



Ekwan Pipeline General Terms and Conditions

EnCana Ekwan Pipeline Inc.

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GENERAL TERMS AND CONDITIONS

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ARTICLE 1 - DEFINITIONS AND INTERPRETATION

1.1 Definitions

The following terms, when used in these General Terms and Conditions and the Service Agreements, will have the following meanings ascribed thereto:

"AECO Reference Price" means the price, expressed in \$/GJ, for the second month immediately following the Delivery Month, as quoted in the first edition of the Canadian Gas Price Reporter published by Canadian Enerdata Ltd. in such month in the table "Canadian Natural Gas Supply Prices" under the column "Avg" and the row "AECO/NIT - Month Average Spot (One Month)** - Firm (100% LF)".

"Billing Commencement Date" means the earlier of:

- (a) the Ready for Service Date; and
- (b) the date Transporter commences to provide Service to Shipper pursuant to a Service Agreement.

"Business Day" means Monday through Friday, excluding Statutory Holidays, in Alberta.

"CO₂ Concentration" means the percentage of carbon dioxide by volume in any particular volume of gas.

"Common Stream Operator" means the operator of the connecting facility or pipeline which is located immediately upstream of a Receipt Point and if the operator of the connecting facility or pipeline which is located immediately upstream of a Receipt Point is Shipper, then Shipper will be the Common Stream Operator.

"Contract Demand Volume" means, in respect of Service to be provided by Transporter pursuant to a Schedule of Service for Firm Service, the sum of the Maximum Daily Receipt Volumes for all Receipt Points listed in such Schedule of Service.

"Contract Year" means a period of twelve consecutive months beginning on a April 1; provided that, the first Contract Year shall commence on the Billing Commencement Date and end on the next following April 1, where the Billing Commencement Date occurs after April 1, 2004 or end on April 1, 2005 where the Billing Commencement Date occurs prior to April 1, 2004.

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"Cubic Metre" or "m³" when used in reference to gas means that volume of gas which, at a temperature of fifteen (15) degrees Celsius and at an absolute pressure of one hundred one and three hundred twenty-five thousandths kilopascals (101.325 kPa) occupies one Cubic Metre.

"Day" or "day" means a period of twenty-four (24) consecutive hours, beginning and ending at 07:00 hours MCT.

"Delivery Month" means the month during which Transporter provided Service to a Shipper.

"Delivery Point" means the point of interconnection between the facilities of Transporter and NGTL near Rainbow, Alberta or any other point on the Facilities upstream thereof at which Transporter has specifically agreed to make deliveries.

"Ekwon Pipeline" means the Facilities beginning at EnCana O&G's Sierra Plant at a-26-K/94-I-11 and then extending east to tie-in to the Delivery Point.

"Excess CO₂ Interruptible Service" means the provision of Service for volumes of gas which have a CO₂ Content in excess of the NGTL CO₂ Limit to a maximum CO₂ Content of fourteen percent (14%) which is subject to curtailment or interruption.

"Excess CO₂ IS Toll" means the amount, expressed in $\$/10^3\text{m}^3$, established by Transporter from time to time as a charge for Excess CO₂ Interruptible Service.

"Excess NGTL CO₂ Volume" has the meaning ascribed to that term in Section 3.5.

"Excess CO₂ Interruptible Service Agreement" means a Service Agreement under which Excess CO₂ Interruptible Service is provided.

"Facilities" means Transporter's pipelines and other facilities or any part or parts thereof for the gathering, measuring, treating, transporting, storing, distributing, exchanging, handling or delivery of any gas.

"Firm Service" means FS-A Service.

"Firm Service Agreement" means a FS-A Service Agreement.

"FS-A Service" means the provision of Service on a firm basis for a large volume over a minimum ten year term where the Shipper has an annual right, commencing in the fourth Contract Year to reduce the Contract Demand Volume

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in accordance with the terms of a FS-A Service Agreement.

"FS-A Service Agreement" means a Service Agreement under which Transporter is obligated to provide FS-A Service.

"Fixed Demand Charge" means the amount, expressed in $\$/10^3\text{m}^3/\text{month}$, set out in a Schedule of Service attached to a Firm Service Agreement.

"Gas" or "gas" means all natural gas both before and after it has been subjected to any treatment or process by absorption, purification, scrubbing or otherwise, and includes all fluid hydrocarbons other than hydrocarbons that can be recovered from a pool in liquid form by ordinary production methods.

"Gas Lost" means for any period the total quantity of gas lost as a result of a rupture or disaster.

"Gas Used" means for any period the total quantity of gas used by Transporter in the operation, maintenance and construction of the Facilities.

"General Terms and Conditions" means the terms and conditions contained in this document as amended from time to time in accordance with Section 3.6(d) or Section 18.11.

"GIA" means the Electricity and Gas Inspection Act being Chapter E-4 of the Revised Statutes of Canada, 1985, as amended, and all applicable regulations issued pursuant thereto.

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

"Gross Heating Value" means the total megajoules obtained by the complete combustion of one Cubic Metre of gas with air, the gas to be free of all water vapour and the gas, air and products of combustion to be at standard conditions of fifteen (15) degrees Celsius and one hundred one and three hundred twenty-five thousandths (101.325) kPa and all water vapour formed by the combustion reaction condensed to the liquid state.

"Interruptible Service" means the provision of Service for volumes of gas which have a CO₂ Content less than or equal to the NGTL CO₂ Limit which is subject to curtailment or interruption.

"Interruptible Service Agreement" means a Service Agreement under which Interruptible Service is provided.

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"Intra-day Nomination" means a Nomination submitted after the deadline for Nominations.

"IS Toll" means the amount, expressed in $\$/10^3\text{m}^3$, established by Transporter from time to time as a charge for Interruptible Service.

"kPa" means kilopascals of pressure (gauge) unless otherwise specified.

"Line Pack Gas" means, at any point in time, that volume of gas determined by Transporter to be the total volume of gas contained in the Facilities.

"Maximum Daily Receipt Volume" means, relative to a Receipt Point, the maximum volume of gas that Transporter may be required to receive from Shipper at such Receipt Point on any day pursuant to a Schedule of Service as set forth in such Schedule of Service.

"Maximum Receipt Pressure" means a pressure of nine thousand nine hundred and thirty kilopascals (gauge) (9930 kPa).

"MCT" means the clock time in the Mountain time zone.

"Measurement Variance" means, for any period, after taking into account any adjustment made in accordance with the provisions of Section 2.7, the result obtained by applying the following formula:

$$MV = (A + B) - C$$

where:

"MV" is the Measurement Variance;

"A" is the total quantity of gas determined by Transporter to have been delivered to all Shippers during the period;

"B" is the aggregate quantity of the Gas Lost and Gas Used during the period; and

"C" is the total quantity of gas determined by Transporter to have been received from all Shippers during the period.

"Month" or "month" means a period of time beginning at 07:00 hours MCT on the first day of a calendar month and ending at 07:00 hours MCT on the first day of the next calendar month.

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"**NGTL**" means NOVA Gas Transmission Limited or any successor thereto.

"**NGTL CO₂ Limit**" means the CO₂ Concentration from time to time established by NGTL as the maximum CO₂ Concentration for gas which may be received onto the NGTL transmission system at the Delivery Point without a NGTL shipper being required to obtain service from NGTL at such point under NGTL's Rate Schedule CO₂.

"**Nomination**" means Shipper's notice to Transporter respecting the volume of gas which Shipper desires Transporter to receive at a Receipt Point.

"**Off-Spec Gas**" means gas which fails to meet one or more of the Quality Specifications set out in Section 3.1.

"**party**" means Transporter or Shipper.

"**Person**" means and includes Transporter, a Shipper, a corporation, a partnership, an association, a joint venture, a trust, an unincorporated organization, a government, or department of a government or a Section, branch, or division of a department of a government.

"**Prime Rate**" means the rate of interest, expressed as an annual rate of interest, announced from time to time by the main branch of the Royal Bank of Canada, Calgary, Alberta as the reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada.

"**Ready for Service Date**" means the day designated as such by Transporter by written notice to Shipper stating that Transporter has Facilities which are ready for and are capable of rendering Service under a Schedule of Service to a Service Agreement.

"**Receipt Point**" means for each Schedule of Service the point at which gas is to be received by Transporter from Shipper pursuant to such Schedule of Service.

"**Schedule of Service**" means any schedule attached to a Service Agreement and designated as a "Schedule of Service".

"**Service**" means and includes the provision of the Facilities, the use of the Facilities or the provision and use of the Facilities.

"**Service Agreement**" means an agreement between Transporter and Shipper respecting Service to be provided by Transporter to Shipper.

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"Shipper" means any Person who enters into a Service Agreement with Transporter.

"Shipper's Inventory" means for each Shipper, in respect of a Delivery Month and all of the Shipper's Service Agreements, the amount determined in accordance with the following formula:

$$\text{INV} = (\text{A} + \text{B}) - (\text{C} + \text{D})$$

where:

"INV" is Shipper's Inventory for the Delivery Month, expressed in GJ;

"A" is the total quantity of gas delivered by Shipper to Transporter during the Delivery Month at all of Shipper's Receipt Points;

"B" is the share of the Measurement Variance apportioned to Shipper for the Delivery Month;

"C" is the total quantity of gas delivered by Transporter to Shipper during the Delivery Month at the Delivery Point; and

"D" is the share of Gas Used and Gas Lost apportioned to Shipper for the Delivery Month.

"Thousand Cubic Metres" or "10³m³" means one thousand (1000) Cubic Metres of gas.

"Transporter" means EnCana Ekwan Pipeline Inc.

1.2 Gender

In all Service Agreements and these General Terms and Conditions words importing the singular will include the plural, and vice versa, and words importing the masculine gender will include the feminine gender, and vice versa.

1.3 Headings

The division of Service Agreements and these General Terms and Conditions into Articles and Sections, the provision of a Table of Contents and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of any Service Agreement or these General Terms and Conditions.

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1.4 Applicable Law

All Service Agreements and these General Terms and Conditions will be construed in accordance with the laws of Alberta and the laws of Canada applicable therein and Service Agreements will be treated in all respects as contracts made, entered into and to be wholly performed in Alberta by parties domiciled and resident therein. The parties irrevocably and unconditionally with respect to any matter or thing arising out of or pertaining directly or indirectly to a Service Agreement attorn and submit to the exclusive jurisdiction of the courts of Alberta.

1.5 Energy Basis

Any reference in these General Terms and Conditions to a quantity of gas will be a reference to an amount of energy, expressed in gigajoules.

1.6 References

All references to "Articles" or "Sections" are references to the Articles or Sections of these General Terms and Conditions.

1.7 Currency

All references to "dollars" or "\$" in a Service Agreement or these General Terms and Conditions will be references to amounts expressed in Canadian currency.

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ARTICLE 2 - MEASURING EQUIPMENT AND SAMPLING

2.1 Access to Shipper's Receipt Point Equipment

Transporter shall have the right to have any measuring equipment or systems which are operated by Transporter connected to any measuring equipment owned or operated by the Common Stream Operator at any Receipt Point. Shipper will also allow the installation of any upgrades or additional measuring equipment to the Common Stream Operator's equipment which Transporter believes to be necessary in order to enable the Common Stream Operator's measuring equipment to be utilized for the purpose of measuring the volume, quantity and quality of gas received by Transporter at any Receipt Point. All such connections, upgrades or installation of additional measuring equipment at a Receipt Point will be carried out by the Common Stream Operator in accordance with Transporter's instructions and at Shipper's expense.

2.2 Installation of Transporter Equipment

Transporter will make all the necessary arrangements for the measurement of the volume, quantity and quality of gas delivered by Transporter at the Delivery Point, and may rely on any measurements provided by NGTL at the inlet of the NGTL facilities located immediately downstream of the Delivery Point. Transporter may, at Transporter's expense, furnish and install any additional measuring equipment and SCADA equipment at or upstream of a Receipt Point and will, maintain and operate any such equipment installed by it. Where Transporter has installed measuring or SCADA equipment at or upstream of a Receipt Point, such equipment will be utilized for the purposes of all measurement under all Service Agreements and these General Terms and Conditions.

2.3 Compliance with Standards

The Common Stream Operator and Transporter shall use such measuring equipment as Transporter deems appropriate; provided that, all measuring equipment shall comply with all applicable requirements under the GIA.

2.4 Check Measuring Equipment

Shipper or the Common Stream Operator may install and operate check measuring equipment where Transporter is operating the measuring equipment at or upstream of a Receipt Point; provided that, such equipment does not interfere with the operation of the Facilities.

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2.5 Pulsation Dampening

Shipper shall cause the Common Stream Operator to provide such pulsation dampening equipment as may be necessary to ensure that any facilities upstream of a Receipt Point do not interfere with the operation of the Facilities.

2.6 Calibration and Testing of Measuring Equipment

The accuracy of measuring equipment will be verified by Transporter in the case of measuring equipment operated by Transporter and by the Common Stream Operator in the case of measuring equipment operated by the Common Stream Operator at such intervals as Transporter may determine to be appropriate for such equipment, and if requested, in the presence of the other, but neither Transporter nor the Common Stream Operator will be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period, unless the other party requests a special test. If either party notifies the other that it desires a special test of any measuring equipment the parties will co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper or Transporter, will be borne by the party requesting same if the measuring equipment is found to be in error by not more than the following limits:

- (a) two percent (2%) for measuring equipment utilized to determine volume;
- (b) one percent (1%) for any instrument utilized to determine relative density; and
- (c) one-half of one percent (.5%) for any instrument utilized to determine Gross Heating Value.

If upon test, any measuring equipment is found to be in error by not more than the limits specified above, the previous readings of such equipment will be considered accurate in computing deliveries or receipts of gas but such equipment will be adjusted at once to register accurately.

2.7 Correction

If, for the period since the last preceding test, it is determined that any of the measuring equipment is found to be out of service or registering inaccurately with the result that a measurement error in excess of the limits set out in Section 2.6 has occurred, such equipment will be adjusted as soon as practicable to read as accurately as possible and the readings of such equipment will be adjusted to correct for such error for a period definitely known or agreed upon, or if not known or agreed upon, for a period extending over one-half ($\frac{1}{2}$) of the elapsed time since the last test. The measurement during the appropriate period will be determined by Transporter on the basis of the best data

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available using the most appropriate of the following methods:

- (a) by using the data recorded by any check measuring equipment if installed and accurately registering;
- (b) by making the appropriate correction if the deviation from the accurate reading is ascertainable by calibration test or mathematical calculation;
- (c) by estimating based on producer measurements; or
- (d) by estimating based on deliveries under similar conditions during a period when the equipment was measuring accurately.

2.8 Inspection of Equipment and Audit of Records

Transporter and Shipper will each have the right to inspect all measuring and SCADA equipment operated by or on behalf of the other party, and the charts and other measurement or test data of the other party or the Common Stream Operator at all times during normal business hours upon reasonable notice, but the reading, calibration and adjustment of such equipment will be done only by the party operating the equipment. Transporter and Shipper will have the right to carry out an audit of all measuring information supplied by or on behalf of the other party at all times during normal business hours upon reasonable notice to the other party.

2.9 Sampling Quality Equipment and Tests

- (a) Upon the request of Transporter, Shipper or the Common Stream Operator will obtain and provide to Transporter, as soon as reasonably possible, representative samples of any gas delivered by Shipper at any Receipt Point. If Shipper or the Common Stream Operator fails to provide gas samples as requested by Transporter, Transporter may suspend all or any portion of Service to Shipper until Shipper or the Common Stream Operator complies with such request. Such suspension will not relieve Shipper from any obligation to pay any charge or other amount payable to Transporter. Shipper or the Common Stream Operator shall provide Transporter with a copy of all analyses of any gas sample which Shipper or the Common Stream Operator may have from time to time which relates to the gas being delivered by Shipper at any Receipt Point.

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- (b) Transporter may, at Shipper's expense, furnish and install all necessary equipment at any Receipt Point and maintain and operate any equipment installed by it to determine the quality of the gas received by Transporter at such Receipt Point.
- (c) Transporter may establish and utilize such reasonable methods and procedures as Transporter determines are necessary in order to determine the quality of the gas received by Transporter at any Receipt Point.

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ARTICLE 3 - QUALITY OF GAS

3.1 Quality Specifications at Receipt Points

Subject to Section 3.2, the following quality specifications will apply to all gas received at each Receipt Point. Gas received by Transporter from Shipper:

- (a) shall be free, at the pressure and temperature in the Facilities at the Receipt Point, from sand, dust, gums, crude oil, contaminants, impurities, free water or other objectionable substances which will render the gas unmerchantable, cause injury, cause damage to or interfere with the operation of the Facilities;
- (b) shall not have a hydrocarbon dew point in excess of minus ten (-10) degrees Celsius at receipt pressures;
- (c) shall not contain more than twenty-three (23) milligrams of hydrogen sulphide per one (1) Cubic Metre;
- (d) shall not contain more than one hundred and fifteen (115) milligrams of total sulphur per one (1) Cubic Metre;
- (e) shall, subject to Section 3.6, not contain more than a percentage by volume of carbon dioxide equal to the NGTL CO₂ Limit;
- (f) shall not contain more than forty-eight (48) milligrams of water vapour per one (1) Cubic Metre;
- (g) shall not have a water dew point in excess of minus ten (-10) degrees Celsius at receipt pressures;
- (h) shall not exceed forty nine (49) degrees Celsius in temperature;
- (i) shall be as free of oxygen as practicable and shall not in any event contain more than four tenths of one percent (0.4%) by volume of oxygen; and
- (j) shall have a Gross Heating Value of not less than thirty-six (36) megajoules per Cubic Metre.

3.2 Off-Spec Gas

Transporter may, from time to time, at its sole discretion, accept Off-Spec Gas from a Shipper at any Receipt Point. Transporter may, at its sole option, curtail the receipt of any Off-Spec Gas from any Shipper at any time without prior notice to such Shipper or

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the Common Stream Operator; provided that, Transporter shall provide notice of any curtailment to each affected Shipper or Common Stream Operator as soon as reasonably practicable following the occurrence of such event. Any such curtailment shall not relieve any Shipper from any obligation to pay any rate, toll, charge, surcharge or other amount payable to Transporter. Shipper agrees to indemnify and save Transporter harmless from all loss, damage or expense which Transporter may incur as a result of Shipper delivering gas to Transporter at any Receipt Point which does not conform with any of the quality specifications set forth in Section 3.1.

3.3 Gas Deliveries at the Delivery Point

Transporter will commingle Shipper's gas with other gas in the Facilities. The quality of gas at the Delivery Point will be the quality that results from gas having been transported and commingled in the Facilities. Each Shipper at the Delivery Point will be allocated gas with a composition of the common stream at the Delivery Point subject to a shipper specific allocation of CO₂ in accordance with Section 3.5. Transporter shall have no liability to Shipper if NGTL refuses to accept any gas of Shipper as a result of the quality of such gas at the Delivery Point. If NGTL refuses to accept Shipper's gas, Shipper shall not be relieved from any obligation to pay any rate, toll, charge, surcharge or other amount payable to Transporter nor shall Shipper be entitled to any Firm Service Credits pursuant to Article 14.

3.4 Common Stream Operator Authority

Shipper shall be deemed conclusively for all purposes to have appointed the Common Stream Operator at each Receipt Point at which Shipper has the right to receive Service, as its agent for the purpose of carrying out and performing the duties, functions and responsibilities of a Common Stream Operator as set out in this Section 3.4. Such appointment as Shipper's agent shall be irrevocable and shall not be affected in any way whatsoever by any change in the identity of the Common Stream Operator at any Receipt Point or the number or identity of the shippers at any Receipt Point. Shipper shall cause the Common Stream Operator at each Receipt Point at which Shipper has the right to receive Service to provide Transporter with the CO₂ Concentration of the entire stream of gas being delivered at such Receipt Point and an allocation of the total volume of CO₂ in the gas delivered during each day for the account of Shipper at such Receipt Point. Transporter shall be entitled to rely and act upon all notifications, communications or information given, made or provided by any Common Stream Operator on behalf of and in respect of Shipper in connection with the matters specified in this Section 3.4 as if such notifications, communications or information had been given, made, or provided directly by Shipper to Transporter. All CO₂ Concentrations provided by the Common Stream Operator and all allocations of the total volume of CO₂ in the gas being delivered at a Receipt Point for or on account of Shipper shall, as between Shipper and Transporter, be binding upon Shipper for whose account or on

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whose behalf they were made or provided by the Common Stream Operator. If any Common Stream Operator at a Receipt Point fails to provide Transporter with the CO₂ Concentration of the entire stream of gas being delivered at a Receipt Point or an allocation of the total volume of CO₂ in the gas delivered during each day for the account of all shippers at such Receipt Point or any other required data and information, each in a timely manner, then Transporter may, at its sole option, curtail the receipt of all gas at such Receipt Point without prior notice to any shipper at such Receipt Point or such Common Stream Operator, until such time as such Common Stream Operator provides all such data or information; provided that Transporter shall provide notice of any curtailment to each affected shipper or Common Stream Operator as soon as reasonably practicable following the occurrence of such event. Any such curtailment shall not relieve any shipper at such Receipt Point from any obligation to pay any rate, toll, charge, surcharge or other amount payable to Transporter.

3.5 CO₂ Allocations

Shipper and Transporter recognize that it may be necessary to allocate the volume of CO₂ contained in the commingled stream of gas to be delivered by Transporter to all shippers at the Delivery Point in order that NGTL will be able to determine the NGTL charges associated with the transportation of gas on the NGTL pipeline transmission system which has a CO₂ Concentration in excess of the NGTL CO₂ Limit. If in any month, the CO₂ Concentration of the gas delivered by Transporter to all shippers at the Delivery Point during such month is greater than the NGTL CO₂ Limit, then Transporter will determine an "**Excess NGTL CO₂ Volume**" for each shipper in accordance with the following formula:

$$\text{Excess NGTL CO}_2 \text{ Volume} = A \times (B - C) \times \frac{D}{E}$$

- where:
- "A" is the total volume of gas delivered by Transporter at the Delivery Point during such month, as determined by Transporter;
 - "B" is the weighted average, by volume, CO₂ Concentration of all of the gas delivered by Transporter at the Delivery Point during such month, as determined by Transporter;
 - "C" is the NGTL CO₂ Limit for such month;
 - "D" is the volume of CO₂, if any, which was delivered by such shipper at all Receipt Points during such month which was in excess of the product of the

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total volume of gas delivered by such shipper at all Receipt Points and the NGTL CO₂ Limit for such month; and

"E" is the total volume of CO₂ which was delivered by all shippers at all Receipt Points during such month which was in excess of the product of the total volume of gas delivered by all such shippers at all Receipt Points and the NGTL CO₂ Limit for such month.

If "B" is less than or equal to "C" the Excess NGTL CO₂ Volume for each shipper will be zero (0).

If "D" is equal to zero (0) for any shipper then the Excess NGTL CO₂ Volume for such shipper will also be zero (0).

3.6 Excess CO₂ Interruptible Service

- (a) Notwithstanding the quality specification for CO₂ Concentration set out in Section 3.1(e), any Shipper may commence delivering and thereafter continue to deliver gas which otherwise meets all other quality specifications set out in Section 3.1, at a particular Receipt Point even if the CO₂ Concentration of the entire stream of gas being delivered at such Receipt Point exceeds the NGTL CO₂ Limit to a maximum CO₂ Concentration of fourteen percent (14%); provided that:
- (i) such Shipper has first entered into an Excess CO₂ Interruptible Service Agreement;
 - (ii) such Shipper has first complied with the requirements of Section 3.6(b), if applicable;
 - (iii) acceptance of such gas would not, in Transporter's sole opinion, give rise to any operational or safety concern to the Facilities or to the NGTL pipeline transmission system; and
 - (iv) NGTL is prepared to accept an increase in the CO₂ Concentration of the commingled stream of gas at the Delivery Point which would arise from the acceptance of such gas by Transporter.

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- (b) At Transporter's request, each Shipper which may have a total volume of CO₂ in the gas being delivered for the account of such shipper at a Receipt Point on any day which will be in excess of the product of the total volume of gas delivered by such Shipper at such Receipt Point and the NGTL CO₂ Limit for such day shall, from time to time, provide Transporter with all assurances reasonably required by Transporter to confirm that such Shipper has made all suitable arrangements with NGTL to transport such shipper's Excess NGTL CO₂ Volume. If any such Shipper fails to provide any such requested assurances forthwith following a request by Transporter, then Transporter may, at its sole option, curtail the receipt from such Shipper of all gas to which such assurances relate, without prior notice to such Shipper or the Common Stream Operator, until such time as such Shipper provides the assurances requested. Any such curtailment shall not relieve any Shipper from any obligation to pay any rate, toll, charge, surcharge or other amount payable to Transporter.
- (c) Transporter may curtail the receipt of gas from all shippers at any Receipt Point where the CO₂ Concentration of the entire stream of gas being delivered at such Receipt Point exceeds the NGTL CO₂ Limit if, in Transporter's sole opinion, Transporter believes that the continued acceptance of such gas may give rise to any safety concern or operational concern to the Facilities or to the NGTL pipeline transmission system. Transporter may implement all curtailments at any time without prior notice to any Shipper or Common Stream Operator; provided that Transporter shall provide notice of any curtailment to each affected Shipper or Common Stream Operator as soon as reasonably practicable following the occurrence of such event. Each Shipper at a Receipt Point where the CO₂ Concentration of the entire stream of gas being delivered at such Receipt Point exceeds the NGTL CO₂ Limit will be subject to curtailment whether or not the volume of CO₂ in the gas being delivered for the account of such shipper at such Receipt Point is in excess of the NGTL CO₂ Limit. Any such curtailment shall not relieve any shipper from any obligation to pay any rate, toll, charge, surcharge or other amount payable to Transporter.
- (d) The provisions set out in Section 3.5 and Section 3.6 and the defined terms herein which address CO₂ Concentration and the acceptance of gas at any Receipt Point where the CO₂ Concentration of the entire stream of gas being delivered at such Receipt Point exceeds the NGTL CO₂ Limit were developed to reflect the practices and requirements of NGTL which were in effect as of January 1, 2007 and Transporter reserves the right, from time to time, to amend or alter any of Section 3.5 and Section 3.6 and the above described defined terms in order that these provisions and definitions conform with any revised NGTL practices or requirements.

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ARTICLE 4 - MEASUREMENT

4.1 Method of Measurement

Transporter may make such measurements and calculations and use such procedures as it deems appropriate in determining volume, quantity and quality; provided that, the measurements and calculations made and the procedures used comply with any applicable requirements under the GIA.

4.2 Units of Measurement

The unit of volume for purposes of measurement of volume will be one thousand (1000) Cubic Metres of gas. The unit of energy for purposes of measurement of quantity will be one (1) gigajoule.

4.3 Atmospheric Pressure

For the purpose of measurement atmospheric pressure will be determined in accordance with the methodology prescribed by the GIA applied to the nearest one hundredth (0.01) kPa absolute and deemed to be constant at the time and location of measurement.

4.4 Flowing Temperature

The temperature of flowing gas will be determined by means of a recording thermometer or other equipment appropriate for the determination of temperature.

4.5 Determination of Gas Characteristics

The gas characteristics including, without limiting the generality of the foregoing, Gross Heating Value, relative density, nitrogen and carbon dioxide content of gas will be determined, at Transporter's option, by sampling and laboratory analysis, by continuous recording equipment or through computer modeling.

4.6 Exchange of Measurement Information

Upon request, Transporter and the Common Stream Operator on behalf of Shipper will make available to the other, as soon as practicable, all measurement and test charts, measurement data, quality analysis and measurement information pertaining to the Service being provided to Shipper or the gas delivered to or from the Facilities.

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4.7 Preservation of Measurement Records

Transporter and the Common Stream Operator on behalf of Shipper will preserve all measurement test data, measurement charts and other similar records for a minimum period of six (6) years or such longer period as may be required by record retention rules of any duly constituted regulatory body having jurisdiction.

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ARTICLE 5 - CHARGES FOR SERVICE

5.1 Firm Service Transportation Charge

Shipper's monthly transportation charge for Firm Service during each Delivery Month pursuant to any Schedule of Service to each Firm Service Agreement will be calculated by the application of the following formula:

$$\text{FTC} = A \times B$$

where:

"FTC" is Shipper's monthly firm transportation charge under a Schedule of Service to such Firm Service Agreement;

"A" is the Contract Demand Volume for such Schedule of Service; and

"B" is the Fixed Demand Charge as set forth in such Schedule of Service.

Shipper's monthly transportation charge for Firm Service during each Delivery Month under each Firm Service Agreement will be the sum of the monthly transportation charges for Firm Service during such Delivery Month pursuant to each Schedule of Service to such Firm Service Agreement.

5.2 Charges for Firm Service Over-Run Gas

If, during any Delivery Month, Transporter has received from Shipper under a Firm Service Agreement with that Shipper, a volume of gas in excess of the product obtained when the sum of the Contract Demand Volumes for the Schedules of Service to such Firm Service Agreement is multiplied by the number of days in such Delivery Month then for the purpose of determining charges for service under this Article 5:

- (a) if Shipper has an Interruptible Service Agreement in place, then such excess volume will be considered to be gas received by Transporter from Shipper under such Interruptible Service Agreement; or
- (b) if Shipper does not have an Interruptible Service Agreement in place, then Shipper will pay Transporter an amount equal to the product obtained when such excess volume is multiplied by the IS Toll applicable for the Delivery Month.

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5.3 Interruptible Service Transportation Charge

Shipper's monthly transportation charge for Interruptible Service during each Delivery Month under an Interruptible Service Agreement will be calculated by the application of the following formula:

$$\text{ITC} = (A - B) \times C$$

where:

"ITC" is Shipper's monthly interruptible transportation charge under an Interruptible Service Agreement;

"A" is the total volume of gas received by Transporter from Shipper at the Receipt Points under the Interruptible Service Agreement during the Delivery Month;

"B" is the positive amount, if any, obtained by subtracting the total volume of gas received by Transporter from Shipper under the Shipper's Firm Service Agreement during such Delivery Month from the product obtained when the sum of the Contract Demand Volumes for the Schedules of Service to Shipper's Firm Service Agreement is multiplied by the number of days in such Delivery Month; and

"C" is the IS Toll applicable for the Delivery Month.

5.4 Excess CO₂ Interruptible Service Transportation Charge

Shipper's monthly transportation charge for Excess CO₂ Interruptible Service during each Delivery Month under an Excess CO₂ Interruptible Service Agreement will be calculated by the application of the following formula:

$$\text{Excess CO}_2 \text{ ITC} = A \times B$$

where:

"Excess CO₂ ITC" is Shipper's monthly interruptible transportation charge under an Excess CO₂ Interruptible Service Agreement;

"A" is the total volume of gas received by Transporter from Shipper at the Receipt Points under the Excess CO₂ Interruptible Service Agreement during the Delivery Month; and

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"B" is the Excess CO₂ IS Toll applicable for the Delivery Month.

5.5 Other Surcharges

For each Delivery Month Shipper will also pay to Transporter an amount equal to the sum of all other surcharges determined in accordance with any Schedule of Service.

5.6 First Delivery Month Charges

For the purposes of determining any Firm Service transportation charges, any charges for Firm Service over-run gas, any Interruptible Service or any Excess CO₂ Interruptible Service transportation charges for the Delivery Month in which a Billing Commencement Date occurs the number of days that will be utilized in any calculation will be the number of days in such month on which Transporter offered Service to Shipper.

5.7 Aggregate Charge for Service

Shipper shall pay in respect of each Delivery Month:

- (a) the sum of the amounts calculated in respect of the Delivery Month of:
 - (i) the monthly transportation charges calculated in accordance with Section 5.1, Section 5.3 and Section 5.4;
 - (ii) any charges for Firm Service over-run gas calculated in accordance with Section 5.2;
 - (iii) any surcharges calculated in accordance with Section 5.5;
 - (iv) any balancing penalties calculated in accordance with Section 11.8 or Section 11.9; and
 - (v) any gas imbalance charges calculated in accordance with Section 11.10(b);

less

- (b) the sum of:
 - (i) any Firm Service Credits calculated in accordance with Article 14; and
 - (ii) any gas imbalance charges calculated in accordance with Section 11.10(c).

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ARTICLE 6 - BILLING AND PAYMENT

6.1 Billing

Shipper or the Common Stream Operator on behalf of Shipper will provide Transporter with all information which is available if such information is required by Transporter for billing purposes including any Receipt Point measurement and gas quality data. Such information is to be furnished by Shipper or by the Common Stream Operator on behalf of Shipper on or before the fifth (5th) day of each month following a Delivery Month. On or before the ninth (9th) Business Day of each month following a Delivery Month, Transporter will render a bill to Shipper for Service rendered during the Delivery Month.

6.2 Payment

Shipper will make payment to Transporter of its bill so that such payment shall be received by Transporter on or before the last Business Day of the month following the Delivery Month.

6.3 Late Billing

If Transporter renders a bill after the twentieth (20th) day of a month, then the date for payment will be that day which is ten (10) days after the day that such bill was rendered.

6.4 Interest on Unpaid Amounts

Transporter will have the right to charge interest on the unpaid portion of any bill commencing with the date payment was due and continuing until the date payment is actually made, both before and after judgment. The initial rate of interest to be charged by Transporter will be the rate of interest which is two percent (2%) over and above the Prime Rate in effect on the first day of the quarter during which such unpaid portion of the bill becomes due. The first day of a quarter during each year will be deemed to be the first day of January, April, July and October, as the case may be. The rate of interest in effect during a prior quarter with respect to any amounts owing in such prior quarter which remain outstanding in the following quarter, will be adjusted effective the first day of the following quarter to the interest rate which is two percent (2%) over and above the Prime Rate in effect on the first day of such following quarter.

6.5 Adjustment Where Bill Estimated

Information used for billing may be actual or best available data. If actual information necessary for billing is unavailable to Transporter sufficiently in advance of the ninth (9th) Business Day of the month to permit the use of such information in the preparation of a bill, Transporter shall use best available data. In the month that actual information

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becomes available respecting a previous month where best available data was used, the bill for the month in which the actual information became available will be adjusted to reflect the difference between the actual and best available data as if such information related to such later month. Neither Transporter nor Shipper will be entitled to interest on any such adjustment.

6.6 Billing Error Adjustments

If an error is discovered in the amount shown due in any bill rendered under any Service Agreement, an appropriate correction will be made. Claims for errors by either party will be made promptly in writing by the party discovering any error. If Transporter has overcharged Shipper and Shipper shall have paid the bill containing the overcharge then Transporter will refund to Shipper the amount of the overcharge within thirty (30) days after the final determination of the amount of the overcharge. Transporter will pay interest on the amount of the overcharge commencing with the date that the overpayment was made and continuing until the date reimbursement is actually made unless such overcharge resulted from Shipper's or the Common Stream Operator's error. If Transporter has undercharged Shipper then Shipper will pay to Transporter the amount of the undercharge within thirty (30) days after the final determination of the amount of the undercharge. Shipper will not be liable for any interest on the amount of the undercharge unless that undercharge resulted from Shipper's or the Common Stream Operator's error in either which case Shipper will pay interest on the amount of the undercharge commencing with the date that the undercharged amount would have otherwise been payable and continuing until the date that Shipper pays that undercharge. The rate of interest under this Section 6.6 will be calculated and adjusted in the manner provided for in Section 6.4 except that the initial rate of interest will be the rate of interest which is two percent (2%) over and above the Prime Rate in effect on the first day of the quarter during which the overpayment was made or the underpayment was due, as the case may be.

6.7 Limitations on Disputes

Payment of any bill under a Service Agreement will not prejudice the right of either party to question the correctness thereof. Notwithstanding anything contained in these General Terms and Conditions, neither party will be entitled to dispute the quantity of gas received or delivered nor the amount paid or payable with respect to any matter under a Service Agreement unless an issue in respect thereof is raised by notice to the other party within twelve (12) months after the end of the month in which a bill was rendered, with a three month rebuttal period; provided that, this limitation shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact.

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6.8 Remedies for Nonpayment of Bill

- (a) If Shipper fails to pay the full amount of any bill within five (5) days after payment is due, Transporter, in addition to any other remedy it may have, may, upon providing a least five (5) days' notice to Shipper of its intention to do so, suspend all or any portion of Service to Shipper until full payment is made. Such suspension will not relieve Shipper from any obligation to pay any charge or other amount payable to Transporter.

- (b) Notwithstanding Section 6.8(a), if Shipper shall in good faith dispute all or any portion of the amount of any such bill and if Shipper has paid to Transporter such amount as Shipper concedes to be correct and at any time thereafter, within fourteen (14) days of a notice of a demand for security made upon Shipper by Transporter, if Shipper either pays the disputed amount or furnishes or causes to be furnished good and sufficient financial assurances, which are in an amount and in form and substance satisfactory to Transporter, which guarantee payment to Transporter of the amount which may be ultimately found due upon such bill after a final determination, by agreement, an arbitration decision or a judgment of the courts, then Transporter will not be entitled to suspend Service to Shipper because of such non-payment unless and until a default occurs in relation to the conditions of any such financial assurances.

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ARTICLE 7 - SERVICE DESCRIPTION

7.1 Service Description

Subject to the terms and conditions specified in any Schedule of Service attached to a Service Agreement and these General Terms and Conditions, Service shall consist of:

- (a) the receipt of gas from Shipper at Shipper's Receipt Points;
- (b) the transportation of gas through the Facilities; and
- (c) the delivery of gas to Shipper at the Delivery Point.

7.2 Receipt Point Transfers

Shipper may notify Transporter that it desires to transfer all or any portion of the Maximum Daily Receipt Volume for a Receipt Point which is set forth in a Schedule of Service to a Firm Service Agreement from that Receipt Point to another Receipt Point which is listed in such Schedule of Service or to a new Receipt Point which is to be listed on such Schedule of Service. Shipper's notice to Transporter will specify the particular Receipt Points involved in the requested transfer. Transporter will permit such requested transfer if:

- (a) Transporter determines that sufficient capacity for Service exists within the Facilities to allow the requested transfer based on the assumption that all Interruptible Service and Excess CO₂ Interruptible Service will be curtailed to the extent necessary to accommodate the requested transfer;
- (b) the requested transfer will not result in Transporter incurring any additional costs or Shipper has agreed to reimburse Transporter for all such additional costs; and
- (c) the Receipt Point from which capacity is being transferred does not have a surcharge or additional condition applicable to such Receipt Point as specified in such Schedule of Service.

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ARTICLE 8 - POSSESSION AND CONTROL

8.1 Possession and Control of Gas

Gas received by Transporter for transportation will be deemed to be in the custody and under the control of Transporter from the time it is received into the Facilities until it is delivered out of the Facilities. Transporter will have the right at all times to commingle such gas with other gas in the Facilities.

8.2 Line Pack Gas

Transporter will be responsible for providing and maintaining all Line Pack Gas necessary to operate the Facilities.

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ARTICLE 9 - PRESSURES OF GAS

9.1 Pressure of Gas at Receipt Points

The pressure of gas tendered by Shipper to Transporter at any Receipt Point will be the pressure that Transporter requires such gas to be tendered, from time to time, at that Receipt Point up to the Maximum Receipt Pressure.

9.2 Pressure Protection

Shipper will provide or cause the Common Stream Operator to provide suitable pressure relief devices, or pressure limiting devices, to protect the Facilities as Transporter may consider to be necessary to ensure that the pressure of gas received by Transporter from Shipper at any Receipt Point will not exceed one hundred and ten percent (110%) of the Maximum Receipt Pressure.

9.3 Pressure of Gas at the Delivery Point

The pressure of gas to be delivered by Transporter to Shipper at the Delivery Point will be the pressure required by NGTL, from time to time, at such point, up to a maximum pressure of eight thousand four hundred and fifty kilopascals gauge (8450 kPa).

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ARTICLE 10 - GAS USED, GAS LOST, MEASUREMENT VARIANCE

10.1 Transporter's Gas Requirements

Transporter will take from all Shippers a quantity of gas equal to all Gas Used, Gas Lost and Measurement Variance for any period.

10.2 Allocation of Transporter's Gas Requirements

Each Shipper's share of the quantity of Transporter's gas requirements in such period for Gas Used, Gas Lost and Measurement Variance will be a quantity equal to the product of the total quantity of Transporter's gas requirements in such period and a fraction the numerator of which will be the aggregate quantity of gas received by Transporter from Shipper in such period at all of Shipper's Receipt Points and the denominator of which will be the aggregate quantity of gas received by Transporter from all Shippers in such period at all Receipt Points.

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ARTICLE 11 - OPERATING PROVISIONS

11.1 Nominations

Unless Shipper and Transporter have agreed on an alternate nomination procedure, Section 11.2, Section 11.3 and Section 11.4 shall apply.

11.2 Nominating Procedures

- (a) For Service required at each of Shipper's Receipt Points, Shipper will, at the times set out in Section 11.2(b), provide Transporter with a Nomination representing the volume of gas Shipper desires Transporter to receive at each such Receipt Point in respect of all Firm Service and Interruptible Service Agreements which have such Receipt Point listed on their attached Schedules of Service. A separate nomination will be required for the volume of gas Shipper desires Transporter to receive at each such Receipt Point in respect of all Excess CO₂ Interruptible Service Agreements which have such Receipt Point listed on its attached Schedule of Service. Shipper's Nominations are to be provided in writing or by electronic means to Transporter. All Nominations shall include, at a minimum:
- (i) a daily volume of gas to be received by Transporter, expressed in 10³m³ along with the expected energy content thereof, expressed in GJ, at each Receipt Point;
 - (ii) the transportation path, based on previously approved and valid Receipt Point and Delivery Point; and
 - (iii) Shipper defined begin dates and end dates.

Shipper shall provide as a component of its Nomination such other information as may be required by Transporter to enable Transporter to identify, confirm and schedule the Nomination. Shipper shall also prioritize nominated receipts and deliveries when there is more than one supplier or more than one customer, respectively, or both. Shipper designated priorities will be used to allocate gas when upstream and downstream nominations vary from Shipper's Nominations. Shipper may nominate for any period of days, provided the Nomination begin and end dates are within the term of Shipper's Service Agreement.

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- (b) Unless otherwise agreed, the following timeline, expressed in Mountain Clock Time, shall apply for scheduling deliveries for the following day:
- 10:30 A.M. MCT: Nominations leave control of Shipper;
 - 10:45 A.M. MCT: Nominations must be received by Transporter;
 - 11:00 A.M. MCT: Transporter provides quick response;
 - 2:00 P.M. MCT: Transporter receives completed confirmations from upstream and downstream pipelines; and
 - 3:30 P.M. MCT: Transporter makes available to Shippers scheduled volumes based on Nominations received by the 10:45 a.m. deadline.

Transporter shall have the discretion to accept Nominations at such later times as operating conditions permit, without detrimental impact to other Shippers, and upon confirmation that corresponding upstream and downstream arrangements have been made in a manner satisfactory to Transporter. If later Nominations are accepted, Transporter will schedule those Nominations after the Nominations which were received before the deadline for Nominations.

11.3 Confirmations

- (a) All Nominations are considered scheduled and confirmed for receipt when scheduled volumes are communicated to Shipper. The volume which Transporter has advised Shipper that it is prepared to accept from Shipper at a Receipt Point under all Nominations will be "**Shipper's Authorized Volume**" for such Receipt Point. At each Receipt Point "**Shipper's Daily Authorized Volume**" for such Receipt Point for any day will be the weighted average of the Shipper's Authorized Volumes which were in effect on such day for such Receipt Point.
- (b) Upon request, Transporter shall, at the end of each Business Day, make available to Shipper information containing scheduled volumes including scheduled Intra-day Nominations and other scheduling changes.
- (c) Transporter shall be allowed to rely conclusively on the information submitted as part of the Nomination in confirming the Nomination for scheduling and allocation.

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11.4 Changes to Existing Nominations and Intra-Day Nominations

- (a) When a Nomination for a date range is received, each day within the range is considered an original Nomination. When a subsequent Nomination is received for one or more days within that range, the previous Nomination is superseded by the subsequent Nomination only to the extent of the days specified. The days of the previous Nomination, outside the range of the subsequent Nomination, are unaffected. Such Nominations must be received by Transporter in accordance with the scheduling timelines set out in Section 11.2(b).
- (b) An Intra-day Nomination to amend a previously scheduled Nomination may be accepted by Transporter subject to operational conditions, and further, that corresponding upstream and downstream adjustments can be confirmed in a manner satisfactory to Transporter. If Transporter does not receive confirmation of upstream or downstream adjustments, Transporter shall use the lesser of the new Nomination or the previous Nomination. Such Intra-day Nominations can be used to request increases or decreases in total flow or changes to Receipt Points of scheduled gas. A request to increase a Nomination at a Receipt Point up to the sum of the Maximum Daily Receipt Volumes specified for such Receipt Point as set forth in the Schedules of Service to Shipper's Firm Service Agreements will be accommodated to the extent operating conditions permit; provided that, an increased Nomination will not be scheduled to the extent it would affect another Shipper's confirmed scheduled volumes during the day that the increased nomination is received. Such changes will become effective only when system operating conditions, as determined by Transporter, allow changes to occur. Except where otherwise specified, all nomination procedures, excluding timelines, that apply to regular Nominations will apply to Intra-day Nominations. Intra-day Nominations do not have roll-over options and will replace the Nomination then in effect only for the duration of the day. Volumes for Intra-day Nominations will be expressed in 10^3m^3 , and represent the total volume to be delivered prior to the end of the day in which they are received.

11.5 Allocations Between Firm, Interruptible and Excess CO₂ Interruptible

- (a) For the purposes of determining Transporter's service obligations at any time in accordance with Section 11.7 and the order of any curtailments in accordance with Section 13.3 Shipper's Authorized Volume may have a Firm Service component and an Interruptible Service or an Excess CO₂ Interruptible Service component. That portion of Shipper's Authorized Volume in effect at any time at any Receipt Point up to the sum of the Maximum Daily Receipt Volumes specified for such Receipt Point as set forth in the Schedules of Service to Shipper's Firm Service Agreements will be considered to be scheduled by Transporter for Firm Service under Shipper's Firm Service Agreements. The

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balance of Shipper's Authorized Volume, if any, will be considered to be scheduled by Transporter for either Interruptible Service under Shipper's Interruptible Service Agreement or for Excess CO₂ Interruptible Service under Shipper's Excess CO₂ Interruptible Service Agreement as the case may be.

- (b) For the purposes of determining service priority at any time in accordance with Section 13.2, Shipper's requested nomination for service may have a Firm Service component and an Interruptible Service or Excess CO₂ Interruptible component. That portion of Shipper's requested nomination at any Receipt Point up to the sum of the Maximum Daily Receipt Volumes specified for such Receipt Point as set forth in the Schedules of Service to Shipper's Firm Service Agreements will be considered to be a request by Shipper for Firm Service. The balance of Shipper's requested nomination, if any, will be considered to be a request by Shipper for either Interruptible Service or Excess CO₂ Interruptible Service, as applicable.

11.6 Estimated Shipper Requirements

Not less than three (3) months prior to the commencement of Shipper's first and each subsequent Contract Year and upon Transporter's request, Shipper shall provide Transporter with an estimate of Shipper's anticipated deliveries at each Receipt Point set out in a Schedule of Service attached to a Service Agreement for each month of such Contract Year. Such estimates shall not affect Shipper's rights to make Nominations in accordance with Section 11.1 or Section 11.2.

11.7 Transporter's Firm Service Delivery Obligation

Subject to the terms and conditions specified in these General Terms and Conditions, Transporter's delivery obligation under Shipper's Firm Service Agreements will be to deliver to Shipper at the Delivery Point, on each day, an aggregate quantity of gas equal to the aggregate of the quantities of gas received into the Facilities by Transporter from the Shipper at each Receipt Point under Shipper's Firm Service Agreements up to the portion of the Shipper's Daily Authorized Volume which was scheduled by Transporter for Firm Service during such day at each such Receipt Point less the quantity of gas to be allocated to Shipper in accordance with Section 10.2, less any quantity of gas which Shipper is making up in accordance with Section 11.10(b) plus any quantity of gas which Shipper is receiving in accordance with Section 11.10(c).

11.8 Daily Unauthorized Volumes Penalty Charges

After each Delivery Month, Transporter will make a determination, for each day of the Delivery Month, for each of Shipper's Receipt Points, of the amount, if any, by which the volume of gas actually received by Transporter from Shipper at each such Receipt Point

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exceeded the Shipper's Daily Authorized Volume at such Receipt Point (a "**Shipper's Daily Receipt Variance**"). For each day that any Shipper's Daily Receipt Variance exceeds five percent (5%) of Shipper's Daily Authorized Volume at such Receipt Point on such day and if such variance either represents a deliberate abuse by Shipper or has limited or impaired Transporter's ability to provide Service as requested by another Shipper then Transporter may elect to charge Shipper an additional penalty charge equal to three times the IS Toll applicable during the Delivery Month multiplied by the amount by which such Shipper's Daily Receipt Variance exceeds five percent (5%) of Shipper's Daily Authorized Volume at such Receipt Point. Transporter will bill such charge and Shipper will pay such charge in accordance with Article 6.

11.9 Monthly Unauthorized Volume Penalty Charge

After each Delivery Month, Transporter will make a determination of the amount, if any, by which the volume of gas actually received by Transporter from Shipper at all of Shippers' Receipt Points during the Delivery Month exceeded the sum of the Shipper's Daily Authorized Volumes at all such Receipt Points on each day of the Delivery Month (the "**Shipper's Monthly Receipt Variance**"). If in any Delivery Month there is a Shipper's Monthly Receipt Variance and if such variance either represents a deliberate abuse by Shipper or has limited or impaired Transporter's ability to provide Service as requested by another Shipper then Transporter may elect to charge Shipper an additional penalty charge equal to twenty-five percent (25%) of the IS Toll applicable during the Delivery Month multiplied by the Shipper's Monthly Receipt Variance. Transporter will bill such charge and Shipper will pay such charge in accordance with Article 6.

11.10 Gas Imbalances

- (a) After each Delivery Month, Transporter will make a determination of the level of Shipper's Inventory.
- (b) If Shipper's Inventory is a negative amount then Shipper will correct such gas imbalance by either increasing its deliveries to Transporter at one or more Receipt Points or by requesting Transporter to reduce its deliveries to Shipper at the Delivery Point. Such actions will be taken during the second month following the Delivery Month to which the Shipper's Inventory relates (the "**Makeup Period**"). The gas imbalance will be corrected in uniform quantities on each day during the Makeup Period and all imbalance quantities will be scheduled in priority to all other receipts and deliveries to be made on each day during the Makeup Period. The amount of Shipper's Inventory for a Delivery Month will be reduced to account for the corrective actions taken during the Makeup Period. If at the end of the Makeup Period the remaining quantity of the Shipper's Inventory for a Delivery Month is still a negative quantity then Shipper will pay Transporter

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an amount equal to the product obtained by multiplying such remaining quantity by one hundred and fifty percent (150%) of the AECO Reference Price. Upon making such payment the Shipper's Inventory for such Delivery Month will be considered to be zero (0).

- (c) If Shipper's Inventory is a positive amount then Shipper will correct such gas imbalance by either reducing its deliveries to Transporter at one or more Receipt Points or by requesting Transporter to increase its deliveries to Shipper at the Delivery Point. Such actions will be taken during the second month following the Delivery Month to which the Shipper's Inventory relates (the "**Recovery Period**"). The gas imbalance will be corrected in uniform quantities on each day during the Recovery Period and all imbalance quantities will be scheduled in priority to all other receipts and deliveries to be made on each day during the Recovery Period. The amount of Shipper's Inventory for a Delivery Month will be reduced to account for the corrective actions taken during the Recovery Period. If at the end of the Recovery Period the remaining quantity of the Shipper's Inventory for a Delivery Month is still a positive quantity then Transporter will pay Shipper an amount equal to the product obtained by multiplying such remaining quantity by seventy-five percent (75%) of the AECO Reference Price. Upon making such payment the Shipper's Inventory for the Delivery Month will be considered to be zero (0).

11.11 Additional Amounts

The charges payable under this Article 11 are in addition to any charges otherwise payable by Shipper, including any amounts paid pursuant to Section 5.1, Section 5.2, Section 5.3, Section 5.4 or Section 5.5. The payments under this Article 11 will not, under any circumstances, be considered as giving Shipper the right to take unauthorized quantities, or to incur monthly gas imbalances, nor will payment of the aforementioned charges be considered as a substitute for any other remedies available to Transporter.

11.12 Operating Agreements

Transporter may enter into agreements and other operating arrangements with any Common Stream Operator or the operator of a downstream facility or pipeline interconnecting with the Facilities (collectively a "**Connecting Operator**") respecting the balancing of gas quantities to be received or delivered by Transporter and to be received or delivered by the Connecting Operator at the interconnection of the upstream or downstream facility or pipeline and the Facilities (the "**Interconnection Point**"), including agreements and operating arrangements providing that a quantity of gas nominated by a Shipper for delivery at the Interconnection Point may be deemed to have been received or delivered by Transporter and received or delivered by the

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Connecting Operator regardless of the actual flow of gas at the Interconnection Point.

11.13 Uniform Flow Rate

Transporter will not be obligated to accept from Shipper at any Receipt Point a volume of gas which in any one hour exceeds five percent (5%) of the Shipper's Authorized Volume then in effect at such Receipt Point.

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ARTICLE 12 - FINANCIAL INFORMATION AND SECURITY

12.1 Financial Information

Shipper will provide Transporter with any financial information which Transporter reasonably requests prior to Transporter providing Service in order that Transporter may establish Shipper's creditworthiness.

12.2 Financial Assurances for Performance of Obligations

- (a) Prior to the commencement of Service, and at any time during the term of a Service Agreement, Transporter may request and Shipper will provide if Transporter so requests, financial security for the payment of the charges to be paid by Shipper to Transporter for transportation service pursuant to such Service Agreement ("**Financial Assurances**"). Such Financial Assurances may relate to Shipper's current transportation service under such Service Agreement or Shipper's requests of Transporter for an extension of the term of any Schedule of Service to a Service Agreement or both. If Shipper's Financial Assurances are not provided to Transporter within thirty (30) days of Transporter's request for such Financial Assurances, then Transporter may at its option immediately suspend all or any portion of Service being or to be provided to Shipper or elect to terminate the Service Agreement. If Transporter ceases at any time to provide service to a Shipper in accordance with this Section 12.2(a), Shipper will nevertheless remain liable for and will pay to Transporter the charges prescribed for such Service up to the time Transporter ceases to provide such Service.
- (b) The Financial Assurances that Transporter may request from Shipper pursuant to a Service Agreement shall be limited to the following:
 - (i) for any Firm Service Agreement, an irrevocable letter of credit issued by a financial institution acceptable to Transporter or such other equivalent financial guarantees in an amount equal to twelve (12) months of monthly transportation charges, which shall remain in effect for no less than seventy (70) days beyond the termination of the Firm Service Agreement; provided that, if payment in full for the Service has been received by Transporter, Transporter will return or cancel such financial guarantee forthwith; and
 - (ii) for any Interruptible Service Agreement or Excess CO₂ Interruptible Service Agreement, at the option of Shipper, either prepayment of the transportation charges applicable to such quantities of gas to be nominated by Shipper for transportation under Interruptible Service or Excess CO₂ Interruptible Service or an irrevocable letter of credit issued

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by a financial institution acceptable to Transporter or such other equivalent financial guarantees in an amount equal to sixty (60) days of the then applicable IS Toll or Excess CO₂ IS Toll, as applicable, applied to the maximum volume of gas to be nominated by Shipper for transportation under Interruptible Service or Excess CO₂ Interruptible Service, as applicable, during such sixty (60) day period, which shall remain in effect for no less than seventy (70) days beyond the termination of the Interruptible Service or Excess CO₂ Interruptible Service or of the period for which volumes of gas are nominated by Shipper for transportation under Interruptible Service or Excess CO₂ Interruptible Service; provided that, if payment in full for the Service has been received by Transporter, Transporter will return or cancel such financial guarantee forthwith.

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ARTICLE 13 - PRIORITY OF SERVICE AND CURTAILMENTS

13.1 Notice of Change in Operations

Shipper and Transporter will give each other as much notice as is reasonably possible in the circumstances of expected temporary changes in the rates of delivery or receipt of gas, pressures, quality specifications or other operating conditions, together with the expected duration and the reason for such expected temporary changes.

13.2 Service Priority at Receipt Points

- (a) When Transporter is issuing its confirmations of Nominations in accordance with Section 11.3, Firm Service at any Receipt Point will be given first priority, provided that, if Transporter determines that the capacity available to serve all Shippers requesting Firm Service at such Receipt Point will not be sufficient to permit Transporter to schedule all of the volumes of Firm Service requested at such time then Transporter will allocate the available capacity to such Shippers pro rata on the basis of the Maximum Daily Receipt Volumes at such Receipt Point as set forth in the Schedules of Service under their Firm Service Agreements.
- (b) When Transporter is issuing its confirmations of Nominations in accordance with Section 11.3, Interruptible Service and Excess CO₂ Interruptible Service at any Receipt Point will be given second but equivalent priority; provided that, if Transporter determines that the capacity available to serve all Shippers requesting Interruptible Service and Excess CO₂ Interruptible Service at such Receipt Point will not be sufficient to permit Transporter to schedule all of the volumes of Interruptible Service and Excess CO₂ Interruptible Service requested at such time then Transporter will allocate the available capacity to such Shippers pro rata on the basis of the volumes of Interruptible Service and Excess CO₂ Interruptible Service requested by such Shippers for that day at such Receipt Point.

13.3 Curtailment at Receipt Points

If, at any time, Transporter determines that capacity on the Facilities or any portion thereof is not sufficient to allow Transporter to satisfy all confirmations of Nominations issued in accordance with Section 11.3 at any Receipt Point, then Transporter will curtail or interrupt Service in the following priority and sequence:

- (a) Transporter will first curtail or interrupt Interruptible Service and Excess CO₂ Interruptible Service pro rata on the basis of the quantities of Interruptible Service and Excess CO₂ Interruptible Service scheduled at such Receipt Point; and

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- (b) Transporter will next curtail or interrupt Firm Service at such Receipt Point pro rata on the basis of the Maximum Daily Receipt Volumes at such Receipt Point as set forth in the Schedules of Service under their Firm Service Agreements

13.4 Interruptible Service Curtailments

Shipper recognizes that Interruptible Service at any Receipt Point is subject to curtailment at any time at Transporter's sole discretion. Upon being notified of any curtailment of Interruptible Service at a Receipt Point Shipper will take all necessary actions to reduce its deliveries of gas to Transporter at such Receipt Point under Interruptible Service in order to give effect to Transporter's curtailment notification as of the effective time of such curtailment notice.

13.5 Excess CO₂ Interruptible Service Curtailments

In addition to Transporter's curtailment rights pursuant to Section 3.06(c) Shipper recognizes that Excess CO₂ Interruptible Service at any Receipt Point is subject to curtailment at any time at Transporter's sole discretion. Upon being notified of any curtailment of Excess CO₂ Interruptible Service at a Receipt Point Shipper will take all necessary actions to reduce its deliveries of gas to Transporter at such Receipt Point under Excess CO₂ Interruptible Service in order to give effect to Transporter's curtailment notification as of the effective time of such curtailment notice.

13.6 Firm Service Curtailments

Shipper recognizes that Firm Service at any Receipt Point is subject to curtailment at any time if operational problems arise on the Facilities. Upon being notified of any curtailment of Firm Service at a Receipt Point Shipper will take all necessary actions to reduce its deliveries of gas to Transporter at such Receipt Point under Firm Service in order to give effect to Transporter's curtailment notification as of the effective time of such curtailment notice.

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ARTICLE 14 - FIRM SERVICE CREDITS

14.1 Credits

If, on any day, for any reason, including as a result of a event of Force Majeure, Transporter is unable to provide Firm Service under a Firm Service Schedule of Service for the volume of gas that Shipper has in good faith nominated at a Receipt Point under such Schedule of Service for such day, up to the Maximum Daily Receipt Volume specified for such Receipt Point in such Schedule of Service, then in respect of such day, a credit equal to the adjusted Fixed Demand Charge specified in such Schedule of Service multiplied by the difference between the volume of gas so nominated for such day volume of gas so received by Transporter on such day will be applied to the monthly bill rendered by Transporter pursuant to these General Terms and Conditions, but no such credit will be given if such inability to provide such service by Transporter resulted from Shipper being unable to make delivery of gas to Transporter at the Receipt Point or unable to accept delivery of gas from Transporter at the Delivery Point, whether or not such inability was a result of an event of Force Majeure claimed by Shipper. For the purpose of determining the amount of such credit the Fixed Amount Charge, expressed in $\$/10^3\text{m}^3/\text{m}$ shall be converted into an amount expressed in $\$/10^3\text{m}^3/\text{d}$ by dividing the number of days in a such month.

14.2 Planned Maintenance

Notwithstanding Section 14.1, no credit to the monthly bill will be made if Transporter does not receive the volume of gas so nominated as a result of Transporter carrying out planned maintenance and if Transporter and Shipper had agreed to the alternative of Shipper delivering gas to Transporter from an alternative supply source during the period such planned maintenance is being carried out at a charge equal to the charge which would otherwise be paid by Shipper or if Transporter and Shipper had agreed that Shipper would deliver sufficient gas to Transporter to provide sufficient inventory to permit Shipper to obtain delivery of its gas during the period such planned maintenance is being carried out.

14.3 Sole Remedy

The provision of a credit pursuant to Section 14.1 will be Transporter's sole obligation and will be Shipper's sole remedy for any failure of Transporter to provide Service to a Shipper.

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ARTICLE 15 - FORCE MAJEURE

15.1 Notice of Force Majeure

If either Transporter or Shipper is rendered unable by reason of Force Majeure to perform in whole or in part any covenant or obligation set forth in any Service Agreement or these General Terms and Conditions, the performance of such covenant or obligation will be suspended during the continuance of such Force Majeure, except as provided for in Section 15.3, upon the following terms and conditions:

- (a) the party claiming suspension will give written notice to the other party specifying full particulars of such Force Majeure as soon as is reasonably possible;
- (b) the party claiming suspension will diligently attempt to remedy such Force Majeure by taking all commercially reasonable acts in order to resume the performance of such covenant or obligation with reasonable dispatch; and
- (c) the party claiming suspension will give written notice to the other party as soon as is reasonably possible after such Force Majeure has been remedied.

15.2 Events of Force Majeure

For the purposes of these General Terms and Conditions, the term "**Force Majeure**" means any cause not reasonably within the control of the party claiming suspension which by the exercise of due diligence such party is unable to prevent or overcome, including but without limiting the generality of the foregoing:

- (a) lightning, storms, earthquakes, landslides, floods, washouts and other acts of God;
- (b) fires, explosions, ruptures, breakages of or accidents to the Facilities;
- (c) shortages of necessary labour, strikes, lockouts or other industrial disturbances;
- (d) civil disturbances, sabotage, acts of public enemies, war, blockades, insurrections, vandalism, riots, epidemics;
- (e) arrests and restraints of governments and people;
- (f) the order of any court, government body or regulatory body;
- (g) curtailment of service provided by a transporter downstream of the Delivery Point;

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- (h) inability to obtain or curtailment of supplies of electric power, water, fuel or other utilities or services;
- (i) inability to obtain or curtailment of supplies of any other materials or equipment;
- (j) inability to obtain or revocation or amendment of any permit, licence, certificate or authorization of any governmental or regulatory body, unless the revocation or amendment of such permit, licence, certificate or authorization was caused by the violation of the terms thereof or consented to by the party holding the same;
- (k) any claim by any third party that any covenant or obligation of such third party is suspended by reason of Force Majeure, including without limiting the generality of the foregoing any such claim by any transporter of gas to, from or for Transporter or Shipper; and
- (l) any other cause, whether herein enumerated or otherwise, not reasonably within the control of the party claiming suspension which by the exercise of due diligence such party is unable to prevent or overcome.

15.3 Shipper's Obligations

Notwithstanding any other provision of these General Terms and Conditions, Shipper acknowledges and agrees that the occurrence of an event of Force Majeure will not under any circumstances suspend or relieve Shipper from the obligation to pay any charge or other amount payable to Transporter; provided that, Shipper shall remain entitled to a credit pursuant to Section 14.1 in the case of an event of Force Majeure claimed by Transporter.

15.4 Lack of Funds not Force Majeure

Notwithstanding any other provision of these General Terms and Conditions, the parties agree that a lack of funds or other financial cause will not under any circumstances be an event of Force Majeure.

15.5 Strikes and Lockouts

Notwithstanding any other provision of these General Terms and Conditions, the parties agree that the settlement of strikes, lockouts and other industrial disturbances will be entirely within the discretion of the party involved.

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15.6 Service During Force Majeure

If the provision of Service is curtailed or interrupted by reason of Force Majeure, Transporter may during the continuance of such Force Majeure provide such Service as it deems appropriate but to the extent that it is reasonable to do so considering the operation of the Facilities at the time of such curtailment or interruption Transporter will follow the curtailment priority outlined in Section 13.3.

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ARTICLE 16 - REPRESENTATIONS AND WARRANTIES

16.1 Representations and Warranties

Shipper represents and warrants to Transporter that:

- (a) all gas to be received by Transporter from Shipper under all Service Agreements will be free from all liens and adverse claims;
- (b) as of the day on which Service is first provided by Transporter under a Service Agreement, Shipper will have obtained all necessary authorizations, permits, licences, certificates and agreements necessary for the receipt and delivery of gas under such Service Agreement; and
- (c) it owns or controls or has the right to deliver or have delivered for its own account, the gas that is to be received by Transporter from Shipper under the Service Agreement.

Shipper acknowledges and agrees that Transporter has agreed to provide the Service described in a Service Agreement in reliance upon the truth and accuracy of the representations and warranties of Shipper set forth in this Section 16.1. Transporter may at its option and in addition to any other remedy at law it may have suspend all or any portion of Service to Shipper upon seven (7) days' written notice to Shipper should any of such representations and warranties prove to be false or inaccurate in any material respect. If Transporter ceases at any time to provide such Service to Shipper in accordance with this Section 16.1, Shipper will nevertheless remain liable for and will pay to Transporter the charges prescribed for such Service up to the time Transporter ceases to provide such Service.

16.2 Adverse Claims

Shipper will 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 or interest in the gas, and Shipper agrees to indemnify Transporter 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 which may be levied or assessed thereon.

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ARTICLE 17 - INFORMATION AND ASSURANCES

17.1 Information and Assurances

- (a) Shipper will provide such assurances and information as Transporter may reasonably require respecting any Service to be provided by Transporter, including without limiting the generality of the foregoing, an assurance that necessary arrangements have been made among Shipper, producers of gas for Shipper, purchasers of gas from Shipper, Connecting Operators and any other Person relating to such Service including all gas purchase, gas sale, operating, processing, transportation and common stream arrangements.
- (b) Any information which Shipper has provided to Transporter pursuant to this Article 17 and which Shipper has specifically requested Transporter to keep confidential shall, subject to Section 17.1(c) and Section 17.1(d), be kept and maintained by Transporter on a confidential basis.
- (c) Any information supplied by Shipper to Transporter which:
 - (i) was in the possession of Transporter prior to its receipt or acquisition thereof;
 - (ii) at the time of disclosure, is in the public domain; or
 - (iii) after disclosure, becomes part of the public domain by publication or otherwise through no act or omission on the part of Transporter;
 - (iv) shall not be required to be kept confidential by Transporter.
- (d) Notwithstanding Section 17.1(b), Transporter may without consultation with or notice to Shipper disclose any information from Shipper to:
 - (i) any of Transporter's employees, officers and directors;
 - (ii) any of Transporter's agents, consultants, representatives or professional advisors;
 - (iii) any court or governmental or regulatory authority if required by those authorities or the rules, regulations or requirements of those authorities;
 - (iv) any Connecting Operator if such disclosure is required to effectuate the transportation of gas; and
 - (v) any third party to which disclosure has been consented to in writing by Shipper.

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ARTICLE 18 - MISCELLANEOUS PROVISIONS

18.1 Entire Agreement

A Service Agreement including its Schedules of Service together with these General Terms and Conditions constitutes the entire agreement between the parties and supersedes all previous agreements, understandings, negotiations and representations between the parties.

18.2 Assignment

Any company which shall succeed by purchase, merger or consolidation to the properties, substantially or in entirety, of Shipper or of Transporter, as the case may be, will be entitled to the rights and will be subject to the obligations of its predecessor in title under any Service Agreement. Either party may assign its entire interest under a Service Agreement or its entire interest in a Schedule of Service to any Person; provided that, no such assignment will release such party from any obligations thereunder until such time as the other party has provided its written consent which consent shall not be unreasonably withheld. Shipper shall not assign any partial interest in any Service Agreement, any partial interest in any Schedule of Service or any Service without the prior written consent of Transporter which consent shall not be unreasonably withheld.

18.3 Enurement

A Service Agreement will enure to the benefit of and be binding upon the parties and their respective successors and assigns.

18.4 No Consequential Damages

Neither party will be liable for any indirect, consequential, special, punitive nor exemplary damages including without limitation claims for loss of profits or income, loss of business expectations, business interruptions, loss of contract, cost of capital, loss or failure to deliver gas, cost of purchased or replacement gas, cancellation of permits or any claims for losses or damages sustained by any third party arising out of any breach of any obligation under a Service Agreement or these General Terms and Conditions.

18.5 No Interest in Facilities

Shipper does not acquire any right to, title to, or interest in, the Facilities or any part thereof nor does Transporter dedicate any portion of the Facilities to Service for any Shipper.

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18.6 Forbearance

Forbearance to enforce any provision of a Service Agreement or these General Terms and Conditions will not be construed as a continuing forbearance to enforce any such provision.

18.7 Inconsistency

If there is an inconsistency between any provision of these General Terms and Conditions and any provision of any Schedule of Service the provisions of the Schedule of Service will prevail.

18.8 Amendment of Service Agreement

No amendment or variation of any term, condition or provision of any Service Agreement will be of any force or effect unless in writing and signed by Transporter and Shipper.

18.9 Priority for New or Additional Service

Transporter may from time to time establish procedures respecting priority of entitlement for Shippers seeking new or additional Service.

18.10 Establishment of Procedures and Pilot Projects

Transporter may from time to time establish procedures including procedures for carrying out and evaluating any pilot projects Transporter determines to be necessary or desirable, respecting or relating to affecting any Service or any term, condition or provision contained within any Service Agreement or these General Terms and Conditions.

18.11 Amendment of General Terms and Conditions

In addition to Section 3.6(d), Shipper acknowledges and accepts that Transporter will have the right to make such amendments to the General Terms and Conditions as Transporter may from time to time determine to be necessary or advisable. It is Transporter's general intention to revise the General Terms and Conditions to be consistent with all recommendations of the Gas Industry Standard Board which are accepted by other pipelines which interconnect with the Facilities. Transporter will give Shipper written notice of any amendments to the General Terms and Conditions and such amendments will be effective as of the date specified in such amended General Terms and Conditions but any such effective date will not be retroactive.