

LINE FILL LEASE AND MANAGEMENT AGREEMENT

BETWEEN

TEML WESTSPUR PIPELINES LIMITED

AND

TUNDRA ENERGY MARKETING LIMITED

DATED EFFECTIVE AS OF APRIL 1, 2017

LINE FILL LEASE AND MANAGEMENT AGREEMENT

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LINE FILL LEASE AND MANAGEMENT AGREEMENT

THIS AGREEMENT is made effective as of April 1, 2017 (the “**Effective Date**”).

AMONG

TEML WESTSPUR PIPELINES LIMITED, a body corporate existing under the laws of Canada (hereinafter referred to as “**Carrier**”)

and

TUNDRA ENERGY MARKETING LIMITED, a body corporate existing under the laws of Canada (hereinafter referred to as “**TEML**”)

RECITALS

WHEREAS Carrier owns and operates the Pipeline System;

AND WHEREAS TEML is the legal and beneficial owner of the Initial Line Fill located on the Pipeline System;

AND WHEREAS the Carrier wishes to lease the Initial Line Fill from TEML and to lease additional volumes of Line Fill as required for the Carrier to provide Crude Petroleum transportation services to Shippers and for the safe and efficient operation of the Pipeline System subject to and in accordance with the provisions of this Agreement.

AND WHEREAS, in addition to the lease of Line Fill from TEML, Carrier wishes to engage TEML for the provision of Line Fill and Crude Petroleum management services subject to and in accordance with the provisions of this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and mutual covenants hereinafter contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the Parties to this Agreement, the Parties agree as follows:

ARTICLE 1 DEFINITIONS AND PRINCIPLES OF INTERPRETATION

1.1 Definitions

The following terms as used in this Agreement shall have the meanings assigned as follows:

“**Affiliate**” means, with respect to any Person, any other Person that directly or indirectly controls, is controlled by, or is under common control with that other Person. For purposes of this definition, a Person “controls” another Person if that Person possesses, directly or indirectly, the power to direct the management and policies of that other Person, whether through ownership of voting securities, by contract or otherwise and “controlled by” and “under common control with” have similar meanings;

“**Agreement**” means this agreement, including all exhibits attached hereto, as amended from time to time.

“**Applicable Laws**” means, in relation to any Person, property, operation or circumstance, all laws including the common law, equity, statutes, codes, ordinances, orders, directives, rules,

regulations and guidelines (whether administrative, regulatory, legislative, executive or otherwise and including any of the foregoing that relate to Environmental standards or controls, energy regulations and occupational, safety and health standards or controls) of any Governmental Authority; and all judgments, decrees, rulings and orders of courts, tribunals, commissions and other similar bodies of competent jurisdiction; and all terms and conditions of any Authorizations that are in effect at the relevant time and are applicable to such Person, property operation or circumstance.

"Authorization" means, as the context requires, an authorization, clearance, notice, permit, decision, judgment, direction, entitlement, license, order, consent, approval, exemption, registration, ruling, advance ruling and certificate whether now existing or hereafter issued or obtained or required to be issued or obtained and which is or may be given or issued by any Governmental Authority pursuant to Applicable Laws.

"Business Day" means a day on which banks are generally open for the transaction of commercial business in Calgary, Alberta, but does not in any event include a Saturday or a Sunday or statutory holiday in Calgary, Alberta.

"Carrier" means TEML Westspur Pipelines Limited or any of its successors and assigns.

"Claim" means any written claim, written demand, lawsuit, action, proceeding, notice of non-compliance or violation, order or direction, arbitration or governmental proceeding or investigation.

"Code of Conduct" means the Tundra Energy Marketing Limited Code of Conduct in effect from time to time.

"Crude Petroleum" means the direct product of oil wells and indirect liquid products of oil or gas wells, or a mixture of such products.

"Delivery Point" means a point on the Pipeline System at which Carrier has facilities to deliver Crude Petroleum from the Pipeline System.

"Dispute" means any dispute, controversy or claim between the Parties (of any and every kind or type, whether based on contract, tort, statute, regulation, or otherwise) arising out of, relating to, or connected with this Agreement.

"Effective Date" is as defined in the preamble.

"Environment" means the components of the earth and includes ambient air, land, surface and sub-surface strata, groundwater, lake, river or other surface water, all layers of the atmosphere, all organic and inorganic matter and living organisms, and the interacting natural systems that include such components.

"Force Majeure" shall mean any event or circumstance not reasonably within the control of the Party claiming suspension and which by the exercise of due diligence such Party is unable to prevent or overcome, including (i) lightning, storms, earthquakes, landslides, floods, washouts, tsunamis and other acts of God; (ii) fires, explosions, ruptures, breakages of or accidents to the Pipeline System, any other equipment or facilities including facilities upstream and downstream of the Pipeline System necessary to operate the Pipeline System; (iii) freezing of pipelines or pumps or obstructions of pipelines or appurtenances thereto; (iv) shortages of necessary labour, strikes, lockouts or other industrial disturbances; (v) civil disturbances, sabotage, acts of public enemies, war, blockades, insurrections, vandalism, riots, epidemics or acts of terrorism; (vi) arrests and restraint of governments and people; (vii) the order of any Governmental Authority having jurisdiction with respect to the Crude Petroleum, Line Fill or the Pipeline System; (viii) inability to

obtain or curtailment of supplies of electrical power, water, fuel or other utilities or services; (ix) inability to obtain or curtailment of supplies of any other materials, products (including Crude Petroleum) or equipment, including as a result of a materially adverse change in the market price for any such materials, products or equipment; (x) any planned or unplanned outage with respect to the Pipeline System; (xi) inability to obtain or revocation or amendment of any Authorization of any Governmental Entity having jurisdiction with respect to the Crude Petroleum or the Pipeline System, unless the revocation or amendment of such permit, license, certificate or authorization was caused by the violation of the terms thereof or consented to by the Person holding the same; and (xii) any event set forth in (i) through (xi) above in respect of any facilities upstream or downstream of the Pipeline System that results in a Party being unable to perform its obligations under this Agreement, provided that a lack of funds or other financial circumstance shall not be events of Force Majeure.

“**GAAP**” means generally accepted accounting principles which are in effect from time to time in Canada.

“**Governmental Authority**” means, in relation to any Person, property, operation, transaction or other matter or circumstance, any:

- (a) governmental entity or authority of any kind, including any government ministry, agency, branch, department or official, and any court, regulatory board, stock exchange or other tribunal; or
- (b) individual or entity exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory or taxing authority or power of any nature;

having or purporting to exercise jurisdiction or power over such Person, property, operation, transaction or other matter or circumstance.

“**GST**” means the goods and services tax prescribed by Part IX of the *Excise Tax Act* (Canada), and by any similar or complimentary legislation of any province that is a “participating province” as defined in the *Excise Tax Act* (Canada).

“**Initial Line Fill**” means the amount of Line Fill in the Pipeline System on the Effective Date, which amount is legally and beneficially owned by TEML.

“**Line Fill**” means, at any time, the total quantity of Crude Petroleum in the Pipeline System and is required by the Pipeline System to occupy the physical space within any applicable facilities and to maintain efficient operations, and includes for such purpose, any Tank Bottoms but excludes any Crude Petroleum in tank inventory in excess of required Tank Bottoms;

“**Loss**” or “**Losses**” shall mean any and all damages, demands, payments, obligations, penalties, assessments, disbursements, claims, lawsuits, actions, proceedings, notices of non-compliance, violations, orders of a Governmental Authority, arbitration or governmental proceedings or investigations, costs, liabilities, losses, causes of action, and expenses (including interest, awards, judgments, settlements, fines, costs of investigation and remediation, costs of supplemental environmental projects, fees, costs of defense and reasonable legal and other professional fees and expenses on a 'solicitor and his own client' or comparable basis and other professional fees and disbursements on a full indemnity basis), regardless of whether the foregoing arise in, under or by virtue of common law, in equity, under Applicable Law, under contract, negligence, strict liability, breach of duty or otherwise.

“**Monthly Lease Amount**” has the meaning given to it in Exhibit “A” attached hereto.

“**Party**” means a party to this Agreement.

"Person" means an individual, partnership, limited partnership, limited liability company, joint stock company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted.

"Pipeline System" means the series of pipelines and related facilities of Carrier that are used for the transportation of Crude Petroleum from Receipt Points in Southeastern Saskatchewan and, Southwestern Manitoba to Delivery Points at downstream facilities off of such pipelines and related facilities, and includes any tanks of the Carrier for the storage of Crude Petroleum.

"Receipt Point" means a point on the Pipeline System at which Carrier has facilities to accept Crude Petroleum into the Pipeline System.

"Rules" means the Rules and Regulations governing the delivery of Crude Petroleum to, the transportation of Crude Petroleum on and the delivery of Crude Petroleum from the Pipeline System, as may be amended or reissued from time to time.

"Shipper" means a Person that has contracted with Carrier for transportation of a volume of Crude Petroleum on the Pipeline System or is otherwise active in the movement of Crude Petroleum on the Pipeline System and includes, as the context herein requires, TEML for the purposes of this Agreement.

"Taxes" means all sales, value-added or similar taxes, including, if applicable, GST, imposed or levied by any Governmental Authority on or in respect of the sale or supply of goods or services, but excludes income taxes.

"Tank Bottoms" means the volume of Crude Petroleum necessary for operational stocks of the storage tanks owned and operated by the Carrier and forming part of the Pipeline System;

"TEML" means Tundra Energy Marketing Limited or any of its successors and assigns; and

"Transportation Charges" has the meaning given to it in the Rules.

1.2 References and Rules of Construction

In this Agreement, unless the context requires otherwise:

- (a) words importing the singular number include the plural and vice versa;
- (b) words importing the masculine gender include the feminine and neuter genders;
- (c) if a word is defined in this Agreement, a derivative of that word shall have a corresponding meaning;
- (d) the terms "herein", "hereby", "hereof", "hereunder", "hereto" and similar expressions mean or refer to this Agreement and not to any particular provision of this Agreement;
- (e) the use of the word "include" or "including" shall be deemed to mean "include, without limitation", or "including, without limitation", as applicable;
- (f) references to any Person (including any Governmental Authority) include such Person's permitted successors and assigns;

- (g) any reference to a Person in a particular capacity is and is deemed to be a reference to that Person in that capacity and not in any other capacity;
- (h) reference to any agreement, document or instrument means such agreement, document or instrument as amended, replaced, restated or modified and in effect from time to time in accordance with the terms thereof;
- (i) references to any Applicable Laws (including any statute referenced in this Agreement) means such Applicable Laws as amended, modified, codified, replaced or re-enacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and references to any section or other provision of any Applicable Laws means that provision of such Applicable Laws from time to time in effect and constituting the substantive amendment, modification, codification, replacement or re-enactment of such section or other provision;
- (j) references to Articles, Sections or Exhibits refer to articles, sections or exhibits of this Agreement;
- (k) headings and the table of contents are not to be considered part of this Agreement and are included solely for convenience of reference and are not intended to be full or accurate descriptions of the contents hereof;
- (l) the rule of contractual interpretation known as "*contra proferentem*" shall not apply to the interpretation or construction of this Agreement, such that in interpreting this Agreement, it shall be irrelevant which Party drafted any particular provision hereof;
- (m) all dollar amounts referred to in this Agreement are in Canadian dollars, unless otherwise indicated herein;
- (n) payments are to be made in Canadian funds, in immediately available funds;
- (o) unless otherwise indicated, references to the time of day or date mean the local time or date in Calgary, Alberta;
- (p) unless otherwise specified herein, or as the context may require, computation of any period of time referred to in this Agreement shall exclude the first day and include the last day of such period; and
- (q) where any payment is to be made, or any other action is to be taken, on or as of a day that is not a Business Day, then unless otherwise provided herein, such payment is to be made, or the other action is to be taken, as applicable, on or as of the next following Business Day, unless such next following Business Day falls in the next calendar month, in which event the payment is to be made, or the other action is to be taken, as applicable, on or as of the immediately preceding Business Day.

1.3 Accounting Principles

Each accounting term used in this Agreement, unless otherwise defined herein, shall be construed in accordance with GAAP.

1.4 Conflict

To the extent of any conflict between the terms set forth in the main body of this Agreement and any of the Exhibits, the terms set forth in the main body of this Agreement shall prevail.

1.5 **Exhibits**

The following Exhibits are attached to this Agreement and incorporated by reference:

Exhibit "A" Calculation of Monthly Lease Amount

ARTICLE 2 BUSINESS OBJECTIVE

2.1 **Objectives**

The objectives of the Parties in entering into this Agreement are as follows:

- (a) to allow the Carrier to secure the provision of sufficient Line Fill as is required from time to time for Carrier to provide safe and reliable transportation services to Shippers on the Pipeline System; and
- (b) to enhance, to the extent commercially reasonable, the Pipeline System's ability to deliver Crude Petroleum at the Delivery Points that meets the downstream connecting facilities' quality specifications and the requirements of the Rules on a continuous basis for delivery to such facility and that all such delivered volumes have a consistent quality on a monthly basis.

ARTICLE 3 LEASE AND SUPPLY OF LINE FILL

3.1 **Lease of Initial Line Fill**

Commencing on the Effective Date, TEML hereby agrees to lease to the Carrier the Initial Line Fill and agrees to lease such additional volumes of Crude Petroleum to the Carrier as Line Fill, from time to time, in accordance with Section 3.2, subject to the terms of this Agreement.

3.2 **Carrier Line Fill Requirements**

TEML shall use commercially reasonable efforts to supply Carrier with all volumes of Crude Petroleum that Carrier requires in order to achieve the objectives set forth in Section 2.1. Representatives of each Party shall communicate on a regular basis, as required, in order to determine Carrier's requirements for Line Fill for the Pipeline System over a given period in order to support the operating requirements of the Pipeline System. To the extent Carrier requires:

- (a) delivery of additional volumes of Line Fill on the Pipeline System including as a result of capital additions through the construction of laterals or expansions to the Pipeline System or as a result of line loss on the Pipeline System, Carrier shall, on reasonable notice, make a request of TEML to provide additional volumes of Crude Petroleum and TEML shall be required to provide such Line Fill at an agreed Receipt Point within the time periods required by Carrier, acting reasonably; or
- (b) removal of volumes of Line Fill on the Pipeline System including as a result of the decommissioning of any sections of the Pipeline System, Carrier shall, on reasonable notice, make a request to TEML to take delivery of volumes of Crude Petroleum and TEML shall be required to take delivery of such volumes of Line Fill at an agreed Delivery Point within the time periods required by Carrier, acting reasonably.

3.3 TEML Exclusive Right to Supply Line Fill

Unless otherwise consented to TEML in writing, TEML shall have the sole and exclusive right to supply Carrier all of the Pipeline System's Line Fill operational requirements from time to time.

3.4 Transportation and Use of Line Fill by Carrier

Notwithstanding Section 3.1, the Parties acknowledge and agree that Carrier is entitled to operate the Pipeline System and to use the Line Fill to provide transportation services to Shippers for their volumes of Crude Petroleum by displacing volumes of Crude Petroleum received from a Shipper at a designated Receipt Point with the immediate delivery of an equivalent volume of Crude Petroleum at the designated Delivery Point (subject to any loss allowance provided in the Rules), which delivery is made out of the Line Fill at the Delivery Point. The Parties acknowledge that the volume of Crude Petroleum received by Shipper at a Delivery Point is being immediately exchanged and replaced by the volume delivered by the Shipper at the Receipt Point into the Pipeline System as Line Fill. TEML acknowledges and consents to the use of the Line Fill by Carrier as provided in this Section 3.4, provided that, it is acknowledged by the Parties that the Line Fill while in transit in the Pipeline System is being transported for and on behalf of TEML.

3.5 Reporting of Line Fill Volumes

As part of the calculation of the Monthly Lease Amount and invoicing pursuant to Article 6, TEML shall report the monthly volumes of Crude Petroleum which are delivered or removed from the Pipeline System pursuant to this Article 3, which reporting shall include reporting of the displacement of volumes of Shipper receipts into the Pipeline System and Shipper deliveries from the Pipeline System using the Line Fill as contemplated in Section 3.4, which information is to be provided on an aggregate system basis and not on an individual shipper basis.

ARTICLE 4 MANAGEMENT OF LINE FILL

4.1 Line Fill Management

The Parties acknowledge that as result of the operation of the Pipeline System and use by Carrier of the Line Fill as contemplated in Section 3.4, the Line Fill is subject to changes in quality as a result of the displacement of the Line Fill with volumes received onto the Pipeline System from Shippers. TEML is required to ensure that the aggregate quality of the Line Fill on the Pipeline System measured at the Delivery Points at any given time is within the acceptable parameters associated with Carrier's quality specifications set forth in the Rules so that delivered volumes of Crude Petroleum meet the quality specifications of the downstream facility at the Delivery Point. To allow TEML to discharge such obligation:

- (a) TEML may in its discretion, deliver or remove volumes of Crude Petroleum to or from the Pipeline System for the purpose of managing the quality of the Line Fill provided such delivery or removal does not impact the safety or reliability of the Pipeline System and is conducted in accordance with the Rules;
- (b) Carrier agrees to measure and monitor the aggregate quality of volumes of Crude Petroleum delivered to and from the Pipeline System, and to timely report to TEML with such information so that it can manage the aggregate quality of the Line Fill;

- (c) Carrier agrees to use commercially reasonable efforts to minimize the acceptance of Crude Petroleum from Shippers that varies from the quality specifications set forth in the Rules;
- (d) Carrier hereby grants TEML with access rights to Carrier's Pipeline System as is reasonably necessary or desirable in order for TEML to perform its obligations hereunder;
- (e) TEML reserves the right to request Carrier to periodically test randomly selected samples of Crude Petroleum at various Receipt Points and Delivery Points in accordance with Section 8(b) of the Rules as of the date of this Agreement; and
- (f) Carrier grants to TEML the rights set forth in Article 8.

4.2 Shipper Balancing and Transportation Charges

Each month, Carrier will account for TEML's deliveries of volumes of Line Fill to and removals of volumes of Line Fill from the Pipeline System in such month using the same Shipper balancing procedures that it uses in respect of Shipper volumes and TEML agrees to be bound by such Shipper balancing procedures. TEML shall pay the applicable Transportation Charges as a Shipper in respect of volumes of Crude Petroleum it delivers and removes from the Pipeline System in accordance with the Rules and Carrier's procedures, which shall be calculated and invoiced separate and apart from the invoicing contemplated in Article 6.

4.3 Quality Equalization Adjustments of Line Fill

Each month, Carrier shall perform quality equalization in respect of all of the Pipeline System volumes using the Carrier's equalization procedures and will account for the net equalization adjustments in each Shipper's equalization statement for such month. TEML acknowledges and agrees that the Line Fill will be subject to quality equalization adjustments to the same extent as any other Shipper determined in accordance with Carrier's equalization procedures which quality equalization adjustments to the Line Fill will be for the sole risk and account of TEML.

4.4 Transition Period

Carrier hereby waives strict compliance of the obligations of TEML under Section 4.1 for a period of 180 days from the Effective Date to allow TEML the opportunity to complete the installation or construction of the facilities necessary for it to be able to manage the quality of the Line Fill in accordance with Section 4.1.

ARTICLE 5 OWNERSHIP AND TITLE

5.1 Ownership and Title to Line Fill

At all times, TEML shall retain legal and beneficial title to the Line Fill. All volumes delivered by TEML to the Pipeline System pursuant to this Agreement are being provided to Carrier as a lessee of such volumes and neither Carrier nor any of the Shippers have any title to, nor do they own, any of the Line Fill in the Pipeline System at any given time and shall not encumber or otherwise dispose of the Line Fill except as contemplated pursuant to Section 3.4.

5.2 No Title of TEML to Pipeline System

Except as otherwise provided herein, TEML does not own any title to the Pipeline System nor any right to manage or operate the Pipeline System, except as contemplated pursuant to the terms of this Agreement.

ARTICLE 6 PAYMENT OBLIGATIONS

6.1 Monthly Lease Amount

In consideration for the lease of the Line Fill from TEML and the use and management of the Line Fill as provided in Article 4, Carrier agrees to pay the Monthly Lease Amount calculated in accordance with Exhibit "A".

6.2 Invoicing and Payment

- (a) On or before the 15th day of each calendar month, TEML shall send Carrier an invoice for the Monthly Lease Amount for the previous calendar month which shall include such reasonable supporting documentation showing the calculations determined in accordance with Exhibit "A".
- (b) Any Taxes payable on the Monthly Lease Amount will be indicated separately in each invoice. Carrier will pay any applicable Taxes to TEML in respect of any amounts payable to TEML under this Agreement, and TEML agrees to attend to the remittance thereof in accordance with Applicable Laws.
- (c) All invoices from TEML shall be payable in full within thirty (30) days of receipt thereof.
- (d) Payment of an invoice received from TEML shall not prejudice the right of Carrier to protest or question the correctness thereof.
- (e) Subject to Section 6.3, any invoice sent to Carrier by TEML shall conclusively be presumed to be true and correct after 12 months following the end of the calendar year to which such invoice relates.

6.3 Audits

Upon sixty (60) days' notice to TEML by Carrier, and subject TEML's confidentiality obligations to third parties, Carrier may engage an independent auditor satisfactory to TEML (acting reasonably) to conduct an audit of the financial data and information related to the calculation of the Monthly Lease Amount (an "**Audit**"). An Audit may only audit financial data and information pertaining to the immediately preceding calendar year. The independent auditor will be required to enter into a confidentiality agreement with TEML to ensure non-disclosure of confidential or commercial information. TEML agrees to undertake reasonable commercial efforts to assist in the completion of the Audit. The Audit shall be completed by the auditor on a timely basis, during normal business hours. An audit may be conducted not more than once each calendar year and must be conducted within twelve (12) months after the end of the year for which the audit is being undertaken. The right to audit contained in this Section 6.3 will survive until the expiry of twelve (12) months following the termination of this Agreement. Such audit will be undertaken at the sole cost and expense of Carrier. Any claims of discrepancies pursuant to this Section 6.3 shall be made in writing to TEML within two (2) months of the completion of such audit. TEML shall respond to any claims of discrepancies within two (2) months of receipt of such claims unless Carrier requests and TEML agrees to an extension. The Parties agree to act in good faith to resolve such claims. Each audit shall be conducted so as to cause a minimum of inconvenience to TEML. If any inaccuracy in any statement or invoice which has already been paid is identified and agreed between the Parties, the necessary adjustment, if any, will be made on the next statement or invoice after such agreement. The Parties agree, however, that except in the case of fraud, no claim may be made, and each of the Parties waives any rights it may otherwise have, in respect of any inaccuracy in any statement or invoice which

has not been identified by it to the other Party within twelve (12) months from the end of the calendar year to which the invoice or statement relates, and for all purposes of this Agreement such statement or invoice will be deemed to be final and binding after such twelve (12) month period.

ARTICLE 7 TERM AND TERMINATION

7.1 Term

The initial term of this Agreement will commence as of the Effective Date and will continue for a period of twelve (12) months (the “**Initial Term**”). The term of this Agreement will extend automatically for successive twelve (12) month terms unless a Party otherwise terminates this Agreement by written notice to the other Party that it does not want it renewed, which notice must be delivered at least ninety (90) days prior to the commencement of the next twelve (12) month term or pursuant to Section 7.2.

7.2 Right of Termination

Each Party acknowledges and agrees that either Party may terminate this Agreement on ninety (90) days prior written notice to the other Party.

7.3 Obligations on Termination

Unless otherwise agreed, upon termination of this Agreement, Carrier shall be obligated to deliver and TEML shall be obligated to receive all Line Fill remaining in the Pipeline System at the Delivery Point designated by TEML for delivery of its Line Fill from the Pipeline System. Carrier shall be responsible for all costs associated with the removal of the Line Fill from the Pipeline System provided that, TEML shall be responsible for all costs associated with the Line Fill from and after delivery at the Delivery Point.

7.4 Effect of Termination

Subject to Section 9.4, upon termination of this Agreement, all rights and obligations under this Agreement shall cease except for: (a) liabilities and obligations that have accrued prior to such termination, including the obligation to pay any amounts that have become due and payable prior to such termination; and (b) obligations that are expressly stated in this Agreement to survive termination of this Agreement.

ARTICLE 8 INTERCONNECTIONS AND FACILITIES

8.1 TEML Facilities

TEML, at its sole cost, shall be entitled to construct such facilities and interconnections as TEML determines, in its sole discretion, are necessary for the purpose of allowing TEML to discharge its obligations hereunder provided that TEML and Carrier enter into an interconnection agreement governing such interconnection in Carrier’s customary form subject to such amendments as required to avoid any conflicts with the terms of this Agreement.

8.2 Access to Existing Connections

Subject to third party commitments and Section 8.1, Carrier shall provide TEML with access to all existing and future Receipt Points or Delivery Points, including for the purpose of tying-in any facilities of TEML into such Receipt Points or Delivery Points.

ARTICLE 9 INDEMNIFICATION

9.1 Indemnification by Carrier

Subject to Section 9.3, Carrier shall be liable to and, as a separate covenant, shall indemnify, protect, defend, release and hold TEML harmless from and against any Claims asserted by or on behalf of any Person, and for any Losses, incurred by, borne by or asserted against TEML and which are as a result of:

- (a) a breach of any obligations of Carrier set forth in this Agreement;
- (b) losses of volumes of Line Fill on the Pipeline System or in respect of deliveries of Line Fill to TEML that are in excess of the loss allowances provided for in the Rules;
- (c) any damage, pollution, contamination or other adverse situation pertaining to the Environment caused by the spill, release, emission or discharge of Line Fill while it is located in the Pipeline System or otherwise in the possession of Carrier, except where directly caused by a breach of the obligations of TEML under this Agreement;
- (d) a breach by a Shipper of its obligations under Section 15(a) of the Rules (adverse claims against Crude Petroleum) (as was in effect as of the Effective Date); and
- (e) any Claims by a third party in relation to the Parties having entered into this Agreement or agreeing to the terms hereof.

9.2 Indemnification by TEML

Subject to Section 9.3, TEML shall be liable to and, as a separate covenant, shall indemnify, protect, defend, release and hold Carrier harmless from and against any Claims asserted by or on behalf of any Person, and for any Losses, incurred by, borne by or asserted against Carrier and which are as a result of a breach of any obligations of TEML set forth in this Agreement, including in particular, TEML's obligation in Section 4.1.

9.3 Limits on Liability

Notwithstanding anything to the contrary in this Agreement:

- (a) in no event shall either Party be liable to the other under this Agreement for any exemplary, punitive, remote, speculative, consequential, indirect, special or incidental damages or loss of profits; provided that, if either Carrier or TEML is held liable to a third party for any such damages and the indemnifying party is obligated to indemnify such indemnitee for the matter that gave rise to such damages, the indemnifying party shall be liable for, and obligated to reimburse such indemnitee for, such third party damages;
- (b) in no event shall TEML be liable to Carrier for any act or omission undertaken or omitted to be undertaken by or on behalf of TEML in accordance with its obligations hereunder that:
 - (i) was undertaken or omitted to be undertaken at the request of or with the written consent of Carrier;
 - (ii) arises from matters or things for which TEML is entitled to indemnification pursuant to Section 9.1, including without limitation, Carrier's breach of its

obligations to measure, monitor and report the aggregate quality of volumes of Crude Petroleum delivered to and from the Pipeline System and its obligation to use commercially reasonable efforts to minimize the acceptance of Crude Petroleum from Shippers that varies from the quality specifications set forth in the Rules; or

- (iii) arises as a result of the gross negligence or wilful misconduct of Carrier.
- (c) in no event shall TEML's liability for breach of its obligations under this Agreement exceed the aggregate of the lease amounts paid to TEML during the 12 months prior to the date of such breach.
- (d) in no event shall Carrier be liable to TEML for:
 - (i) Losses incurred by TEML in respect of any market based commodity price exposure of the Line Fill or from the changing market value of the Line Fill;
 - (ii) Transportation Charges (as such term is defined in the Rules), including for equalization obligations, negative shipper balance positions and loss allowances pertaining to the Line Fill on the Pipeline System and the addition or removal of Line Fill from time to time; or
 - (iii) Losses that arise as a result of the gross negligence or wilful misconduct of TEML.

9.4 Survival

The provisions of this Article 9 shall expressly survive any termination of this Agreement, but only to the extent pertaining to any Claims or Losses that relate to or arise out of events, conditions or circumstances which occurred or are attributable to the period prior to the termination of this Agreement.

ARTICLE 10 FORCE MAJEURE

10.1 Relief During Force Majeure

Subject to the other provisions of this Article 10, a Party's obligations under this Agreement shall be suspended when and to the extent its performance of such obligations are prevented due to Force Majeure. Neither Party's obligations to pay money shall be suspended by Force Majeure regardless of the claiming Party.

10.2 Notice of Force Majeure

The Party claiming Force Majeure shall give verbal notice, as soon as possible after the happening of an event of Force Majeure, followed by prompt written notice, to the other Party that it is unable by reason of Force Majeure (the nature of which shall be therein specified) to perform its obligations under this Agreement.

10.3 Obligation to Remedy

The Party claiming Force Majeure shall promptly remedy the cause and effect of the Force Majeure described in the notice delivered under Section 10.2 insofar as it is commercially reasonably able to do so. Notwithstanding the foregoing, the Party claiming Force Majeure is not required to settle any strike, lockout or other labour dispute in which it may be involved, and the terms of the settlement of any strike, lockout, or other labour dispute will be wholly in the discretion of the Party claiming Force Majeure.

10.4 Notice of Remedy

The Party claiming Force Majeure shall give verbal notice, to the other Party as soon as possible after the Force Majeure has been remedied, followed by prompt written notice, that the claiming Party is then in a position to resume the performance of its obligations.

**ARTICLE 11
CONFIDENTIALITY**

11.1 Confidentiality

Each of the Parties hereby agrees that it will not disclose this Agreement or any term hereof or any information or documents received by it in connection with the preparation or negotiation hereof or pursuant to the provisions hereof without, in the case of Carrier, the consent of TEML, and, in the case of TEML, the consent of Carrier, provided that disclosure of any of the foregoing shall be permissible in each of the following cases:

- (a) in the case of information, if the same:
 - (i) is a matter of public knowledge at the time of its disclosure or is thereafter published in or otherwise ascertainable from any source available to the public without breach of this Agreement,
 - (ii) constitutes information which is obtained from a third party (who or which is not an Affiliate of one of the Parties) other than by or as a result of unauthorized disclosure, or
 - (iii) prior to the time of disclosure had been independently developed by the receiving Party or its Affiliates not utilizing information that was obtained as a result of unauthorized disclosure;
- (b) the disclosing Party is required to make such disclosure by Applicable Law, in compliance with applicable securities laws or stock exchange rules or regulations, or by GAAP;
- (c) in connection with any legal proceedings or the enforcement of its rights or remedies hereunder, in order to obtain any insurance in respect to matters contemplated herein, or it is legally necessary or advisable to file, record or register the relevant agreement, term, information or document;
- (d) for the purpose of obtaining advice in respect to any of the foregoing, if the recipient of such information agrees to keep such information confidential in accordance with the terms of this Agreement; or
- (e) to its attorneys, lenders, agents, Affiliates, consultants, or representatives, provided that the recipient of such information agrees to keep such information confidential in accordance with the terms of this Agreement.

**ARTICLE 12
DISPUTE RESOLUTION**

12.1 Dispute Resolution

- (a) The Parties agree to attempt to resolve any Disputes through consultation and negotiation in good faith. If the Parties are not, in respect of any Dispute, able to reach a

negotiated resolution of such dispute within thirty (30) days of the initiation of the consultation and negotiation, they agree to resolve that dispute through binding arbitration subject to Section 12.1(g).

- (b) All arbitrations conducted hereunder will take place in English before a panel of three arbitrators in Winnipeg, Manitoba. Arbitration will be conducted in accordance with the National Arbitration Rules of the ADR Institute of Canada Inc. and any amendments thereto (the “**Arbitration Rules**”) except to the extent that the Arbitration Rules are inconsistent with or conflict with any terms of this Article 12. Any other statute that applies to the dispute resolution will apply only to the extent that it is not inconsistent with this Article 12.
- (c) There will be one arbitrator appointed by agreement of the Parties. If, after twenty (20) days following delivery of a notice to arbitrate, the Parties have not agreed on the appointment of the arbitrator, the Court of Queen’s Bench of the Province of Manitoba will, on application by either Party, appoint the arbitrator. Any person serving as an arbitrator will have training or experience in serving as an arbitrator, legal training if the dispute involves substantive legal issues, and will, in any event, be qualified by education and experience to rule on the matters raised by the dispute.
- (d) Except as may be modified herein or agreed to by the Parties in writing, the Arbitration Rules shall govern the manner in which the arbitrator will hear witnesses and arguments, review documents and otherwise conduct the arbitration procedure.
- (e) Subject only to the express agreement by the Parties to the dispute to amend the date for decision, the arbitrator will issue a written decision within forty-five (45) days from the date of its appointment. The decision of the arbitrator will be final and binding on the Parties, will not be subject to any appeal and will deal with the question of the costs of the arbitration and all other related matters.
- (f) If a judgment forms a part of the decision of the arbitrators, then any award rendered may be entered in any court having jurisdiction over a Party, or application may be made to such court for judicial recognition of the award or an order of enforcement thereof, as the case may be.
- (g) Nothing in this Article 12 will prevent a Party to the dispute from applying to or obtaining from a court of competent jurisdiction, any interim, interlocutory or preliminary injunctive or declaratory relief at any time prior to the appointment of an arbitrator, during the arbitration proceedings or pending the decision of the panel of arbitrators.

ARTICLE 13 GENERAL PROVISIONS

13.1 Notices

Any notice, request, instruction, waiver or other communication to be given under this Agreement (each, a “**Notice**”) shall be in writing and shall be conclusively deemed to have been validly given or received for the purposes of this Agreement if delivered personally or delivered electronically by email as follows:

if to Carrier:

TEML Westspur Pipelines Limited
3100, 715 - 5th Ave SW
Calgary, AB T2P 2X6

Email: dave.matthews@teml.com

Attention: Vice President Finance & Chief Financial Officer

if to TEML:

Tundra Energy Marketing Limited
3100, 715 - 5th Ave SW
Calgary, AB T2P 2X6

Email: simon.dimarzo@teml.com

Attention: Vice President Marketing

or at such other address as a Party may designate by Notice to the other Party in the manner provided in this Section 13.1. A notice is deemed to be delivered and received (i) if delivered personally or by courier, on the date of delivery if delivered prior to 5:00 p.m. (recipient's time) on a Business Day and otherwise on the next Business Day; or (ii) if transmitted electronically, if received before 5:00 p.m. (recipient's time) on a Business Day, on such Business Day, and otherwise on the next Business Day. A Party may, from time to time, change its address by giving Notice to the other Party in accordance with the provisions of this Section.

13.2 Compliance with Rules

Except as expressly stated herein to the contrary, TEML shall at all times in the discharge of its obligations hereunder comply with the Rules. Where there is a conflict between this Agreement and the Rules, the terms of this Agreement shall prevail.

13.3 Compliance with Code of Conduct

Each Party acknowledges and agrees that as it relates to this Agreement it will comply with the Code of Conduct.

13.4 Assignment

This Agreement may not be assigned by any Party without the prior written consent of the other Party, which consent may be unreasonably or arbitrarily withheld.

13.5 Governing Law

This Agreement is an agreement made under and shall be governed by and construed in accordance with the laws of the Province of Manitoba and the federal laws of Canada applicable therein, without regard to principles of conflicts of laws that, if applied, might require the application of the laws of another jurisdiction. Subject to the terms of this Agreement and of Applicable Laws, the Parties agree to attorn to the jurisdiction of the Court of Queen's Bench of the Province of Manitoba in the Judicial District of the City of Winnipeg for the purpose of resolving any Disputes.

13.6 No Third Party Beneficiary

This Agreement creates no rights in parties that are not signatories hereto except their Affiliates where the terms and conditions of this Agreement would confer any rights upon any of them. No third party beneficiaries are intended or created hereby except as to Affiliates, as stated herein.

13.7 Severability

If any term or provision of this Agreement shall be found to be invalid, illegal or otherwise unenforceable, the same shall not affect the other terms or provisions hereof or the whole of this Agreement, but such term or provision shall be deemed modified to the extent necessary to render such term or provision enforceable, and the rights and obligations of the parties shall be construed and enforced accordingly, preserving to the fullest permissible extent the intent and agreements of the parties as set forth herein.

13.8 Waiver

No waiver by either party of the performance of any provision, condition or requirement in this Agreement will be deemed to be a waiver of, or in any manner release the other party from performance of any other provision, condition or requirement in this Agreement; nor will it be deemed to be a waiver of, or in any manner release the other party from future performance of the same provision, condition, or requirement; nor will any delay or omission of a party in exercising any right under this Agreement in any manner impair the exercise of any such right or any like right accruing to it thereafter.

13.9 Counterparts

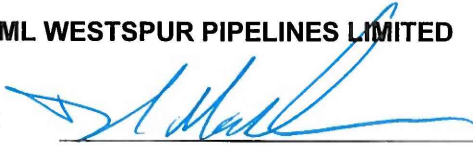
This Agreement may be executed by facsimile and in any number of counterparts or by other electronic means (including by PDF), each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

[remainder of page intentionally left blank]

In witness whereof the Parties have executed this Agreement effective as of the date first referenced above.

TEML WESTSPUR PIPELINES LIMITED

By:

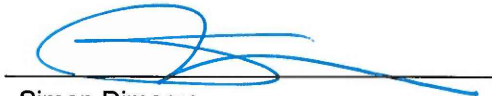


Name: David Matthews

Title: Vice President Finance and
Chief Financial Officer

TUNDRA ENERGY MARKETING LIMITED

By:



Name: Simon Dimarzo

Title: Vice President Marketing

Exhibit "A"**Calculation of Monthly Lease Amount**

On a monthly basis, TEML shall calculate the amount payable by Carrier for the lease and supply of the Line Fill pursuant to Article 3 (the "**Monthly Lease Amount**"). The Monthly Lease Amount shall be calculated in accordance with the formula and sample calculation set forth below.

The Monthly Lease Amount shall represent a 15% after tax rate of return on the Line Fill Value (as calculated below) for a month, assuming a 50:50 debt to equity ratio for financing the cost of the Line Fill Value, recovery of interest expense and a 27% tax rate recovery.

"**Line Fill Value**" shall be calculated, for a calendar month, as the sum of:

- a) the product of:
 - (i) the aggregate volume of Line Fill in the Pipeline System at the end of such calendar month as measured in cubic metres by the Carrier and reported through the Carrier's shipper balancing procedures as volume of LSB crude petroleum Line Fill; and
 - (ii) the calendar month average for WTI, plus monthly blended NGX/NE index versus WTI for LSB crude petroleum Line Fill, in Canadian dollars per cubic meter of crude oil; Plus
- b) the product of:
 - (i) the aggregate volume of Line Fill in the Pipeline System at the end of such calendar month as measured in cubic metres by the Carrier and reported through the Carrier's shipper balancing procedures as volume of Midale crude petroleum Line Fill; and
 - (ii) the calendar month average for WTI, plus monthly blended NGX/NE index versus WTI for Midale crude petroleum Line Fill, in Canadian dollars per cubic meter of crude oil.

Accordingly, the Monthly Lease Amount shall be calculated using the following formula:

Monthly Lease Amount =

$$[(LFV \times E\% \times ATROE) + [TaxRate \times LFV \times E\% \times ATROE] + [LFV \times D\% \times WACD]] \times \frac{\# \text{ days in Month}}{365}$$

Where:

LFV means the Line Fill Value as determined in the definition above;

E% means the equity ratio of the financing cost and is set at 50%;

ATROE means the after-tax rate of return on equity and is set at 15%;

TaxRate means the assumed tax rate and is set at 27%;

D% means the debt ratio of the financing cost and is set at 50%

WACD means the weighted average cost of debt, determined as a rate of interest equal to the weighted average of the interest rates borne by the TEML's debt and will reflect changes in the actual cost of debt from time to time as well as all applicable transaction costs, standby fees, credit fees, interest rate hedging costs, settlement fees and other fees, charges directly related to such debt.