service contracted at that Receipt Point or group of Receipt Points, with the available capacity being allocated to each Shipper based upon the lesser of (i) each such Shipper's share of the capacity available to provide Firm RGT Service at that Receipt Point or group of Receipt Points determined pro rata on the basis of Contract Demand and ii) each such Shipper's RGT Flow Capability;
- (b) second priority shall be given to the maximization of Firm RGT Service provided at that Receipt Point or group of Receipt Points, by allocating the remaining available capacity to those Shippers which can physically deliver additional raw gas to that Receipt Point or group of Receipt Points, pro rata on the basis of RGT Flow Capability, subject to the limitation that the aggregate Firm RGT Service provided to each such Shipper shall not exceed its aggregate Contract Demand; and
- (c) third priority shall be given to Interruptible RGT Service at that Receipt Point or group of Receipt Points, by allocating the remaining available capacity to those Shippers which can physically deliver additional raw gas to that Receipt Point or Group of Receipt Points, pro rata on the basis of RGT Flow Capability.

Westcoast will give notice of any curtailment or interruption of RGT Service made pursuant to this Section 29.07 to each Shipper and each Receipt Point Operator in accordance with Section 20.05, as promptly as reasonably possible following its determination that a curtailment or interruption of RGT Service is necessary. A notice of any curtailment or interruption of RGT Service given to each such Shipper and each Receipt Point Operator in accordance with this Section 29.07 shall specify the volume that each Shipper is permitted to deliver to each Receipt Point during the period such curtailment or interruption of RGT Service remains in effect

Westcoast will endeavor to work with Shippers and Receipt Point Operators to ensure compliance with permitted delivery volumes in a timely manner, however, if a Receipt Point Operator fails to reduce deliveries at a Receipt Point to the volumes permitted in accordance with this Section 29.07, Westcoast may, without prejudice to any other right it has, physically shut in all deliveries of raw gas and Hydrocarbon Liquids into the Pipeline System at the Receipt Point. Westcoast shall give notice to the Receipt Point Operator, and to the Shippers upstream of the Receipt Point of any shut in of deliveries of raw gas and Hydrocarbon Liquids in accordance with this Section.

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Westcoast shall have no liability whatsoever to a Shipper or the Receipt Point Operator for a Receipt Point arising out of any action by Westcoast to physically shut in all deliveries of raw gas and Hydrocarbon Liquids at such Receipt Point in accordance with this Section.

- 29.07 Purchase of Fuel Gas. Westcoast may purchase residue gas for consumption by it as fuel in the operation of the Aitken Creek Processing Plant.

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GENERAL TERMS AND CONDITIONS - SERVICE**SCHEDULE A****NEGOTIATED SERVICES**

The following provisions of the General Terms and Conditions are negotiable by a prospective Shipper and Westcoast pursuant to Section 2.02(c) of the General Terms and Conditions in respect of those Field Services which are Negotiated Services:

<u>Sections</u>	<u>Subject Matter</u>
8.01 and 8.05	Contract Demand Credits.
10.08 to 10.10	Letter of Credit.
11.02 to 11.05	Receipt pressures for raw gas, subject to the limitation that such pressures not exceed the maximum authorized operating pressure.
12.02 to 12.04	Raw gas quality.
14.01 and 14.02	As to the requirement for, ownership of and responsibility to pay for measuring equipment at a raw gas Receipt Point.
16.06 to 16.10	Fort Nelson Liquids.
18.01(c)	Representation and warranty respecting gas supply and/or gas sales obligations.
21.02	Assignment of Service Agreement.

Effective Date: September 1, 1998

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**SCHEDULE B
CONTRACT DEMAND CREDITS
FOR RAW GAS TRANSMISSION AND TREATMENT SERVICES**

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

In this Schedule B:

“Annual Planned Outage Schedule” means, in respect of each Area, the annual planned outage schedule for Planned Outages in such Area established for such Area pursuant to Section 2.1 or 2.3, and includes any adjustment to such schedule pursuant to Section 2.2.

“Area” means the Fort Nelson Area, the Fort St. John Area, the Grizzly Valley Area, the Sikanni Area or the Dawson Area, or all of them, as the case may be.

“Area Operating Committee” means the committee established by Westcoast for each Area other than the Sikanni Area and the Dawson Area in accordance with Part II of Schedule D to the Toll Settlement and referred to therein as the “Area Operating Committee” or “AOC” and the area operating committee established by Westcoast for the Sikanni Area and the Dawson Area.

“Area Shipper Executive Committee” means the committee established by Westcoast for each Area other than the Sikanni Area and the Dawson Area in accordance with Part II of Schedule D to the Toll Settlement and referred to therein as the “Area Shipper Executive Committee” or “ASEC” and the area shipper executive committee established by Westcoast for the Sikanni Area and the Dawson Area.

“Daily Average Inlet Pressure Target” means, in respect of any Processing Plant, the daily average inlet pressure specified in Section 4.2 for such Processing Plant.

“Daily Average Outlet Pressure Target” means, in respect of any Processing Plant, the daily average outlet pressure specified in Section 4.2 for such Processing Plant.

“Daily Average Receipt Point Pressure Target” means, in respect of any Receipt Point in Zone 1, the daily average pressure specified in Section 4.1 for such Receipt Point.

“Dawson Area” means the Dawson Processing Plant and the Dawson RGT Pipeline.

“Fort Nelson Area” means the Fort Nelson Processing Plant, the Fort Nelson North Processing Plant and the Fort Nelson RGT System.

“Fort St. John Area” means the McMahon Processing Plant and the Fort St. John RGT System.

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“Grizzly Valley Area” means the Pine River Processing Plant and the Grizzly Valley RGT System.

“Planned Outage” means, in respect of each Area, any maintenance related capacity restrictions which are planned for Westcoast’s facilities in such Area.

“Plant UPO Target” means, in respect of each Area in any Year, the percentage applicable to the Processing Plant in such Area for such Year determined pursuant to Section 3.1, and includes any adjustment to such percentage pursuant to Section 3.2.

“RGT Area UPO Target” means, in respect of each Area in any Year, the percentage applicable to all of the Zone 1 Receipt Points in such Area for such Year determined pursuant to Section 3.1, and includes any adjustment to such percentage pursuant to Section 3.2.

“Sikanni Area” means the Sikanni Processing Plant.

“Week” means each period of seven consecutive days beginning on a Monday and ending on a Sunday

“Weekly Planned Outage Schedule” means in respect of all Areas, the weekly planned outage schedule for Planned Outages in all such Areas prepared and issued by Westcoast pursuant to Section 2.4.

“Year” means a calendar year.

1.2 Section References

In this Schedule B, except as otherwise expressly provided, all references to designated “Articles”, “Sections” or other subdivisions are to the designated Articles, Sections or other subdivisions of this Schedule B.

**ARTICLE 2
PLANNED OUTAGE SCHEDULES**

2.1 Annual Planned Outage Schedules

Prior to the beginning of each Year, each Area Operating Committee will establish an Annual Planned Outage Schedule for Planned Outages required in respect of the facilities in its Area during such Year. Each Annual Planned Outage Schedule will identify the facilities affected by, and the anticipated start date, duration and impact of, each Planned Outage during the Year. In establishing Annual Planned Outage Schedules each Area Operating Committee will have regard, inter alia, to (i) anticipated contracting levels of the facilities affected by the Planned Outages at the time when the Planned Outages are scheduled to occur, (ii) the time of the Year when the Planned Outages are scheduled to occur, (iii) facility design and configuration factors with respect to the facilities affected by the Planned Outages, (iv) multi-year turnaround planning cycles with respect to the facilities affected by the Planned Outages, and (v) the impact of the Planned Outages on Shippers in the Area.

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2.2 Review of Annual Planned Outage Schedules

Westcoast or any Shipper may at any time during a Year, by written notice to the applicable Area Operating Committee, request a review of an Annual Planned Outage Schedule for such Year if one or more of the following events occurs during such Year:

- (a) there is a five percent change in the firm capacity of, or contracting level at, any facility to which such Annual Planned Outage Schedule applies; and
- (b) there is any change in any laws, regulations or ordinances, or the issuance of any orders or directives by any regulatory authority having jurisdiction, which materially affects the operation of any facility to which such Annual Planned Outage Schedule applies.

If an Area Operating Committee receives such a notice from Westcoast or any Shipper, then the Area Operating Committee will determine whether an adjustment should be made to the Annual Planned Outage Schedule, and, if so, the extent and effective date of such adjustment.

2.3 Failure to Agree on Annual Planned Outage Schedules

If an Area Operating Committee cannot agree on:

- (a) an Annual Planned Outage Schedule pursuant to Section 2.1; or
- (b) whether an adjustment to an Annual Planned Outage Schedule should be made pursuant to Section 2.2 or on the extent or effective date of such an adjustment;

then the matter will be referred to and resolved by the applicable Area Shipper Executive Committee. If an Area Shipper Executive Committee is unable to resolve a matter referred to it pursuant to this Section 2.3, then the matter will be resolved pursuant to the dispute resolution process set out in Section 7.1 of the Toll Settlement.

2.4 Weekly Planned Outage Schedules

Westcoast will on each Friday issue a Weekly Planned Outage Schedule for the next succeeding Week which sets out the Planned Outages required in respect of the facilities in each of the Areas during such Week. Each Weekly Planned Outage Schedule will identify the facilities in each Area affected by a Planned Outage, and the anticipated start date, duration and impact of each Planned Outage scheduled to occur during the Week. In preparing the Weekly Planned Outage Schedule for each Week in any Year, Westcoast need not conform with the Annual Planned Outage Schedules, provided that the impact of all Planned Outages for each Area in any such Year set out in the Weekly Planned Outage Schedules may not, in aggregate, exceed the impact of all the Planned Outages for each such Area for the Year as set in the Annual Planned Outage Schedule for each such Area.

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ARTICLE 3
UPO TARGETS

3.1 UPO Targets

Prior to the beginning of each Year, each Area Operating Committee will establish an appropriate RGT Area UPO Target and Plant UPO Target for the said Year for service not available due to unplanned facility outages in respect of the facilities in its Area. In establishing RGT Area UPO Targets and Plant UPO Targets each Area Operating Committee will have regard, inter alia, to (i) anticipated contracting levels of the facilities in the Area during such Year, (ii) facility design and configuration factors with respect to the facilities in the Area, (iii) the time of Year when such facility outages are more likely to occur, (iv) the potential impact of Hydrocarbon Liquids on pipeline system hydraulics in the Area, (v) a statistical approximation of the likelihood of a facility outage occurring determined on the basis of historical and benchmark data, if any, and (vi) an acceptable level of business risk for Westcoast and the Shippers in the Area. All RGT Area UPO Targets and Plant UPO Targets established by an Area Operating Committee pursuant to this Section 3.1 will be subject to review and approval by the applicable Area Shipper Executive Committee.

3.2 Review of UPO Targets

Westcoast or any Shipper may at any time during the Year, by written notice to the applicable Area Operating Committee, request a review of any RGT Area UPO Target or Plant UPO Target in effect during such Year if one or more of the following events occurs during such period:

- (a) there is a five percent change in the firm capacity of, or contracting level at, any facility to which such RGT Area UPO Target or Plant UPO Target applies; and
- (b) there is any change in any laws, regulations or ordinances, or the issuance of any orders or directives by any regulatory authority having jurisdiction, which materially affects the operation of any facility to which such RGT Area UPO Target or Plant UPO Target applies.

If an Area Operating Committee receives such a notice from Westcoast or any Shipper, then the Area Operating Committee will determine whether an adjustment should be made to the RGT Area UPO Target or Plant UPO Target, as the case may be, and, if so, the extent and effective date of such adjustment. Any adjustment to a RGT Area UPO Target or Plant UPO Target approved by an Area Operating Committee pursuant to this Section 3.2 will be subject to review and approval by the applicable Area Shipper Executive Committee.

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GENERAL TERMS AND CONDITIONS - SERVICE**3.3 Failure to Agree on UPO Targets**

If an Area Operating Committee cannot agree on:

- (a) a RGT Area UPO Target or Plant UPO Target pursuant to Section 3.1; or
- (b) whether an adjustment to a RGT Area UPO Target or Plant UPO Target should be made pursuant to Section 3.2 or on the extent or effective date of such an adjustment;

then the matter will be referred to and resolved by the applicable Area Shipper Executive Committee. If an Area Shipper Executive Committee is unable to resolve a matter referred to it pursuant to this Section 3.3, then the matter will be resolved pursuant to the dispute resolution process set out in Section 7.1 of the Toll Settlement.

ARTICLE 4
PRESSURE TARGETS

4.1 Receipt Point Pressure Targets

The Daily Average Receipt Point Pressure Targets for the Receipt Points in Zone 1 are the following daily average pressures:

	Daily Average Receipt Point Pressure Target
(a) all Receipt Points in the Fort St. John Area, other than Receipt Points on the pipelines specified in (b) and (c) below	5 520 kilopascals gauge
(b) all Receipt Points on the following pipelines:	6 550 kilopascals gauge
(i) the 20 inch Alaska Highway pipeline downstream of Westcoast's Kobes Booster Station	
(ii) the 20 inch West Buick Creek pipeline downstream of Westcoast's Bluehills Booster Station	
(iii) the Monias pipeline downstream of Westcoast's Monias Booster Station	
(iv) the Tommy Lakes pipeline	
(v) the six inch Milligan-Peejay pipeline	

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- | | | |
|--------|---|-------------------------|
| (vi) | the eight inch Milligan-Peejay pipeline | |
| (vii) | the ten inch Milligan-Peejay loop pipeline | |
| (viii) | the 12 inch Milligan-Peejay pipeline
downstream of Westcoast's Siphon Booster
Station | |
| (ix) | the 16 inch Oak-Rigel pipeline | |
| (x) | the ten inch Dahl pipeline | |
| (xi) | the eight inch North Dahl pipeline | |
| (xii) | the six inch Southeast Dahl pipeline | |
| (xiii) | the ten inch Silver pipeline | |
| (xiv) | the 26 inch B.C. Trunk pipeline between mile
posts 73 and 65 | |
| (c) | all Receipt Points on the 12 inch Laprise pipeline
downstream of the Laprise Booster Station | 7 584 kilopascals gauge |
| (d) | all Receipt Points in the Fort Nelson Area, other than
Receipt Points on the pipelines specified in (e) and (f)
below | 8 000 kilopascals gauge |
| (e) | all Receipt Points on the Beaver River, Pointed
Mountain and Maxhamish pipelines | 9 308 kilopascals gauge |
| (f) | all Receipt Points on the North Maxhamish Loop and
South Maxhamish Loop pipelines | 9 928 kilopascals gauge |
| (g) | all Receipt Points in the Pine River Area, other than
Receipt Points on the pipelines specified in (h) below | 8 000 kilopascals gauge |
| (h) | all Receipt Points on the Bullmoose and Murray River
pipelines | 8 618 kilopascals gauge |
| (i) | all Receipt Points in the Dawson Area | 9 928 kilopascals gauge |

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4.2 Processing Plant Pressure Targets

The Daily Average Inlet Pressure Targets and the Daily Average Outlet Pressure Targets for the Processing Plants are the following daily average inlet and outlet pressures:

		Daily Average Inlet Pressure Target	Daily Average Outlet Pressure Target
(a)	McMahon Processing Plant	4 485 kilopascals gauge (measured at the suction side of Booster Station No. 1)	6 068 kilopascals gauge (measured at the discharge side of Taurus Unit No. 15)
(b)	Fort Nelson Processing Plant	6 900 kilopascals gauge (measured at the "Plant mixing T")	6 274 kilopascals gauge (measured at the Processing Plant outlet meter)
(c)	Fort Nelson North Processing Plant	8067 kilopascals gauge (measured at the "Plant mixing inlet meter")	9928 kilopascals gauge (measured at the Processing Plant outlet meter)
(d)	Pine River Processing Plant	7 142 kilopascals gauge (measured at the Processing Plant inlet meter upstream of the flow control valve)	6 720 kilopascals gauge (measured at the Processing Plant outlet meter)
(e)	Sikanni Processing Plant	8 500 kilopascals gauge (measured at the Processing Plant inlet meter)	8 067 kilopascals gauge (measured at the Processing Plant outlet meter)
(f)	Dawson Processing Plant	4 135 kilopascals gauge (measured at the Processing Plant inlet meter)	9 928 kilopascals gauge (measured at the Processing Plant outlet meter)

ARTICLE 5
CONTRACT DEMAND CREDITS FOR RGT SERVICE

5.1 Definitions

In this Article 5:

"Adjusted Daily Firm RP Delivered Volume" means, in respect of each of a Shipper's Firm RPs on any day, an amount equal to:

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- (a) the sum of (i) the total volume of gas delivered by such Shipper at such Firm RP on such day, and (ii) the amount, if any, of the Adjustment Volume B for such Shipper at such Firm RP on such day; minus
- (b) the amount, if any, of the Adjustment Volume A for such Shipper at such Firm RP on such day.

“Adjusted Daily Firm RP IT Volume” means, in respect of each of a Shipper’s Firm RPs on any day, the amount, if any, by which (i) the Adjusted Daily Firm RP Delivered Volume for such Shipper at such Firm RP on such day, exceeds (ii) the Daily RP Firm Volume for such Shipper at such Firm RP on such day.

“Adjustment Volume A” means, in respect of each of a Shipper’s Firm RPs in an Area on any day in any month, an amount equal to the product obtained by multiplying:

- (a) the Daily Area Firm RP Inter Receipt Point Offset for such Shipper in such Area on such day; by
- (b) the quotient obtained by dividing (i) the Daily Firm RP IT Volume, if any, for such Shipper at such Firm RP on such day, by (ii) the sum of the Daily Firm RP IT Volumes, if any, for such Shipper at all such Firm RPs in such Area on such day.

“Adjustment Volume B” means, in respect of each of a Shipper’s Firm RPs in an Area on any day in any month, an amount equal to the product obtained by multiplying:

- (a) the sum of the Daily Area Firm RP Inter Receipt Point Offset and the Daily Area Interruptible RP Inter Receipt Point Offset for such Shipper in such Area on such day; by
- (b) the quotient obtained by dividing (i) the Daily RP UPO Volume Loss, if any, for such Shipper at such Firm RP on such day, by (ii) the Daily Area UPO Volume Loss, if any, for such Shipper in such Area on such day.

“Average Area Unit Toll” means, in respect of all RP Services provided by Westcoast to any Shipper in an Area in any month, an amount determined in accordance with the following formula:

$$\text{Average Area Unit Toll} = \frac{\sum [\text{Daily Demand Toll} \times \text{CD} \times \text{Days}]}{\sum [\text{CD} \times \text{Days}]}$$

where:

“Average Area Unit Toll” is the Average Area Unit Toll for such RP Services for such month;

“Daily Demand Toll” is, in respect of each Firm RGT Service provided by Westcoast to such Shipper in such Area in such month, an amount determined by multiplying the Demand Toll for such Firm RGT Service by 12 and dividing the product so obtained by the number of days in the Year;

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“CD” is, in respect of each Firm RGT Service provided by Westcoast to such Shipper in such Area in such month, the Contract Demand for such Firm RGT Service for the days during such month that such Firm RGT Service was in effect; and

“Days” is, in respect of each Firm RGT Service provided by Westcoast to such Shipper in such Area in such month, the number of days during such month that such Firm RGT Service was in effect.

For purposes of the foregoing determination of the Average Area Unit Toll, any change in the Contract Demand for any Firm RGT Service during such month shall be deemed to result in the establishment of a separate Firm RGT Service effective on the effective date of such change in the Contract Demand.

“Daily Area Firm RP Inter Receipt Point Offset” means, in respect of all RP Services provided by Westcoast to any Shipper in an Area on any day, an amount equal to the lesser of:

- (a) the amount, if any, by which (i) the Daily Area UPO Volume Loss for such RP Services on such day, exceeds (ii) the Daily Area Interruptible RP Inter Receipt Point Offset for such Shipper in such Area on such day; and
- (b) the Daily Area Firm RP IT Volume for such Shipper in such Area on such day.

“Daily Area Firm RP IT Volume” means, in respect of any Shipper in an Area on any day, the sum of the Daily Firm RP IT Volumes for such Shipper in such Area on such day.

“Daily Area Interruptible RP Inter Receipt Point Offset” means, in respect of all RP Services provided by Westcoast to any Shipper in an Area on any day, an amount equal to the lesser of:

- (a) the Daily Area Interruptible RP IT Volume for such Shipper in such Area on such day; and
- (b) the Daily Area UPO Volume Loss for such RP Services on such day.

“Daily Area Interruptible RP IT Volume” means, in respect of any Shipper in an Area on any day, the sum of the Daily Interruptible RP IT Volumes for such Shipper in such Area on such day.

“Daily Area UPO Volume Loss” has the meaning assigned to that term in Section 5.6.

“Daily Firm RP IT Volume” means, in respect of each of a Shipper’s Firm RPs on any day, the amount, if any, by which (i) the total volume of gas delivered by such Shipper on such day at such Firm RP, exceeds (ii) the Daily RP Firm Volume, if any, at such Firm RP on such day.

“Daily Interruptible RP IT Volume” means, in respect of each of a Shipper’s Interruptible RPs on any day, the total volume of gas delivered by such Shipper on such day at such Interruptible RP.

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“Daily RP Delivered Volume” means, in respect of each RP Service provided by Westcoast to any Shipper on any day, the total volume of gas (not exceeding the Daily RP Firm Volume for such RP Service on such day) delivered by such Shipper on such day at the Receipt Point at which Westcoast is providing such RP Service.

“Daily RP EO Volume Loss” means, in respect of each RP Service provided by Westcoast to any Shipper on any day, the amount of any Daily RP Volume Loss for such RP Service on such day which was attributable to one or more of the following events:

- (a) the presence of hydrates in the Zone 1 facilities in the Area in which Westcoast is providing such RP Service;
- (b) prior to the implementation of EFM Equipment and the installation of equipment to measure at least ninety percent of the hydrocarbon liquids delivered into the Zone 1 facilities in the Area in which Westcoast is providing such RP Service, the presence of hydrocarbon liquids in the Zone 1 facilities in the Area in which Westcoast is providing such RP Service;
- (c) the delivery of unauthorized volumes of gas into the Zone 1 facilities in the Area in which Westcoast is providing such RP Service or, in the case of the Fort Nelson Area, the failure of such Shipper to take Fort Nelson Liquids or Dawson Liquids in the quantities and at the times and locations required by the General Terms and Conditions;
- (d) any event or circumstance occurring on the Pipeline System, other than on the Zone 1 facilities in the Area in which Westcoast is providing such RP Service; and
- (e) any event or circumstance occurring on any interconnecting pipeline or other facilities, including storage facilities, of third parties.

“Daily RP Firm Volume” means, in respect of each RP Service provided by Westcoast to any Shipper on any day, the aggregate Contract Demand (expressed in 10^3m^3 of raw gas per day) for such RP Service for such Shipper on such day as set out in the Firm Service Agreements entered into between Westcoast and such Shipper.

“Daily RP PO Volume Loss” means, in respect of each RP Service provided by Westcoast to any Shipper on any day, the amount of the Daily RP Firm Volume not available with respect to such RP Service on such day as specified in the Monthly Planned Outage Schedule applicable to the Receipt Point at which Westcoast is providing such RP Service for the month in which such day occurs.

“Daily RP Reliability Level” means, in respect of each RP Service provided by Westcoast to any Shipper on any day:

- (a) if a Receipt Point Restriction is in effect on such day at the Receipt Point at which Westcoast is providing such RP Service and the daily average pressure on such day at such Receipt Point is not greater than the Daily Average Receipt Point Pressure Target for such Receipt Point, then an amount equal to the Daily RP Restricted Volume for such RP Service on such day;

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- (b) if a Receipt Point Restriction is in effect on such day at the Receipt Point at which Westcoast is providing such RP Service and the daily average pressure on such day at such Receipt Point is greater than the Daily Average Receipt Point Pressure Target for such Receipt Point, then an amount equal to the lesser of:
- (i) the Daily RP Restricted Volume for such RP Service on such day; and
 - (ii) the Daily RP Delivered Volume for such RP Service on such day;
- (c) if a Receipt Point Restriction is not in effect on such day at the Receipt Point at which Westcoast is providing such RP Service and the daily average pressure on such day at such Receipt Point is not greater than the Daily Average Receipt Point Pressure Target for such Receipt Point, then an amount equal to the Daily RP Firm Volume for such RP Service on such day; and
- (d) if a Receipt Point Restriction is not in effect on such day at the Receipt Point at which Westcoast is providing such RP Service and the daily average pressure on such day at such Receipt Point is greater than the Daily Average Receipt Point Pressure Target for such Receipt Point, then an amount equal to the Daily RP Delivered Volume for such RP Service on such day.

“Daily RP Restricted Volume” means, in respect of any RP Service provided by Westcoast to any Shipper on any day at a Receipt Point at which a Receipt Point Restriction is in effect on such day, an amount equal to:

- (a) in the case where the Receipt Point Restriction is in effect because the restriction on the availability of such RP Service was specified in either the Monthly Planned Outage Schedule applicable to such Receipt Point for the month in which such day occurs or in a notice relating to such Receipt Point for such day given by Westcoast to such Shipper and which is in effect at the time specified in Section 4.09 for the giving of nominations in the Evening Nomination Cycle for such day, the amount of the Daily RP Firm Volume available with respect to such RP Service on such day as specified in such Monthly Planned Outage Schedule or notice, as the case may be; and
- (b) in the case where the Receipt Point Restriction is in effect because the restriction on the availability of such RP Service was specified in both the Monthly Planned Outage Schedule applicable to such Receipt Point for the month in which such day occurs and in a notice relating to such Receipt Point for such day given by Westcoast to such Shipper and which is in effect at the time specified in Section 4.09 for the giving of nominations in the Evening Nomination Cycle for such day, the lesser of (i) the amount of the Daily RP Firm Volume available with respect to such RP Service on such day as specified in such Monthly Planned Outage Schedule, and (ii) the amount of the Daily RP Firm Volume available with respect to such RP Service on such day as specified in such notice.

“Daily RP Volume Loss” means, in respect of each RP Service provided by Westcoast to any Shipper on any day, the amount, if any, by which (i) the Daily RP Firm Volume for such RP Service on such day, exceeds (ii) the Daily RP Reliability Level for such RP Service on such day.

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“Daily RP UPO Volume Loss” has the meaning assigned to that term in Section 5.7.

“Firm RP” means, in respect of any Shipper in any month, a Receipt Point in Zone 1 where such Shipper has, for any day in such month, contracted for Firm RGT Service.

“Interruptible RP” means, in respect of any Shipper in any month, a Receipt Point in Zone 1 where such Shipper has not, for any day in such month, contracted for Firm RGT Service.

“Monthly Aggregate Firm RP IT Volume” means, in respect of each of a Shipper’s Firm RPs in any month, the amount, if any, by which (i) the sum of the Adjusted Daily Firm RP Delivered Volumes for such Shipper at such Firm RP for each day in such month, exceeds (ii) the Monthly RP Firm Volume for such Shipper at such Firm RP for such month.

“Monthly Area Applied Outage Allowance” means, in respect of all RP Services provided by Westcoast to any Shipper in an Area in any month, an amount equal to the lesser of:

- (a) the Monthly Area UPO Volume Loss for such RP Services in such Area for such month; and
- (b) an amount equal to the product obtained by multiplying the fraction (which shall not be less than zero and not greater than one) of the Monthly Area Available Outage Allowance for such Area for such month selected by Westcoast at the time when Westcoast calculates the Monthly Area Contract Demand Credits for such Area for such month pursuant to Section 5.2, by the product obtained by multiplying:
 - (i) the Monthly Area Available Outage Allowance for such Area for such month; by
 - (ii) the quotient obtained by dividing the sum of the Monthly RP Firm Volumes for such Shipper for all Firm RPs in such Area for such month by the sum of the Monthly RP Firm Volumes for all Shippers for all Firm RPs in such Area for such month.

“Monthly Area Available Outage Allowance” means, in respect of all RP Services provided by Westcoast to all Shippers in an Area in any month during each Year, an amount determined in accordance with the following formula:

$$\text{Monthly Area Available Outage Allowance} = \left[\sum \left[\text{Aggregate Area Daily Firm Volume} \times \text{RGT Area UPO Target} \right] \right] - \text{Aggregate Monthly Area Applied Outage Allowance}$$

where:

“Monthly Area Available Outage Allowance” is the Monthly Area Available Outage Allowance for such Area for such month;

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“Aggregate Area Daily Firm Volume” is, in respect of each day during such Year, as the case may be, the sum of the Daily RP Firm Volumes for all Shippers for all Receipt Points in such Area on such day, determined on the basis of contract levels for such Year, in effect at the time when Westcoast calculates the Monthly Area Contract Demand Credits for such Area for such month pursuant to Section 5.2;

“RGT Area UPO Target” is, in respect of each day during such Year, as the case may be, the RGT Area UPO Target (expressed in decimal form) for such Area in effect for such day at the time when Westcoast calculates the Monthly Area Contract Demand Credits for such Area for such month pursuant to Section 5.2; and

“Aggregate Monthly Area Applied Outage Allowance” is the sum of the Monthly Area Applied Outage Allowances for all Shippers for such Area for all prior months in such Year.

“Monthly Area Contract Demand Credit” has the meaning assigned to that term in Section 5.2.

“Monthly Area Available Interday Offset” means, in respect of all of a Shipper’s Firm RPs in an Area in any month, the sum of the amounts, if any, by which (i) the Monthly Firm RP IT Volume for each such Firm RP for such month, exceeds (ii) the Monthly Aggregate Firm RP IT Volume for such Firm RP for such month.

“Monthly Area Interday Offset” means, in respect of all RP Services provided by Westcoast to any Shipper in an Area in any month during each Year, an amount equal to the lesser of:

- (a) the sum of the Net Daily Area UPO Volume Losses for such RP Services in such Area for each day in such month; and
- (b) an amount equal to:
 - (i) the sum of the Monthly Area Available Interday Offset for such Shipper for such Area for such month and the Monthly Area Available Interday Offsets for such Shipper for such Area for all prior months in such period; minus
 - (ii) the sum of the Monthly Area Interday Offsets for such Shipper for such Area for all prior months in such period.

“Monthly Area UPO Volume Loss” has the meaning assigned to that term in Section 5.4.

“Monthly Firm RP IT Volume” means, in respect of each of a Shipper’s Firm RPs in any month, the sum of the Adjusted Daily Firm RP IT Volumes for such Firm RP for each day in such month.

“Monthly RP Firm Volume” means, in respect of each of a Shipper’s Firm RPs in any month, the sum of the Daily RP Firm Volumes for such Firm RP for each day in such month.

“Net Daily Area UPO Volume Loss” has the meaning assigned to that term in Section 5.5.

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“Net Monthly Area UPO Volume Loss” has the meaning assigned to that term in Section 5.3.

“Receipt Point Restriction” means, in respect of any Receipt Point in Zone 1 on any day, any restriction on the availability of RP Service provided by Westcoast to a Shipper at such Receipt Point on such day (expressed as a percentage of availability of the Daily RP Firm Volume) as specified in (i) the Monthly Planned Outage Schedule applicable to such Receipt Point for the month in which such day occurs, or (ii) a notice relating to such Receipt Point for such day given by Westcoast to such Shipper and which is in effect at the time specified in Section 4.09 for the giving of nominations in the Evening Nomination Cycle for such day.

“RP Service” means, in respect of each Shipper to whom Westcoast is providing Firm RGT Service, all of the Firm RGT Services provided by Westcoast to such Shipper at a particular Receipt Point as set out in the Firm Service Agreements entered into between Westcoast and such Shipper.

5.2 Monthly Area Contract Demand Credits

Westcoast will as soon as practicable following the end of each month calculate the amount, if any, of the Monthly Area Contract Demand Credit to which a Shipper is entitled under this Schedule B with respect to all RP Services provided by Westcoast to such Shipper in an Area during such month in accordance with the following formula:

$$\text{Monthly Area Contract Demand Credit} = \text{Average Area Unit Toll} \times \text{Net Monthly Area UPO Volume Loss}$$

where:

“Monthly Area Contract Demand Credit” is the amount, if any, of the Monthly Area Contract Demand Credit for such RP Services in such Area for such month;

“Average Area Unit Toll” is the Average Area Unit Toll for such RP Services in such Area for such month; and

“Net Monthly Area UPO Volume Loss” is the amount, if any, of the Net Monthly Area UPO Volume Loss for such RP Services in such Area for such month calculated pursuant to Section 5.3.

If any Shipper is entitled to Monthly Area Contract Demand Credits in respect of any month then Westcoast will provide such Shipper with a credit to the monthly bill for such RP Services for such month in an amount equal to the Monthly Area Contract Demand Credits to which such Shipper is entitled.

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GENERAL TERMS AND CONDITIONS - SERVICE**5.3 Net Monthly Area UPO Volume Loss**

The Net Monthly Area UPO Volume Loss to be used in the calculation of the Monthly Area Contract Demand Credit with respect to all RP Services provided by Westcoast to a Shipper in an Area in any month will be an amount calculated in accordance with the following formula:

$$\text{Net Monthly Area UPO Volume Loss} = \text{Monthly Area UPO Volume Loss} - \text{Monthly Area Applied Outage Allowance}$$

where:

“Net Monthly Area Applied UPO Volume Loss” is the amount, if any, of the Net Monthly Area UPO Volume Loss for such RP Services in such Area for such month;

“Monthly Area UPO Volume Loss” is the amount, if any, of the Monthly Area UPO Volume Loss for such RP Services in such Area for such month calculated pursuant to Section 5.4; and

“Monthly Area Applied Outage Allowance” is the amount, if any, of the Monthly Area Applied Outage Allowance for such RP Services in such Area for such month.

5.4 Monthly Area UPO Volume Loss

The Monthly Area UPO Volume Loss to be used in the calculation of the Net Monthly Area UPO Volume Loss with respect to all RP Services provided by Westcoast to a Shipper in an Area in any month will be an amount calculated in accordance with the following formula:

$$\text{Monthly Area UPO Volume Loss} = \left[\sum \text{Net Daily Area UPO Volume Loss} \right] - \text{Monthly Area Interday Offset}$$

where:

“Monthly Area UPO Volume Loss” is the amount, if any, of the Monthly Area UPO Volume Loss for such RP Services in such Area for such month;

“Net Daily Area UPO Volume Loss” is the amount, if any, of the Net Daily Area UPO Volume Loss for each such RP Service in such Area for each day in such month calculated pursuant to Section 5.5; and

“Monthly Area Interday Offset” is the amount, if any, of the Monthly Area Interday Offset for such RP Services in such Area for such month.

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GENERAL TERMS AND CONDITIONS - SERVICE**5.5 Net Daily Area UPO Volume Loss**

The Net Daily Area UPO Volume Loss to be used in the calculation of the Monthly Area UPO Volume Loss with respect to all RP Services provided by Westcoast to a Shipper in an Area in any month will be an amount calculated in accordance with the following formula:

$$\text{Net Daily Area UPO Volume Loss} = \text{Daily Area UPO Volume Loss} - \left[\begin{array}{l} \text{Daily Area} \\ \text{Interruptible RP} \\ \text{Inter Receipt} \\ \text{Point Offset} \end{array} + \begin{array}{l} \text{Daily Area} \\ \text{Firm RP} \\ \text{Inter Receipt Point} \\ \text{Offset} \end{array} \right]$$

where:

“Net Daily Area UPO Volume Loss” is the amount, if any, of the Net Daily Area UPO Volume Loss for such RP Services in such Area for each day in such month;

“Daily Area UPO Volume Loss” is the amount, if any, of the Daily Area UPO Volume Loss for such RP Services in such Area for such day calculated pursuant to Section 5.6;

“Daily Area Interruptible RP Inter Receipt Point Offset” is the amount, if any, of the Daily Area Interruptible RP Inter Receipt Point Offset for such RP Services in such Area for such day; and

“Daily Area Firm RP Inter Receipt Point Offset” is the amount, if any, of the Daily Area Firm RP Inter Receipt Point Offset for such RP Services in such Area for such day.

5.6 Daily Area UPO Volume Loss

The Daily Area UPO Volume Loss to be used in the calculation of the Net Daily Area UPO Volume Loss with respect to all RP Services provided by Westcoast to a Shipper in an Area on any day in any month will be an amount calculated in accordance with the following formula:

$$\text{Daily Area UPO Volume Loss} = \sum \text{Daily RP UPO Volume Loss}$$

where:

“Daily Area UPO Volume Loss” is the amount, if any, of the Daily Area UPO Volume Loss for such RP Services in such Area for such day; and

“Daily RP UPO Volume Loss” is the amount, if any, of the Daily RP UPO Volume Loss for each such RP Service in such Area for such day calculated pursuant to Section 5.7.

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GENERAL TERMS AND CONDITIONS - SERVICE**5.7 Daily RP UPO Volume Loss**

The Daily RP UPO Volume Loss to be used in the calculation of the Daily Area UPO Volume Loss with respect to all RP Services provided by Westcoast to a Shipper in an Area on any day in any month will be an amount calculated in accordance with the following formula:

$$\text{Daily RP UPO Volume Loss} = \text{Daily RP Volume Loss} - \left[\text{Daily RP PO Volume Loss} + \text{Daily RP EO Volume Loss} \right]$$

where:

“Daily RP UPO Volume Loss” is the Daily RP UPO Volume Loss for each such RP Service for such day in such Area;

“Daily RP Volume Loss” is the amount, if any, of the Daily RP Volume Loss for such RP Service for such day;

“Daily RP PO Volume Loss” is the amount, if any, of the Daily RP PO Volume Loss for such RP Service for such day; and

“Daily RP EO Volume Loss” is the amount, if any, of the Daily RP EO Volume Loss for such RP Service for such day.

ARTICLE 6**CONTRACT DEMAND CREDITS FOR TREATMENT SERVICE IN THE FORT ST. JOHN, GRIZZLY VALLEY, DAWSON AND SIKANNI AREAS****6.1 Application**

The Provisions of this Article apply to the determination of Contract Demand Credits in respect of Firm Treatment Service provided by Westcoast to a Shipper in the Fort St. John Area, the Grizzly Valley Area, the Dawson Area and the Sikanni Area.

6.2 Definitions

In this Article 6:

“Average Linked Liquids Recovery Unit Toll” means, in respect of all Firm Liquids Recovery Services provided by Westcoast to any Shipper in any month at a Processing Plant at which Westcoast is providing Plant Service to such Shipper in such month, an amount determined in accordance with the following formula:

$$\text{Average Linked Liquids Recovery Unit Toll} = \frac{\sum [\text{Daily Demand Toll} \times \text{CD} \times \text{Days}]}{\sum [\text{CD} \times \text{Days}]}$$

where:

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“Average Linked Liquids Recovery Unit Toll” is the Average Linked Liquids Recovery Unit Toll for such Firm Liquids Recovery Services for such month;

“Daily Demand Toll” is, in respect of each Firm Liquids Recovery Service provided by Westcoast to such Shipper at such Processing Plant in such month, an amount determined by multiplying the Demand Toll for such Firm Liquids Recovery Service by 12 and dividing the product so obtained by the number of days in the Year;

“CD” is, in respect of each Firm Liquids Recovery Service provided by Westcoast to such Shipper at such Processing Plant in such month, the Contract Demand for such Firm Liquids Recovery Service for the days during such month that such Firm Liquids Recovery Service was in effect; and

“Days” is, in respect of each Firm Liquids Recovery Service provided by Westcoast to such Shipper at such Processing Plant in such month, the number of days during such month that such Firm Liquids Recovery Service was in effect.

For purposes of the foregoing determination of the Average Linked Liquids Recovery Unit Toll, any change in the Contract Demand for any Firm Liquids Recovery Service during such month shall be deemed to result in the establishment of a separate Firm Liquids Recovery Service effective on the effective date of such change in the Contract Demand.

“Average Linked RGT Unit Toll” means, in respect of all Firm RGT Services provided by Westcoast to any Shipper in an Area in any month, an amount equal to the Average Area Unit Toll (as defined in Section 5.1) for such Firm RGT Services for such month.

“Average Plant Unit Toll” means, in respect of each Plant Service provided by Westcoast to any Shipper at a Processing Plant in any month, an amount determined in accordance with the following formula:

$$\text{Average Plant Unit Toll} = \frac{\sum [\text{Daily Demand Toll} \times \text{CD} \times \text{Days}]}{\sum [\text{CD} \times \text{Days}]}$$

where:

“Average Plant Unit Toll” is the Average Plant Unit Toll for such Plant Service for such month;

“Daily Demand Toll” is, in respect of each Firm Treatment Service provided by Westcoast to such Shipper at such Processing Plant in such month, an amount determined by multiplying the Demand Toll for such Firm Treatment Service for such month by 12 and dividing the product so obtained by the number of days in the Year;

“CD” is, in respect of each Firm Treatment Service provided by Westcoast to such Shipper at such Processing Plant in such month, the Contract Demand for such Firm Treatment Service for the days during such month that such Firm Treatment Service was in effect; and

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“Days” is, in respect of each Firm Treatment Service provided by Westcoast to such Shipper at such Processing Plant in such month, the number of days during such month that such Firm Treatment Service was in effect.

For purposes of the foregoing determination of the Average Plant Unit Toll, any change in the Contract Demand for any Firm Treatment Service during such month shall be deemed to result in the establishment of a separate Firm Treatment Service effective on the effective date of such change in the Contract Demand.

“Daily Equivalent RGT Volume Loss” means, in respect of each Plant Service provided by Westcoast to any Shipper on any day, an amount equal to the product obtained by multiplying:

- (a) the Daily Plant UPO Volume Loss for such Plant Service on such day; by
- (b) the quotient obtained by dividing the Daily Implied Raw Gas Limit for such Plant Service on such day by the Daily Plant Firm Volume for such Plant Service on such day.

“Daily Implied Raw Gas Limit” means, in respect of each Plant Service provided by Westcoast to any Shipper on any day, an amount determined in accordance with the following formula or such other amount determined by Westcoast acting reasonably which is more consistent with shrinkage for gas of the same acid gas percentage:

$$\text{Daily Implied Raw Gas Limit} = \Sigma \left[\frac{\text{Acid Gas Volume}}{\text{Acid Gas Percentage}} \right]$$

where:

“Daily Implied Raw Gas Limit” is the Daily Implied Raw Gas Limit in respect of such Plant Service on such day;

“Acid Gas Volume” is, in respect of each Firm Treatment Service provided by Westcoast to such Shipper on such day at the Processing Plant at which Westcoast is providing such Plant Service, the sum of the sulphur gas limit (expressed in 10^3m^3 of sulphur gas per day) and the carbon dioxide limit (expressed in 10^3m^3 of carbon dioxide gas per day) for such Firm Treatment Service on such day, each as set out in the Firm Service Agreement entered into between Westcoast and such Shipper in respect of such Firm Treatment Service; and

“Acid Gas Percentage” is, in respect of each Firm Treatment Service provided by Westcoast to such Shipper on such day at the Processing Plant at which Westcoast is providing such Plant Service, the acid gas percentage (expressed in decimal form) for such Firm Treatment Service on such day, as set out in the Firm Service Agreement entered into between Westcoast and such Shipper in respect of such Firm Treatment Service.

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“Daily Linked Liquids Recovery Volume Loss” means, in respect of each Plant Service provided by Westcoast to any Shipper on any day, an amount equal to the product obtained by multiplying:

- (a) the Daily Plant UPO Volume Loss for such Plant Service on such day; by
- (b) the quotient obtained by dividing the aggregate Contract Demand (expressed in m^3 of Liquid Products per day) in respect of all Firm Liquids Recovery Services provided by Westcoast to such Shipper on such day at the Processing Plant at which Westcoast is providing such Plant Service, as set out in the Firm Service Agreements entered into between Westcoast and such Shipper, by the Daily Plant Firm Volume for such Plant Service on such day.

“Daily Linked RGT Volume Loss” means, in respect of each Plant Service provided by Westcoast to any Shipper on any day, an amount equal to:

- (a) in the case where the sum of the Daily Unmatched RGT Volume and the Daily Equivalent RGT Volume Loss for such Plant Service on such day is a positive amount, the sum of the Daily Unmatched RGT Volume and the Daily Equivalent RGT Volume Loss for such Plant Service on such day; and
- (b) in the case where the sum of the Daily Unmatched RGT Volume and the Daily Equivalent RGT Volume Loss for such Plant Service on such day is not a positive amount, zero.

“Daily Plant Acid Gas Limit” means, in respect of each Plant Service provided by Westcoast to any Shipper on any day, an amount (expressed in 10^3m^3 of acid gas per day) equal to the sum of the Daily Plant Carbon Dioxide Limit and the Daily Plant Sulphur Gas Limit for such Plant Service on such day.

“Daily Plant Carbon Dioxide Limit” means, in respect of each Plant Service provided by Westcoast to any Shipper on any day, the aggregate carbon dioxide limit (expressed in 10^3m^3 of carbon dioxide gas per day) for such Plant Service on such day as set out in the Firm Service Agreements entered into between Westcoast and such Shipper.

“Daily Plant Delivered Volume” means, in respect of each Plant Service provided by Westcoast to any Shipper on any day, an amount equal to the greater of:

- (a) the total volume of residue gas (not exceeding the Daily Plant Firm Volume for such Plant Service on such day) delivered by Westcoast to such Shipper with respect to such Plant Service on such day;
- (b) an amount equal to the product obtained by multiplying:
 - (i) the Daily Plant Firm Volume for such Plant Service on such day; by
 - (ii) the quotient obtained by dividing:

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- A) the amount of sulphur gas processed by Westcoast with respect to such Plant Service on such day; by
- B) the Daily Plant Sulphur Gas Limit for such Plant Service on such day;
- (c) an amount equal to the product obtained by multiplying:
 - (i) the Daily Plant Firm Volume for such Plant Service on such day; by
 - (ii) the quotient obtained by dividing:
 - A) the amount of acid gas processed by Westcoast with respect to such Plant Service on such day; by
 - B) the Daily Plant Acid Gas Limit for such Plant Service on such day; and
- (d) an amount equal to the product obtained by multiplying:
 - (i) the Daily Plant Firm Volume for such Plant Service on such day; by
 - (ii) the quotient obtained by dividing:
 - A) the amount of raw gas processed by Westcoast with respect to such Plant Service on such day; by
 - B) the Daily Implied Raw Gas Limit for such Plant Service on such day.

“Daily Plant EO Volume Loss” means, in respect of each Plant Service provided by Westcoast to any Shipper on any day, the amount of any Daily Plant Volume Loss for such Plant Service on such day which was attributable to one or more of the following events:

- (a) any event or circumstance occurring on the Pipeline System, other than at the Processing Plant at which Westcoast is providing such Plant Service;
- (b) any event or circumstance occurring on any interconnecting pipeline or other facilities, including storage facilities, of third parties; and
- (c) the failure of such Shipper to take Liquid Products at the Liquid Products Delivery Points or to take Dawson Liquids in the quantities and at the times required by the General Terms and Conditions.

“Daily Plant Firm Volume” means, in respect of each Plant Service provided by Westcoast to any Shipper on any day, the aggregate Contract Demand (expressed in 10^3m^3 of residue gas per day) for such Plant Service for such Shipper on such day as set out in the Firm Service Agreements entered into between Westcoast and such Shipper.

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“Daily Plant IT Volume” means, in respect of each Plant Service provided by Westcoast to any Shipper on any day, the amount, if any, by which (i) the total volume of residue gas delivered by Westcoast to such Shipper with respect to such Plant Service on such day, exceeds (ii) the Daily Plant Firm Volume, if any, for such Plant Service on such day.

“Daily Plant PO Volume Loss” means, in respect of each Plant Service provided by Westcoast to any Shipper on any day, the amount of the Daily Plant Firm Volume not available on such day as specified in the Monthly Planned Outage Schedule applicable to the Processing Plant at which Westcoast is providing such Plant Service for the month in which such day occurs.

“Daily Plant Reliability Level” means, in respect of each Plant Service provided by Westcoast on any day:

- (a) if a Plant Restriction is in effect on such day at the Processing Plant at which Westcoast is providing such Plant Service and the daily average inlet pressure on such day at such Processing Plant is not greater than the Daily Average Inlet Pressure Target for such Processing Plant, then (regardless of the daily average outlet pressure on such day at such Processing Plant) an amount equal to the Daily Plant Restricted Volume for such Plant Service on such day;
- (b) if a Plant Restriction is in effect on such day at the Processing Plant at which Westcoast is providing such Plant Service and the daily average inlet pressure on such day at such Processing Plant is greater than the Daily Average Inlet Pressure Target for such Processing Plant and:
 - (i) the daily average outlet pressure on such day at such Processing Plant is less than or equal to the Daily Average Outlet Pressure Target for such Processing Plant, then an amount equal to the lesser of the Daily Plant Restricted Volume and the Daily Plant Delivered Volume for such Plant Service on such day; or
 - (ii) the daily average outlet pressure on such day at such Processing Plant is greater than the Daily Average Outlet Pressure Target for such Processing Plant, then an amount equal to the Daily Plant Restricted Volume for such Plant Service on such day;
- (c) if a Plant Restriction is not in effect on such day at the Processing Plant at which Westcoast is providing such Plant Service and the daily average inlet pressure on such day at such Processing Plant is not greater than the Daily Average Inlet Pressure Target for such Processing Plant, then (regardless of the daily average outlet pressure on such day at such Processing Plant) an amount equal to the Daily Plant Firm Volume for such Plant Service on such day; and
- (d) if a Plant Restriction is not in effect on such day at the Processing Plant at which Westcoast is providing such Plant Service and the daily average inlet pressure on such day at such Processing Plant is greater than the Daily Average Inlet Pressure Target for such Processing Plant and:

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- (i) the daily average outlet pressure on such day at such Processing Plant is less than or equal to the Daily Average Outlet Pressure Target for such Processing Plant, then an amount equal to the Daily Plant Delivered Volume for such Plant Service on such day; or
- (ii) the daily average outlet pressure on such day at such Processing Plant is greater than the Daily Average Outlet Pressure Target for such Processing Plant, then an amount equal to the Daily Plant Firm Volume for such Plant Service on such day.

“Daily Plant Restricted Volume” means, in respect of any Plant Service provided by Westcoast to any Shipper on any day at a Processing Plant at which a Plant Restriction is in effect on such day, an amount equal to the greater of:

- (a) the amount of the Daily Plant Firm Volume available with respect to such Plant Service on such day as specified in the Weekly Planned Outage Schedule applicable to such Processing Plant for the Week in which such day occurs or in a notice relating to such Processing Plant for such day given by Westcoast to all Shippers by means of its public bulletin board in accordance with Sections 27.05 and 29.06 of the General Terms and Conditions (provided that if the amount is specified in both the Weekly Planned Outage Schedule and in such a notice given by Westcoast, then such amount will be the lesser of those two amounts if those two amounts are different);
- (b) the lesser of:
 - (i) the volume of residue gas specified for such Processing Plant for such day in the notice given by Westcoast to such Shipper in accordance with Sections 27.05, 29.06 and 20.05 of the General Terms and Conditions;
 - (ii) the residue gas equivalent, determined using the Residue/Acid Gas Ratio, of the volume of acid gas specified for such Processing Plant for such day in the notice given by Westcoast to such Shipper in accordance with Sections 27.05, 29.06 and 20.05 of the General Terms and Conditions;
 - (iii) the residue gas equivalent, determined using the Residue/Sulphur Gas Ratio, of the volume of sulphur gas specified for such Processing Plant for such day in the notice given by Westcoast to such Shipper in accordance with Sections 27.05, 29.06 and 20.05 of the General Terms and Conditions; and
 - (iv) the Daily Plant Firm Volume; and
- (c) the total volume of residue gas (not exceeding the Daily Plant Firm Volume for such Plant Service on such day) delivered by Westcoast to such Shipper at the outlet of the Processing Plant on such day.

“Daily Plant Sulphur Gas Limit” means, in respect of each Plant Service provided by Westcoast to any Shipper on any day, the aggregate sulphur gas limit (expressed in 10^3m^3 of

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sulphur gas per day) for such Plant Service on such day as set out in the Firm Service Agreements entered into between Westcoast and such Shipper.

“Daily Plant UPO Volume Loss” has the meaning assigned to that term in Section 6.6.

“Daily Plant Volume Loss” means, in respect of each Plant Service provided by Westcoast to any Shipper on any day an amount equal to the lesser of:

- (a) the amount, if any, by which (i) the Daily Plant Firm Volume for such Plant Service on such day, exceeds (ii) the Daily Plant Reliability Level for such Plant Service on such day; and
- (b) the amount, if any, by which (i) the Flow Capability related to such Plant Service on such day, exceeds (ii) the Daily Plant Reliability Level for such Plant Service on such day.

“Daily RGT Firm Volume” means, in respect of each Plant Service provided by Westcoast to any Shipper on any day, the aggregate Contract Demand (expressed in 10^3m^3 of raw gas per day) in respect of all Firm RGT Services provided by Westcoast to such Shipper on such day upstream of the Processing Plant at which Westcoast is providing such Plant Service, as set out in the Firm Service Agreements entered into between Westcoast and such Shipper.

“Daily Unmatched RGT Volume” means, in respect of each Plant Service provided by Westcoast to any Shipper on any day, an amount equal to:

- (a) in the case where the Daily Implied Raw Gas Limit for such Plant Service on such day is greater than the Daily RGT Firm Volume for such Plant Service on such day, the Daily RGT Firm Volume for such Plant Service on such day minus the Daily Implied Raw Gas Limit for such Plant Service on such day; and
- (b) in the case where the Daily Implied Raw Gas Limit for such Plant Service on such day is equal to or less than the Daily RGT Firm Volume in respect of such Plant Service on such day, zero.

“Monthly Aggregate Plant IT Volume” means, in respect of each Plant Service provided by Westcoast to any Shipper in any month, the amount, if any, by which (i) the sum of the total volumes of residue gas delivered by Westcoast to such Shipper with respect to such Plant Service for each day in such month, exceeds (ii) the Monthly Plant Firm Volume for such Plant Service for such month.

“Monthly Linked Liquids Recovery CDC Volume” means, in respect of each Plant Service provided by Westcoast to any Shipper in any month, an amount equal to the product obtained by multiplying:

- (a) the Net Monthly Plant UPO Volume Loss for such Plant Service for such month; by
- (b) the quotient obtained by dividing the Monthly Linked Liquids Recovery Volume Loss for such Plant Service for such month by the Monthly Plant UPO Volume Loss for such Plant Service for such month.

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“Monthly Linked Liquids Recovery Volume Loss” means, in respect of each Plant Service provided by Westcoast to any Shipper in any month, the sum of the Daily Linked Liquids Recovery Volume Losses for such Plant Service for each day in such month.

“Monthly Linked RGT CDC Volume” means, in respect of each Plant Service provided by Westcoast to any Shipper in any month, an amount equal to the product obtained by multiplying:

- (a) the Net Monthly Plant UPO Volume Loss for such Plant Service for such month; by
- (b) the quotient obtained by dividing the Monthly Linked RGT Volume Loss for such Plant Service for such month by the Monthly Plant UPO Volume Loss for such Plant Service for such month.

“Monthly Linked RGT Volume Loss” means, in respect of each Plant Service provided by Westcoast to any Shipper in any month, the sum of the Daily Linked RGT Volume Losses for such Plant Service for each day in such month.

“Monthly Plant Applied Outage Allowance” means, in respect of each Plant Service provided by Westcoast to any Shipper in any month, an amount equal to the lesser of:

- (a) the Monthly Plant UPO Volume Loss for such Plant Service for such month; and
- (b) an amount equal to the product obtained by multiplying the fraction (which shall not be less than zero and not greater than one) of the Monthly Plant Available Outage Allowance for the Processing Plant at which Westcoast is providing such Plant Service for such month selected by Westcoast at the time when Westcoast calculates the Monthly Plant Contract Demand Credits for such Processing Plant for such month pursuant to Section 6.3, by the product obtained by multiplying:
 - (i) the Monthly Plant Available Outage Allowance for such Processing Plant for such month; by
 - (ii) the quotient obtained by dividing the Monthly Plant Firm Volume for such Shipper at such Processing Plant for such month by the sum of the Monthly Plant Firm Volumes for all Plant Services at such Processing Plant for such month.

“Monthly Plant Available Interday Offset” means, in respect of each Plant Service provided by Westcoast to any Shipper in any month, the amount, if any, by which (i) the Monthly Plant IT Volume for such Plant Service for such month, exceeds (ii) the Monthly Aggregate Plant IT Volume for such Plant Service for such month.

“Monthly Plant Available Outage Allowance” means, in respect of all Plant Services provided by Westcoast to all Shippers at a Processing Plant in any month during the Year, an amount determined in accordance with the following formula:

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$$\text{Monthly Plant Available Outage Allowance} = \left[\sum \left[\text{Aggregate Plant Daily Firm Volume} \times \text{Plant UPO Target} \right] \right] - \text{Aggregate Monthly Plant Applied Outage Allowance}$$

where:

“Monthly Plant Available Outage Allowance” is the Monthly Plant Available Outage Allowance for such Processing Plant for such month;

“Aggregate Plant Daily Firm Volume” is, in respect of each day during such Year, the sum of the Daily Plant Firm Volumes for all Shippers at such Processing Plant on such day, determined on the basis of contract levels for such Year, in effect at the time when Westcoast calculates the Monthly Plant Contract Demand Credits for such Processing Plant for such month pursuant to Section 6.3;

“Plant UPO Target” is, in respect of each day during such Year, the Plant UPO Target (expressed in decimal form) for such Processing Plant in effect for such day at the time when Westcoast calculates the Monthly Plant Contract Demand Credits for such Processing Plant for such month pursuant to Section 6.3; and

“Aggregate Monthly Plant Applied Outage Allowance” is the sum of the Monthly Plant Applied Outage Allowances for all Shippers for such Processing Plant for all prior months in such Year.

“Monthly Plant Contract Demand Credit” has the meaning assigned to that term in Section 6.3.

“Monthly Plant Firm Volume” means, in respect of each Plant Service provided by Westcoast to any Shipper in any month, the sum of the Daily Plant Firm Volumes for such Plant Service for such Shipper for each day in such month.

“Monthly Plant Interday Offset” means, in respect of each Plant Service provided by Westcoast to any Shipper in any month during the Year, an amount equal to the lesser of:

- (a) the sum of the Daily Plant UPO Volume Losses for such Plant Service for each day in such month; and
- (b) an amount equal to:
 - (i) the sum of the Monthly Plant Available Interday Offset for such Plant Service for such month and the Monthly Plant Available Interday Offsets for such Plant Service for all prior months in such period; minus
 - (ii) the sum of the Monthly Plant Interday Offsets for such Plant Service for all prior months in such period.

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“Monthly Plant IT Volume” means, in respect of each Plant Service provided by Westcoast to any Shipper in any month, the sum of the Daily Plant IT Volumes for such Plant Service for each day in such month.

“Monthly Plant UPO Volume Loss” has the meaning assigned to that term in Section 6.5.

“Net Monthly Plant UPO Volume Loss” has the meaning assigned to that term in Section 6.4.

“Plant Restriction” means, in respect of any Processing Plant on any day, any restriction on the availability of Firm Treatment Service at such Processing Plant on such day (expressed as a percentage of availability of the Daily Plant Firm Volume, the Daily Plant Sulphur Gas Limit, the Daily Plant Acid Gas Limit or the Daily Implied Raw Gas Limit) as specified in (i) the Weekly Planned Outage Schedule applicable to such Processing Plant for the Week in which such day occurs, or (ii) a notice relating to such Processing Plant for such day given by Westcoast to all Shippers by means of its public bulletin board in accordance with Sections 27.05 and 29.06 of the General Terms and Conditions for such day.

“Plant Service” means, in respect of each Shipper to whom Westcoast is providing Firm Treatment Service, all of the Firm Treatment Services provided by Westcoast to such Shipper at a particular Processing Plant as set out in the Firm Service Agreements entered into between Westcoast and such Shipper.

“Residue/Acid Gas Ratio” means in respect of each Plant Service provided by Westcoast to any Shipper on any day:

- (a) the ratio, the numerator of which is the total volume of residue gas delivered by Westcoast to such Shipper with respect to such Plant Service on such day and the denominator of which is the total volume of acid gas processed with respect to such Plant Service on such day; or
- (b) in the event no residue gas was delivered to such Shipper or no acid gas was processed with respect to such Plant Service on such day, the ratio, the numerator of which is the Daily Area Firm Volume and the denominator of which is the sum of the Daily Plant Acid Gas Limits for such Plant Service for such day; or
- (a) in the event no residue gas was delivered to such Shipper or no acid gas was processed with respect to such Plant Service on such day and the sum of the Daily Plant Acid Gas Limits for such day is zero, the ratio, the numerator of which is the residue gas Flow Capability and the denominator of which is the acid gas Flow Capability for such day.

“Residue/Sulphur Gas Ratio” means in respect of each Plant Service provided by Westcoast to any Shipper on any day:

- (a) the ratio, the numerator of which is the total volume of residue gas delivered by Westcoast to such Shipper with respect to such Plant Service on such day and the denominator of which is the total volume of sulphur gas processed with respect to such Plant Service on such day; or

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- (b) in the event no residue gas was delivered to such Shipper or no sulphur gas was processed with respect to such Plant Service on such day, the ratio, the numerator of which is the Daily Area Firm Volume and the denominator of which is the sum of the Daily Plant Sulphur Gas Limits for such Plant Service for such day; or
- (c) in the event no residue gas was delivered to such Shipper or no sulphur gas was processed with respect to such Plant Services on such day and the sum of the Daily Plant Sulphur Gas Limits for such day is zero, the ratio, the numerator of which is the residue gas Flow Capability and the denominator of which is the sulphur gas Flow Capability for such day.

6.3 Monthly Plant Contract Demand Credit

Westcoast will as soon as practicable following the end of each Year calculate the amount, if any, of the Monthly Plant Contract Demand Credits to which a Shipper is entitled under this Schedule B with respect to each Plant Service provided by Westcoast to such Shipper during each month in each such Year in accordance with the following formula:

$$\text{Monthly Plant Contract Demand Credit} = \left[\begin{array}{l} \text{Average Plant} \\ \text{Unit Toll} \end{array} \times \begin{array}{l} \text{Net Monthly Plant UPO} \\ \text{Volume Loss} \end{array} \right] + \left[\begin{array}{l} \text{Average Linked RGT Unit Toll} \\ \text{Monthly Linked RGT CDC Volume} \end{array} \right] + \left[\begin{array}{l} \text{Average Linked Liquids Recovery Unit Toll} \\ \text{Monthly Linked Liquids Recovery CDC Volume} \end{array} \right]$$

where:

“Monthly Plant Contract Demand Credit” is the amount, if any, of the Monthly Plant Contract Demand Credit for such Plant Service for such month;

“Average Plant Unit Toll” is the Average Plant Unit Toll for such Plant Service for such month;

“Net Monthly Plant UPO Volume Loss” is the amount, if any, of the Net Monthly Plant UPO Volume Loss for such Plant Service for such month calculated pursuant to Section 6.4;

“Average Linked RGT Unit Toll” is the Average Linked RGT Unit Toll in respect of all Firm RGT Services provided by Westcoast to such Shipper in the Area in which Westcoast provided such Plant Service to such Shipper in such month;

“Monthly Linked RGT CDC Volume” is the amount, if any, of the Monthly Linked RGT CDC Volume for such Plant Service for such month;

“Average Linked Liquids Recovery Unit Toll” is the Average Linked Liquids Recovery Unit Toll in respect of all Firm Liquids Recovery Services provided by Westcoast to

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Shipper in such month at the Processing Plant at which Westcoast provided such Plant Service to such Shipper; and

“Monthly Linked Liquids Recovery CDC Volume” is the amount, if any, of the Monthly Linked Liquids Recovery CDC Volume for such Plant Service for such month.

If any Shipper is entitled to Monthly Plant Contract Demand Credits with respect to a Plant Service provided by Westcoast in any Year, Westcoast will provide such Shipper with a credit to the next monthly bill for such Plant Service in an amount equal to the sum of the Monthly Plant Contract Demand Credits to which such Shipper is entitled for such Year.

6.4 Net Monthly Plant UPO Volume Loss

The Net Monthly Plant UPO Volume Loss to be used in the calculation of the Monthly Plant Contract Demand Credit with respect to each Plant Service provided by Westcoast to a Shipper in any month will be an amount calculated in accordance with the following formula:

$$\text{Net Monthly Plant UPO Volume Loss} = \text{Monthly Plant UPO Volume Loss} - \text{Monthly Plant Applied Outage Allowance}$$

where:

“Net Monthly Plant UPO Volume Loss” is the amount, if any, of the Net Monthly Plant UPO Volume Loss for such Plant Service for such month;

“Monthly Plant UPO Volume Loss” is the amount, if any, of the Monthly Plant UPO Volume Loss for such Plant Service for such month calculated pursuant to Section 6.5; and

“Monthly Plant Applied Outage Allowance” is the amount, if any, of the Monthly Plant Applied Outage Allowance for such Plant Service for such month.

6.5 Monthly Plant UPO Volume Loss

The Monthly Plant UPO Volume Loss to be used in the calculation of the Net Monthly Plant UPO Volume Loss with respect to each Plant Service provided by Westcoast to a Shipper in any month will be an amount calculated in accordance with the following formula:

$$\text{Monthly Plant UPO Volume Loss} = \left[\sum \text{Daily Plant UPO Volume Loss} \right] - \text{Monthly Plant Interday Offset}$$

where:

“Monthly Plant UPO Volume Loss” is the amount, if any, of the Monthly Plant UPO Volume Loss for such Plant Service for such month;

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“Daily Plant UPO Volume Loss” is the amount, if any, of the Daily Plant UPO Volume Loss for such Plant Service for each day in such month calculated pursuant to Section 6.6; and

“Monthly Plant Interday Offset” is the amount, if any, of the Monthly Plant Interday Offset for such Plant Service for such month.

6.6 Daily Plant UPO Volume Loss

The Daily Plant UPO Volume Loss to be used in the calculation of the Monthly Plant UPO Volume Loss with respect to each Plant Service provided by Westcoast to a Shipper in any month will be an amount calculated in accordance with the following formula:

$$\text{Daily Plant UPO Volume Loss} = \text{Daily Plant Volume Loss} - \left[\text{Daily Plant PO Volume Loss} + \text{Daily Plant EO Volume Loss} \right]$$

where:

“Daily Plant UPO Volume Loss” is the amount, if any, of the Daily Plant UPO Volume Loss for such Plant Service for such day;

“Daily Plant Volume Loss” is the amount, if any, of the Daily Plant Volume Loss for such Plant Service for such day;

“Daily Plant PO Volume Loss” is the amount, if any, of the Daily Plant PO Volume Loss for such Plant Service for such day; and

“Daily Plant EO Volume Loss” is the amount, if any, of the Daily Plant EO Volume Loss for such Plant Service for such day.

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ARTICLE 7
CONTRACT DEMAND CREDITS FOR TREATMENT SERVICE
IN THE FORT NELSON AREA

7.1 Application

The provisions of this Article apply to the determination of Contract Demand Credits in respect of Firm Treatment Service provided by Westcoast to a Shipper in the Fort Nelson Area.

7.2 Definitions

In this Article 7:

“AUPO Percentage” means, in respect of each Plant Service provided by Westcoast to any Shipper on any day when a Plant Restriction is in effect, the amount of such Plant Service which is not available at such Processing Plant on such day which is attributable to any outage other than a Planned Outage, expressed as a percentage of such Plant Service.

“Average Area Unit Toll” means, in respect of all the Plant Services provided by Westcoast to any Shipper in the Fort Nelson Area in any month, an amount determined in accordance with the following formula:

$$\text{Average Area Unit Toll} = \frac{\sum [\text{Daily Demand Toll} \times \text{CD} \times \text{Days}]}{\sum [\text{CD} \times \text{Days}]}$$

where:

“Average Area Unit Toll” is the Average Area Unit Toll for such Plant Services for such month;

“Daily Demand Toll” is, in respect of each Firm Treatment Service provided by Westcoast to such Shipper at a Processing Plant in the Fort Nelson Area in such month, an amount determined by multiplying the Demand Toll for such Firm Treatment Service for such month by 12 and dividing the product so obtained by the number of days in the Year;

“CD” is, in respect of each Firm Treatment Service provided by Westcoast to such Shipper at such Processing Plant in such month, the Contract Demand for such Firm Treatment Service for the days during such month that such Firm Treatment Service was in effect; and

“Days” is, in respect of each Firm Treatment Service provided by Westcoast to such Shipper at such Processing Plant in such month, the number of days during such month that such Firm Treatment Service was in effect.

For purposes of the foregoing determination of the Average Area Unit Toll, any change in the Contract Demand for any Firm Treatment Service during such month shall be deemed to result in the establishment of a separate Firm Treatment Service effective on the effective date of such change in the Contract Demand.

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“Average Linked RGT Unit Toll” means, in respect of all Firm RGT Services provided by Westcoast to any Shipper in the Fort Nelson Area in any month, an amount equal to the Average Area Unit Toll (as defined in Section 5.1) for such Firm RGT Services for such month.

“Daily Area AUPO Volume Loss” means, in respect of all the Plant Services provided by Westcoast to any Shipper in the Fort Nelson Area on any day, an amount equal to the product obtained by multiplying the Daily Area Volume Loss by the quotient obtained by dividing the sum of the Daily Plant AUPO Volume Losses for the Fort Nelson Processing Plant and the Fort Nelson North Processing Plant by the sum of the Daily Plant AUPO Volume Losses and the Daily Plant PO Volume Losses for the Fort Nelson Processing Plant and the Fort Nelson North Processing Plant.

“Daily Area Delivered Volume” means, in respect of all the Plant Services provided by Westcoast to any Shipper in the Fort Nelson Area on any day, an amount equal to the greater of:

- (a) the total volume of residue gas (not exceeding the Daily Area Firm Volume for such Plant Services on such day) delivered by Westcoast to such Shipper with respect to such Plant Services on such day;
- (b) an amount equal to the product obtained by multiplying:
 - (i) the Daily Area Firm Volume for such Plant Services on such day; by
 - (ii) the quotient obtained by dividing:
 - A) the amount of sulphur gas processed by Westcoast with respect to such Plant Services on such day; by
 - B) the sum of the Daily Plant Sulphur Gas Limits for such Plant Services on such day;
- (c) an amount equal to the product obtained by multiplying:
 - (i) the Daily Area Firm Volume for such Plant Services on such day; by
 - (ii) the quotient obtained by dividing:
 - A) the amount of acid gas processed by Westcoast with respect to such Plant Services on such day; by
 - B) the sum of the Daily Plant Acid Gas Limits for such Plant Services on such day; and
- (d) an amount equal to the product obtained by multiplying:
 - (i) the Daily Area Firm Volume for such Plant Services on such day; by

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- (ii) the quotient obtained by dividing:
- A) the amount of raw gas processed by Westcoast with respect to such Plant Services on such day; by
 - B) the sum of the Daily Implied Raw Gas Limits for such Plant Services on such day.

“Daily Area EO Volume Loss” means, in respect of all the Plant Services provided by Westcoast to any Shipper in the Fort Nelson Area on any day, the amount of any Maximum Daily Volume Loss for such Plant Services on such day which was attributable to one or more of the following events:

- (a) any event or circumstance occurring on the Pipeline System, other than at a Processing Plant at which Westcoast is providing such Plant Services; and
- (b) any event or circumstance occurring on any interconnecting pipeline or other facilities, including storage facilities, of third parties.

“Daily Area Firm Volume” means, in respect of all the Plant Services provided by Westcoast to any Shipper in the Fort Nelson Area on any day, the aggregate Contract Demand (expressed in 10^3m^3 of residue gas per day) for such Plant Services for such Shipper on such day as set out in the Firm Service Agreements entered into between Westcoast and such Shipper.

“Daily Area IT Volume” means, in respect of all the Plant Services provided by Westcoast to any Shipper in the Fort Nelson Area on any day, the amount, if any, by which (i) the total volume of residue gas delivered by Westcoast to such Shipper with respect to such Plant Services on such day, exceeds (ii) the Daily Area Firm Volume, if any, for such Plant Services on such day.

“Daily Area UPO Volume Loss” has the meaning assigned to that term in Section 7.6.

“Daily Area Volume Loss” means, in respect of all the Plant Services provided by Westcoast to any Shipper in the Fort Nelson Area on any day when there is a Plant Restriction in effect, an amount equal to the lesser of:

- (a) the sum of the Daily Plant PO Volume Losses and the Daily Plant AUPO Volume Losses for the Fort Nelson Processing Plant and the Fort Nelson North Processing Plant for such day; and
- (b) the Daily Area Firm Volume minus the total volume of residue gas (not exceeding the Daily Area Firm Volume for such Plant Services on such day) delivered by Westcoast to such Shipper with respect to such Plant Services on such day,

minus the amount if any by which the Daily Area Firm Volume exceeds the Flow Capability related to such Plant Services for such day.

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“Daily Equivalent RGT Volume Loss” means, in respect of all the Plant Services provided by Westcoast to any Shipper in the Fort Nelson Area on any day, an amount equal to the product obtained by multiplying:

- (a) the Daily Area UPO Volume Loss for such Plant Services on such day; by
- (b) the quotient obtained by dividing the sum of the Daily Implied Raw Gas Limits for such Plant Services on such day by the Daily Area Firm Volume for such Plant Services on such day.

“Daily Implied Raw Gas Limit” means, in respect of each Plant Service provided by Westcoast to any Shipper in the Fort Nelson Area on any day, an amount determined in accordance with the following formula or such other amount determined by Westcoast acting reasonably which is more consistent with shrinkage for gas of the same acid gas percentage:

$$\text{Daily Implied Raw Gas Limit} = \Sigma \left[\frac{\text{Acid Gas Volume}}{\text{Acid Gas Percentage}} \right]$$

where:

“Daily Implied Raw Gas Limit” is the Daily Implied Raw Gas Limit in respect of each such Plant Service on such day;

“Acid Gas Volume” is, in respect of each Firm Treatment Service provided by Westcoast to such Shipper on such day at the Processing Plant at which Westcoast is providing such Plant Service, the sum of the sulphur gas limit (expressed in 10^3m^3 of sulphur gas per day) and the carbon dioxide limit (expressed in 10^3m^3 of carbon dioxide gas per day) for such Firm Treatment Service on such day, each as set out in the Firm Service Agreement entered into between Westcoast and such Shipper in respect of such Firm Treatment Service; and

“Acid Gas Percentage” is, in respect of each Firm Treatment Service provided by Westcoast to such Shipper on such day at the Processing Plant at which Westcoast is providing such Plant Service, the acid gas percentage (expressed in decimal form) for such Firm Treatment Service on such day, as set out in the Firm Service Agreement entered into between Westcoast and such Shipper in respect of such Firm Treatment Service.

“Daily Linked RGT Volume Loss” means, in respect of all the Plant Services provided by Westcoast to any Shipper in the Fort Nelson Area on any day, an amount equal to:

- (b) in the case where the sum of the Daily Unmatched RGT Volume and the Daily Equivalent RGT Volume Loss for such Plant Services on such day is a positive amount, the sum of the Daily Unmatched RGT Volume and the Daily Equivalent RGT Volume Loss for such Plant Services on such day; and

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- (c) in the case where the sum of the Daily Unmatched RGT Volume and the Daily Equivalent RGT Volume Loss for such Plant Services on such day is not a positive amount, zero.

“Daily Offset Gas Volume Loss” means, in respect of a Displacement Shipper on any day, the volume of Firm Treatment Service at the Fort Nelson North Processing Plant which was not available to the Displacement Shipper on any such day by reason of insufficient volumes of Offset Gas being delivered to that Processing Plant.

“Daily Plant AUPO Volume Loss” means, in respect of each Plant Service provided by Westcoast to any Shipper in the Fort Nelson Area on any day, an amount equal to the product obtained by multiplying the Daily Plant Volume Loss by the quotient obtained by dividing the AUPO Percentage by the sum of the AUPO Percentage and the PO Percentage and, in the case of the Plant Service provided by Westcoast to a Displacement Shipper at the Fort Nelson North Processing Plant, such amount shall be increased by the Daily Offset Gas Volume Loss.

“Daily Plant Acid Gas Limit” means, in respect of each Plant Service provided by Westcoast to any Shipper in the Fort Nelson Area on any day, an amount (expressed in 10^3m^3 of acid gas per day) equal to the sum of the Daily Plant Carbon Dioxide Limit and the Daily Plant Sulphur Gas Limit for such Plant Service on such day.

“Daily Plant Carbon Dioxide Limit” means, in respect of each Plant Service provided by Westcoast to any Shipper in the Fort Nelson Area on any day, the aggregate carbon dioxide limit (expressed in 10^3m^3 of carbon dioxide gas per day) for such Plant Service on such day as set out in the Firm Service Agreements entered into between Westcoast and such Shipper.

“Daily Plant Firm Volume” means, in respect of each Plant Service provided by Westcoast to any Shipper in the Fort Nelson Area on any day, the aggregate Contract Demand (expressed in 10^3m^3 of residue gas per day) for such Plant Service for such Shipper on such day as set out in the Firm Service Agreements entered into between Westcoast and such Shipper.

“Daily Plant PO Volume Loss” means in respect of each Plant Service provided by Westcoast to any Shipper in the Fort Nelson Area on any day, an amount equal to the product obtained by multiplying the Daily Plant Volume Loss by the quotient obtained by dividing the PO Percentage by the sum of the AUPO Percentage and the PO Percentage.

“Daily Plant Sulphur Gas Limit” means, in respect of each Plant Service provided by Westcoast to any Shipper in the Fort Nelson Area on any day, the aggregate sulphur gas limit (expressed in 10^3m^3 of sulphur gas per day) for such Plant Service on such day as set out in the Firm Service Agreements entered into between Westcoast and such Shipper.

“Daily Plant Volume Loss” means, in respect of each Plant Service provided by Westcoast to any Shipper in the Fort Nelson Area on any day when a Plant Restriction is in effect at the Processing Plant at which Westcoast is providing such Plant Service, an amount equal to the Daily Plant Firm Volume minus the greater of:

- (a) the amount of the Daily Plant Firm Volume available on such day as specified in the Weekly Planned Outage Schedule applicable to such Processing Plant for the Week in which such day occurs or in a notice relating to such Processing Plant for such day

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given by Westcoast to all Shippers in the Fort Nelson Area by means of its public bulletin board in accordance with Section 28.06 of the General Terms and Conditions (provided that if the amount is specified in both the Weekly Planned Outage Schedule and in such a notice given by Westcoast, then such amount will be the lesser of those two amounts if those two amounts are different); and

- (b) The lesser of:
- (v) the volume of residue gas specified for such Processing Plant for such day in the notice given by Westcoast to such Shipper in accordance with Sections 28.06 and 20.05 of the General Terms and Conditions;
 - (vi) the residue gas equivalent, determined using the Residue/Acid Gas Ratio, of the volume of acid gas specified for such Processing Plant for such day in the notice given by Westcoast to such Shipper in accordance with Sections 28.06 and 20.05 of the General Terms and Conditions;
 - (vii) the residue gas equivalent, determined using the Residue/Sulphur Gas Ratio, of the volume of sulphur gas specified for such Processing Plant for such day in the notice given by Westcoast to such Shipper in accordance with Sections 28.06 and 20.05 of the General Terms and Conditions; and
 - (viii) the Daily Plant Firm Volume

“Daily RGT Firm Volume” means, in respect of all the Plant Services provided by Westcoast to any Shipper in the Fort Nelson Area on any day, the aggregate Contract Demand (expressed in 10^3m^3 of raw gas per day) in respect of all Firm RGT Services provided by Westcoast to such Shipper on such day upstream of the Processing Plants at which Westcoast is providing such Plant Services, as set out in the Firm Service Agreements entered into between Westcoast and such Shipper.

“Daily Unmatched RGT Volume” means, in respect of all the Plant Services provided by Westcoast to any Shipper in the Fort Nelson Area on any day, an amount equal to:

- (a) in the case where the sum of the Daily Implied Raw Gas Limits for such Plant Services on such day is greater than the Daily RGT Firm Volume for such Plant Services on such day, the Daily RGT Firm Volume for such Plant Services on such day minus the sum of the Daily Implied Raw Gas Limits for such Plant Services on such day; and
- (b) in the case where the sum of the Daily Implied Raw Gas Limits for such Plant Services on such day is equal to or less than the Daily RGT Firm Volume in respect of such Plant Services on such day, zero.

“Displacement Shipper” means, a Shipper which has entered into a Service Agreement providing for Firm Treatment Service at the Fort Nelson North Processing Plant in respect of raw gas to be delivered to Westcoast at Receipt Points in the Fort Nelson RGT System from which the raw gas cannot be physically delivered to the inlet of that Processing Plant..

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“Maximum Daily Volume Loss” means, in respect of all the Plant Services provided by Westcoast to any Shipper in the Fort Nelson Area on any day, an amount equal to the Daily Area Firm Volume minus the Daily Area Delivered Volume.

“Monthly Aggregate Area IT Volume” means, in respect of all the Plant Services provided by Westcoast to any Shipper in the Fort Nelson Area in any month, the amount, if any, by which (i) the sum of the total volumes of residue gas delivered by Westcoast to such Shipper with respect to such Plant Services for each day in such month, exceeds (ii) the Monthly Area Firm Volume for such Plant Services for such month.

“Monthly Area Applied Outage Allowance” means, in respect of all the Plant Services provided by Westcoast to any Shipper in the Fort Nelson Area in any month, an amount equal to the lesser of:

- (a) the Monthly Area UPO Volume Loss for such Plant Services for such month; and
- (b) an amount equal to the product obtained by multiplying the fraction (which shall not be less than zero and not greater than one) of the Monthly Area Available Outage Allowance for the Fort Nelson Area selected by Westcoast at the time when Westcoast calculates the Monthly Area Contract Demand Credits for the Fort Nelson Area for such month pursuant to Section 7.3, by the product obtained by multiplying:
 - (i) the Monthly Area Available Outage Allowance for the Fort Nelson Area for such month; by
 - (ii) the quotient obtained by dividing the Monthly Area Firm Volume for such Shipper for the Fort Nelson Area for such month by the sum of the Monthly Area Firm Volumes for all Plant Services for the Fort Nelson Area for such month.

“Monthly Area Available Interday Offset” means, in respect of all the Plant Services provided by Westcoast to any Shipper in the Fort Nelson Area in any month, the amount, if any, by which (i) the Monthly Area IT Volume for such Plant Services for such month, exceeds (ii) the Monthly Aggregate Area IT Volume for such Plant Services for such month.

“Monthly Area Available Outage Allowance” means, in respect of all the Plant Services provided by Westcoast to all Shippers in the Fort Nelson Area in any month during the Year, an amount determined in accordance with the following formula:

$$\text{Monthly Area Available Outage Allowance} = \left[\sum \left[\frac{\text{Aggregate Area Daily Firm Volume}}{\text{Area UPO Target}} \right] \right] - \text{Aggregate Monthly Area Applied Outage Allowance}$$

where:

“Monthly Area Available Outage Allowance” is the Monthly Area Available Outage Allowance for the Fort Nelson Area for such month;

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“Aggregate Area Daily Firm Volume” is, in respect of each day during such Year, the sum of the Daily Area Firm Volumes for all Shippers in the Fort Nelson Area on such day, determined on the basis of contract levels for such Year, in effect at the time when Westcoast calculates the Monthly Area Contract Demand Credits for the Fort Nelson Area for such month pursuant to Section 7.3;

“Area UPO Target” is, in respect of each day during such Year, the Area UPO Target (expressed in decimal form) for the Fort Nelson Area in effect for such day at the time when Westcoast calculates the Monthly Area Contract Demand Credits for the Fort Nelson Area for such month pursuant to Section 7.3; and

“Aggregate Monthly Area Applied Outage Allowance” is the sum of the Monthly Area Applied Outage Allowances for all Shippers for the Fort Nelson Area for all prior months in such Year.

“Monthly Area Contract Demand Credit” has the meaning assigned to that term in Section 7.3.

“Monthly Area Firm Volume” means, in respect of all the Plant Services provided by Westcoast to any Shipper in the Fort Nelson Area in any month, the sum of the Daily Area Firm Volumes for such Plant Services for such Shipper for each day in such month.

“Monthly Area Interday Offset” means, in respect of all the Plant Services provided by Westcoast to any Shipper in the Fort Nelson Area in any month during the Year, an amount equal to the lesser of:

- (a) the sum of the Daily Area UPO Volume Losses for such Plant Services for each day in such month; and
- (b) an amount equal to:
 - (i) the sum of the Monthly Area Available Interday Offset for such Plant Services for such month and the Monthly Area Available Interday Offsets for such Plant Services for all prior months in such period; minus
 - (ii) the sum of the Monthly Area Interday Offsets for such Plant Services for all prior months in such period.

“Monthly Area IT Volume” means, in respect all the Plant Services provided by Westcoast to any Shipper in the Fort Nelson Area in any month, the sum of the Daily Area IT Volumes for such Plant Services for each day in such month.

“Monthly Area UPO Volume Loss” has the meaning assigned to that term in Section 7.5.

“Monthly Linked RGT CDC Volume” means, in respect of all the Plant Services provided by Westcoast to any Shipper in the Fort Nelson Area in any month, an amount equal to the product obtained by multiplying:

- (a) the Net Monthly Area UPO Volume Loss for such Plant Services for such month; by

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- (b) the quotient obtained by dividing the Monthly Linked RGT Volume Loss for such Plant Services for such month by the Monthly Area UPO Volume Loss for such Plant Services for such month.

“Monthly Linked RGT Volume Loss” means, in respect of all the Plant Services provided by Westcoast to any Shipper in the Fort Nelson Area in any month, the sum of the Daily Linked RGT Volume Losses for such Plant Services for each day in such month.

“Net Monthly Area UPO Volume Loss” has the meaning assigned to that term in Section 7.4.

“Offset Gas” means raw gas which may be physically delivered to the inlet of the Fort Nelson North Processing Plant.

“Plant Restriction” means, in respect of any Processing Plant in the Fort Nelson Area on any day, any restriction on the availability of Firm Treatment Service at such Processing Plant on such day (expressed as a percentage of availability of the Daily Plant Firm Volume, the Daily Plant Sulphur Gas Limit, the Daily Plant Acid Gas Limit or the Daily Implied Raw Gas Limit) as specified in (i) the Weekly Planned Outage Schedule applicable to such Processing Plant for the Week in which such day occurs, or (ii) a notice relating to such Processing Plant for such day given by Westcoast to all Shippers in the Fort Nelson Area by means of its public bulletin board in accordance with Section 28.06 of the General Terms and Conditions.

“Plant Service” means, in respect of each Shipper to whom Westcoast is providing Firm Treatment Service at a Processing Plant in the Fort Nelson Area, all of the Firm Treatment Services provided by Westcoast to such Shipper at such Processing Plant as set out in the Firm Service Agreements entered into between Westcoast and such Shipper.

“PO Percentage” means, in respect of each Plant Service provided by Westcoast to any Shipper in the Fort Nelson Area on any day when a Plant Restriction is in effect, the amount of such Plant Service which is not available on such day by reason of a Planned Outage, expressed as a percentage of such Plant Service.

“Residue/Acid Gas Ratio” means in respect to all the Plant Services provided by Westcoast to any Shipper in the Fort Nelson Area on any day:

- (a) the ratio, the numerator of which is the total volume of residue gas delivered by Westcoast to such Shipper with respect to such Plant Services on such day and the denominator of which is the total volume of acid gas processed with respect to such Plant Services on such day; or
- (b) in the event no residue gas was delivered to such Shipper or no acid gas was processed with respect to such Plant Services on such day, the ratio, the numerator of which is the Daily Area Firm Volume and the denominator of which is the sum of the Daily Plant Acid Gas Limits for such Plant Services for such day; or
- (d) in the event no residue gas was delivered to such Shipper or no acid gas was processed with respect to such Plant Services on such day and the sum of the Daily Plant Acid Gas Limits for such day is zero, the ratio, the numerator of which is the residue gas Flow Capability and the denominator of which is the acid gas Flow Capability for such day.

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“Residue/Sulphur Gas Ratio” means in respect to all the Plant Services provided by Westcoast to any Shipper in the Fort Nelson Area on any day:

- (a) the ratio, the numerator of which is the total volume of residue gas delivered by Westcoast to such Shipper with respect to such Plant Services on such day and the denominator of which is the total volume of sulphur gas processed with respect to such Plant Services on such day; or
- (b) in the event no residue gas was delivered to such Shipper or no sulphur gas was processed with respect to such Plant Services on such day, the ratio, the numerator of which is the Daily Area Firm Volume and the denominator of which is the sum of the Daily Plant Sulphur Gas Limits for such Plant Services for such day; or
- (c) in the event no residue gas was delivered to such Shipper or no sulphur gas was processed with respect to such Plant Services on such day and the sum of the Daily Plant Sulphur Gas Limits for such day is zero, the ratio, the numerator of which is the residue gas Flow Capability and the denominator of which is the sulphur gas Flow Capability for such day.

7.3 Monthly Area Contract Demand Credit

Westcoast will as soon as practicable following the end of each Year calculate the amount, if any, of the Monthly Area Contract Demand Credits to which a Shipper is entitled under this Schedule B with respect to all the Plant Services provided by Westcoast to such Shipper in the Fort Nelson Area during each month in each such Year in accordance with the following formula:

$$\text{Monthly Area Contract Demand Credit} = \left[\begin{array}{cc} \text{Average Area} & \text{Net Monthly} \\ \text{Unit Toll} & \text{Area UPO} \\ & \text{Volume Loss} \end{array} \right] \times \left[\begin{array}{cc} \text{Average Linked} & \text{Monthly Linked} \\ \text{RGT Unit Toll} & \text{RGT CDC} \\ & \text{Volume} \end{array} \right]$$

where:

“Monthly Area Contract Demand Credit” is the amount, if any, of the Monthly Area Contract Demand Credit for such Plant Services for such month;

“Average Area Unit Toll” is the Average Area Unit Toll for such Plant Services for such month;

“Net Monthly Area UPO Volume Loss” is the amount, if any, of the Net Monthly Area UPO Volume Loss for such Plant Services for such month calculated pursuant to Section 7.4;

“Average Linked RGT Unit Toll” is the Average Linked RGT Unit Toll in respect of all Firm RGT Services provided by Westcoast to such Shipper in the Fort Nelson Area in such month; and

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“Monthly Linked RGT CDC Volume” is the amount, if any, of the Monthly Linked RGT CDC Volume for such Plant Services for such month;

If any Shipper is entitled to Monthly Area Contract Demand Credits with respect to the Plant Services provided by Westcoast in any Year, Westcoast will provide such Shipper with a credit to the next monthly bill for such Plant Services in an amount equal to the sum of the Monthly Area Contract Demand Credits to which such Shipper is entitled for such Year.

7.4 Net Monthly Area UPO Volume Loss

The Net Monthly Area UPO Volume Loss to be used in the calculation of the Monthly Area Contract Demand Credit with respect to all the Plant Services provided by Westcoast to a Shipper in the Fort Nelson Area in any month will be an amount calculated in accordance with the following formula:

$$\text{Net Monthly Area UPO Volume Loss} = \text{Monthly Area UPO Volume Loss} - \text{Monthly Area Applied Outage Allowance}$$

where:

“Net Monthly Area UPO Volume Loss” is the amount, if any, of the Net Monthly Area UPO Volume Loss for such Plant Services for such month;

“Monthly Area UPO Volume Loss” is the amount, if any, of the Monthly Area UPO Volume Loss for such Plant Services for such month calculated pursuant to Section 7.5; and

“Monthly Area Applied Outage Allowance” is the amount, if any, of the Monthly Area Applied Outage Allowance for such Plant Services for such month.

7.5 Monthly Area UPO Volume Loss

The Monthly Area UPO Volume Loss to be used in the calculation of the Net Monthly Area UPO Volume Loss with respect to all the Plant Services provided by Westcoast to a Shipper in the Fort Nelson Area in any month will be an amount calculated in accordance with the following formula:

$$\text{Monthly Area UPO Volume Loss} = \left[\sum \text{Daily Area UPO Volume Loss} \right] - \text{Monthly Area Interday Offset}$$

where:

“Monthly Area UPO Volume Loss” is the amount, if any, of the Monthly Area UPO Volume Loss for such Plant Services for such month;

“Daily Area UPO Volume Loss” is the amount, if any, of the Daily Area UPO Volume Loss for such Plant Services for each day in such month calculated pursuant to Section 7.6; and

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“Monthly Area Interday Offset” is the amount, if any, of the Monthly Area Interday Offset for such Plant Services for such month.

7.6 Daily Area UPO Volume Loss

The Daily Area UPO Volume Loss to be used in the calculation of the Monthly Area UPO Volume Loss with respect to all the Plant Services provided by Westcoast to a Shipper in the Fort Nelson Area in any month will be:

- (a) if a Plant Restriction is in effect on such day in the Fort Nelson Area and the daily average inlet pressure on such day at each Processing Plant in the Fort Nelson Area is not greater than the applicable Daily Average Inlet Pressure Target for each such Processing Plant, then (regardless of the daily average outlet pressure on such day at each such Processing Plant) an amount equal to the Daily Area AUPO Volume Loss;
- (b) if a Plant Restriction is not in effect on such day in the Fort Nelson Area and the daily average inlet pressure on such day at a Processing Plant in the Fort Nelson Area is greater than the Daily Average Inlet Pressure Target for such Processing Plant and the daily average outlet pressure on such day at such Processing Plant is less than or equal to the Daily Average Outlet Pressure Target for such Processing Plant, then an amount equal to the Maximum Daily Volume Loss minus the Daily Area EO Volume Loss; and
- (c) if a Plant Restriction is in effect on such day in the Fort Nelson Area and the daily average inlet pressure on such day at a Processing Plant in the Fort Nelson Area is greater than the Daily Average Inlet Pressure Target for such Processing Plant and the daily average outlet pressure on such day at such Processing Plant is less than or equal to the Daily Average Outlet Pressure Target for such Processing Plant and:
 - (i) the Daily Area Volume Loss is greater than or equal to the Maximum Daily Volume Loss, then an amount equal to the Daily Area AUPO Volume Loss; or
 - (ii) the Daily Area Volume Loss is less than the Maximum Daily Volume Loss, then an amount equal to the Maximum Daily Volume Loss minus the Daily Area EO Volume Loss.