

Contract No. DPB____

DOWNSTREAM PIPELINE BALANCING SERVICE CONTRACT

BETWEEN

UNION GAS LIMITED

AND

SHIPPER

DATED Month, Day, Year

Schedule 1 DPBS Points

Schedule 2 Pricing Provisions

Schedule 3 DPB Service

Schedule 4 MPSS Schedule A GT&C and MPSS Schedule B Nominations

DOWNSTREAM PIPELINE BALANCING SERVICE CONTRACT

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THIS DOWNSTREAM PIPELINE BALANCING SERVICE CONTRACT dated as of the ____ day of _____, 20__,

BETWEEN:

UNION GAS LIMITED, a company existing under the laws of the Province of Ontario,
(hereinafter referred to as “**Union**”)

- and -

_____, a company incorporated under the laws of the (Province/State/Country) of _____,
(hereinafter referred to as “**Shipper**”)

WHEREAS, Union owns and operates a natural gas storage system in south-western Ontario, through which Union offers Storage Services;

AND WHEREAS DPB Service, as such service is defined in Section 5.01 and Schedule 3, will allow the Shipper to store gas at the DPBS Point with access to withdrawals or injections on short notice;

AND WHEREAS DPB Service is intended to allow the Shipper to change quantities delivered into the downstream pipeline at the DPBS Point, without changing the Authorized Quantity under the Designated Transportation Contract;

AND WHEREAS Shipper has selected the Maximum DPBS Balance and the Minimum DPBS Balance for the DPBS Storage Account, which is the upper and lower limit of the storage account under the DPB Service;

AND WHEREAS Shipper has also selected the maximum quantity that may be injected into or withdrawn from the DPBS Storage Account in any hour as the DPBS Hourly Quantity;

AND WHEREAS, Shipper wishes to retain Union to provide DPB Service, and Union has agreed, subject to the terms and conditions of this Contract, to provide the DPB Service requested;

NOW THEREFORE, this Contract witnesses that, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

ARTICLE I - INTERPRETATION AND DEFINITIONS

1.01 Divisions, Headings and Index: The division of this Contract into Articles, Sections and Subsections, and the insertion of headings and any table of contents or index provided are for convenience of reference only, and shall not affect the construction or interpretation hereof.

1.02 Industry Usage: Words, phrases or expressions which are not defined herein and which, in the usage or custom of the business of the transportation, storage, and distribution or sale of natural gas, have an accepted meaning shall have that meaning.

1.03 Extended Meaning: Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. The words "herein" and "hereunder" and words of similar import refer to the entirety of this Contract, including the Schedules incorporated into this Contract, and not only to the Section in which such use occurs.

1.04 Conflict: In the event of any conflict between the provisions of this Contract, those of the Market Price Service Schedule or any OEB approved Rate Schedule applicable to the provision of the Storage Services herein, the provisions of such OEB approved Rate Schedule shall prevail over this Contract and the Market Price Service Schedule, and the provisions of this Contract shall prevail over the Market Price Service Schedule.

1.05 Measurements: Units set out in SI (metric) measurement are the governing units for the purpose of this Contract. Units set out in Imperial measurement in parentheses beside their SI (metric) equivalent are for reference only and in the event of a conflict between SI (metric) and Imperial measurement herein, SI (metric) shall prevail.

1.06 Currency: All reference to dollars in this Contract shall mean Canadian dollars, unless stated otherwise.

1.07 Schedules: Refers to the schedules attached hereto which are specifically included as part of this Contract.

1.08 Service Schedule: **"Market Price Service Schedule"** or the **"MPSS"** shall be comprised of the following:

- (i) Union's C1 Rate Schedule, (including the Storage and Cross Franchise Transportation Rates, Schedule "A" (General Terms and Conditions) and Schedule "B" (Nominations)), or such other replacement rate schedule which may be applicable to the Storage Services provided hereunder, as last approved by the Ontario Energy Board, for so long as Union's C1 Rate Schedule or such other replacement schedule is required by the Ontario Energy Board to apply to the provision of the Storage Services (or to the extent only a portion of Union's C1 Rate Schedule or such other replacement schedule is required by the Ontario Energy Board to apply to the provision of the Storage Services, only such portion shall form part of the Market Price Service Schedule);
- (ii) to the extent the Ontario Energy Board does not require approval of the rates applicable to the provision of Storage Services, the Market Price Service Schedule

shall include the rates for the provision of Storage Services last adopted by Union and posted to Union's website with at least 30 days prior notice; and

- (iii) to the extent the Ontario Energy Board does not require approval of the General Terms and Conditions, nomination procedures or any other matter applicable to the provision of Storage Services, the Market Price Service Schedule shall include such General Terms and Conditions and nomination procedures as set out in Schedule 4.

The Market Price Service Schedule shall apply hereto as amended from time to time, as if incorporated into this Contract.

1.09 Definitions: Capitalized terms and certain other terms used in this Contract and not specifically defined shall have the meaning set forth in the Market Price Service Schedule unless the context hereof otherwise clearly requires. The following definitions shall be read and interpreted as though included in the aforementioned:

- (a) **“Authorized Hourly DPBS Overrun”, “Designated Transportation Contract”, “DPB Service”, “DPBS Nomination Interval”, “DPBS Point”, “DPBS Quantity”, “DPBS Storage Account”, “Drafted Storage Balance”, “Excess Storage Balance”, “Extension Period”, “Hourly DPBS Quantity”, “Maximum DPBS Quantity”, “Minimum DPBS Quantity” and “Timely Nomination Window”** shall have the meaning given thereto in Schedule 3.
- (b) **“Monthly Demand Charge”** shall have the meaning given thereto in Schedule 2.

ARTICLE II - Intentionally blank

ARTICLE III - CONDITIONS PRECEDENT

3.01 The obligations of Union to provide Storage Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided for in this Contract:

- (a) Union shall have obtained, in form and substance satisfactory to Union, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders, and authorizations that are required to:
 - i) provide the Storage Services; and
 - ii) construct any facilities necessary to provide the Storage Services (the **“Expansion Facilities”**); and,
- (b) Union shall have obtained all internal approvals that are necessary or appropriate to
 - i) provide the Storage Services; and,

- ii) construct the Expansion Facilities; and,
- (c) Union shall have completed and placed into service the Expansion Facilities; and
- (d) Union shall have received from Shipper the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of this Contract (the "**Initial Financial Assurances**"). The Initial Financial Assurances, if required, will be as determined solely by Union and will be up to a maximum as set out in Section 12.02; and,
- (e) Union shall have received from Shipper an executed Financial Backstopping Agreement, in form and substance reasonably acceptable to the parties; and,
- (f) Shipper and Union shall have entered into an Interruptible HUB Service Contract (the "**Facilitating Agreement**") with Union; and,
- (g) Union shall have received a decision from the Ontario Energy Board regarding the Generic Hearing on Storage as part of the Natural Gas Electricity Interface Review EB - 2005 - 0551 that endorses market pricing and regulatory forbearance and is satisfactory to Union, in Union's sole discretion; and,
- (h) Union shall have implemented any information technology enhancements required to provide the DPB Service.

3.02 The obligations of Shipper hereunder are subject to the following conditions precedent, which are for the sole benefit of Shipper and which may be waived or extended in whole or in part in the manner provided for in this Contract:

- (a) Shipper shall, as required, have entered into the necessary contracts with Union and/or others to facilitate the Storage Services contemplated herein, including contracts for upstream and downstream transportation, and shall specifically have an executed and valid Facilitating Agreement; and shall, as required, have entered into the necessary contracts to purchase the gas quantities handled under this Contract; and,
- (b) Shipper shall have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory, and other third-party approvals consents, orders, and authorizations that are required from federal, state, or provincial authorities for the gas quantities handled under this Contract; and,
- (c) Shipper shall have obtained all internal approvals that are necessary or appropriate for the Shipper to execute this Contract.

3.03 Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfil the conditions precedent specified in Sections 3.01(a), (c), (d), (e), (f), (g) and (h) and Sections 3.02 (a) and (b). Each party shall notify the other forthwith in writing of their respective satisfaction or waiver of each condition precedent for such party's benefit. If a party concludes that it will not be able to satisfy a condition precedent that is for its benefit, such party may, upon written notice to the other party, terminate this Contract and upon the giving of such notice, this Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder; provided that any rights or

remedies that a party may have for breaches of this Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.

3.04 If any of the conditions precedent in Sections 3.01(d) or 3.02 are not satisfied or waived by the party entitled to the benefit of that condition by May 31, 2007, then either party may, upon written notice to the other party, terminate this Contract and upon the giving of such notice, this Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, provided that any rights or remedies that a party may have for breaches of this Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.

ARTICLE IV - TERM OF CONTRACT

4.01 This Contract shall be effective as of the date of execution hereof; however, the Storage Service obligations, terms, and conditions hereunder shall commence on the later of:

(a) *Month, Day, Year* (the “**Reference Date**”); and

(b) the day following the date that all of the conditions precedent set out in Sections 3.01 and 3.02 have been satisfied or waived by the party entitled to the benefit thereof;

(such later date being referred to as the “**Commencement Date**”) and shall continue in full force and effect until *Month, Day, Year* (the “**Termination Date**”).

4.02 If this Contract requires Expansion Facilities to satisfy any Storage Service, then to the extent that such Expansion Facilities are only partially completed and placed in service by the Reference Date or at any time thereafter:

(a) any firm capacity remaining available on such partially completed Expansion Facilities (the “**Partial Expansion Capacity**”) after fully allocating all capacity awarded as part of the 2008 Dawn Deliverability Open Season announced September 5, 2006, will be allocated among all shippers who were awarded service as part of the 2008 Downstream Pipeline Balancing Service Open Season announced April 5, 2007, in accordance with the allocation methodology used to allocate deliverability for the 2008 Dawn Deliverability Open Season announced September 5, 2006; and

(b) if, pursuant to this Section, this Contract is allocated any portion of Partial Expansion Capacity, then the conditions precedent that relate to the completion and placing in-service of the Expansion Facilities shall be deemed to have been waived such that this Contract will commence. If this Contract is not allocated the entirety of the Hourly DPBS Quantity under this Contract, then the Hourly DPBS Quantity shall be deemed to be such lower allocated amount (and for greater certainty, this Contract shall nevertheless be deemed to have commenced) until such time as this Contract is allocated additional Partial Expansion Capacity pursuant to this Section or until the entirety of the Expansion Facilities are completed and placed in-service; and

(c) the procedure contemplated by this Section will be applicable from time to time on each occasion that the Expansion Facilities are incrementally completed and placed in service.

4.03 Without limiting the generality of the foregoing, this Contract may be terminated in accordance with Section XII of the General Terms & Conditions.

4.04 For the purpose of completing a final determination of the actual quantities of gas handled in any of the Storage Services to Shipper, the parties shall have the right to amend their statements for a period equal to the time during which the Interconnecting Pipeline retains the right to amend their statements, which period of time shall not exceed three (3) years from the date of termination of this Contract.

ARTICLE V - STORAGE SERVICES

5.01 Services: Shipper agrees to the terms and conditions set out herein upon nomination to Union for the provision of the following services (collectively, the “**Storage Services**”):

DPB Service (as such service is more particularly defined in Schedule 3) has been selected with the following parameters:

- (i) an Hourly DPBS Quantity of _____ GJ/hr;
- (ii) a Minimum DPBS Balance of _____ GJ;
- (iii) a Maximum DPBS Balance of _____ GJ;
- (iv) the Designated Transportation Contract shall be the Transportation Contract dated _____ (reference _____); and
- (v) the DPBS Point shall be [**Parkway(DPBS)/Kirkwall(DPBS)**] as such points are defined in Schedule 1.

5.02 Accounting for Storage Services: All quantities of gas handled by Union shall be accounted for on an hourly and daily basis, as applicable.

5.03 Commingling: Union shall have the right to commingle the quantity of gas referenced herein with gas owned by Union or gas being stored and/or transported by Union for third parties.

ARTICLE VI - FORCE MAJEURE

6.01 An event of force majeure on Union’s system, as defined in Section XI of the General Terms & Conditions, will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.

6.02 If: (i) Union fails to comply with Union’s obligations under Section 4 of Schedule 3 by reason of force majeure on Union’s system; and (ii) Shipper agrees to accept delayed receipts or deliveries as contemplated by this Section; then Union shall make all reasonable efforts to receive or deliver the amount duly nominated by Shipper in accordance with the terms of the DPB Service as soon as practicable and on such hour or day as are agreed to by Shipper and Union. To the extent that Union receives or delivers such quantities on this basis, Shipper shall not receive any demand charge relief as contemplated in Section 6.03.

6.03 Subject to Section 6.02, if on any gas day Union fails to comply with Union’s obligations under Section 4 of Schedule 3 by reason of force majeure on Union’s system, then for that gas day Union shall credit to Shipper’s invoice an amount equal to:

- (a) the largest difference between:
 - (i) the DPBS Quantity for any hour of that gas day; less
 - (ii) the quantity moved into or out of the DPBS Storage Account pursuant to Section 4 of Schedule 3 based on the deliveries into or out of the DPBS Storage Account last scheduled for that same hour;
- (b) multiplied by one half of the Daily Demand Rate, as defined in this Section; and
- (c) divided by the Hourly DPBS Quantity.

In no event shall Shipper be entitled to a credit in any month that exceeds one half of the Monthly Demand Charge for that month. The term “**Daily Demand Rate**” shall mean the Monthly Demand Charge divided by the number of days in the month for which such rate is being calculated.

6.04 If on any gas day Union fails to comply with Union’s obligations under Section 4 of Schedule 3 by reason of force majeure on Union’s system, then for that gas day Shipper’s obligation to pay any Unauthorized Hourly DPBS Overrun Charge shall be relieved to the extent caused by such force majeure.

6.05 An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.

ARTICLE VII - SERVICE CURTAILMENT

7.01 Capacity Sharing: Where requests for interruptible services hereunder exceed the capacity available for such Storage Service, Union will accept nominations from shippers and allocate capacity in the order of pricing for Storage Services and prior quantities moved, and shippers shall be so advised. Any interruptible services provided herein is subordinate to any and all firm services supplied by Union.

7.02 Capacity Procedures: Union reserves the right to change its procedures for allocating interruptible capacity and will provide Shipper with two (2) months prior notice of any such change.

7.03 Maintenance: Union’s facilities from time to time may require maintenance or construction. If such maintenance or construction is required, and in Union’s sole opinion, acting reasonably, such maintenance or construction may impact Union’s ability to meet Shipper’s requirements, Union shall provide at least ten (10) days notice to Shipper, except in the case of an emergency. In the event the maintenance impacts Union’s ability to meet Shipper’s requirements, Union shall not be liable for any damages and shall not be deemed in breach of this Contract.

To the extent that Union’s ability to receive or deliver gas is impaired, the Monthly Demand Charge shall be reduced in accordance with Sections 6.02 and 6.03.

Union shall use reasonable efforts to determine a mutually acceptable period during which such maintenance or construction will occur and also to limit the extent and duration of any impairments. Union will endeavour to schedule and complete the maintenance and construction which would normally

be expected to impact on Union's ability to meet Shipper's requirements, during the period from April 1 through to November 1.

ARTICLE VIII - CHARGES AND RATES

8.01 Except as otherwise stated herein, the charges and rates to be billed by Union and paid by Shipper for the Storage Services will be those specified in Schedule 2.

8.02 In addition to the charges and rates described above, Shipper is responsible for any applicable Goods and Services Tax or other taxes, royalties or levies imposed currently or subsequent to the commencement of this Contract.

8.03 Set Off: If either party shall, at any time, be in arrears under any of its payment obligations to the other party, then the party not in arrears shall be entitled to reduce the amount payable by it to the other party in arrears under this Contract, or any other contract, by an amount equal to the amount of such arrears or other indebtedness to the other party. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, to be followed by written notice, take possession of any or all of Shipper's gas under this Contract and any enhancements to this Contract, which shall be deemed to have been assigned to Union, to reduce such arrears or other indebtedness to Union.

ARTICLE IX – *intentionally blank*

ARTICLE X – QUALITY AND MEASUREMENT

10.01 For Storage Services provided pursuant to Article V hereof:

(a) The quality of the gas and the measurement of the gas to be received by Union hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in the Market Price Service Schedule, but, Union will also accept gas of a quality as set out in any other Interconnecting Pipeline's general terms and conditions, provided that all Interconnecting Pipelines accept such quality of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in the Market Price Service Schedule.

(b) Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

10.02 In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures.

ARTICLE XI - NOMINATIONS

11.01 Services provided hereunder shall be in accordance with the prescribed nominations procedure set out in Schedule 3. For greater certainty, Schedule “B” of the Market Price Service Schedule shall not apply to DPB Service.

ARTICLE XII - SHIPPER'S REPRESENTATIONS AND WARRANTIES

12.01 Shipper's Warranty: Shipper warrants that it will, if required, maintain, or have maintained on its behalf, all external approvals including the governmental, regulatory, import/export permits, and other approvals or authorizations that are required from any federal, state, or provincial authorities for the gas quantities to be handled under this Contract. Shipper further warrants that it shall maintain in effect the Facilitating Agreement.

12.02 Financial Representations: Shipper represents and warrants that the financial assurances (including the Initial Financial Assurances and Security) (if any) shall remain in place throughout the term hereof, unless Shipper and Union agree otherwise. Shipper shall notify Union in the event of any changes to the financial assurances throughout the term hereof. Should Union have reasonable grounds to believe that Shipper will not be able to perform or continue to perform any of its obligations under this Contract as a result of one of the following events (“**Material Event**”):

- (a) Shipper is in default, which default has not been remedied, of this Contract or is in default of any other material contract with Union or another party; or,
- (b) Shipper’s corporate or debt rating falls below investment grade according to at least one nationally recognized rating agency; or,
- (c) Shipper ceases to be rated by a nationally recognized agency; or,
- (d) Shipper has exceeded credit available as determined by Union from time to time,

then Shipper shall within fourteen (14) days of receipt of such written notice by Union, obtain and provide to Union a letter of credit or other security in the form and amount reasonably required by Union (the “**Security**”). The Security plus the Initial Financial Assurances shall not exceed twelve (12) times the Monthly Demand Charge plus a reasonably estimated amount for the potential liability of Shipper to Union for the commodity cost of the DPBS Storage Account being at the Minimum DPBS Balance. In the event that Shipper does not provide to Union such Security within such fourteen (14) day period, Union may deem a default under the Default and Termination provisions of Section XII of the General Terms & Conditions.

In the event that Shipper in good faith, reasonably believes that it should be entitled to reduce the amount of or value of the Security previously provided, it may request such a reduction from Union and to the extent that the Material Event has been mitigated or eliminated, Union shall return all or a portion of the Security to Shipper within fourteen (14) business days after receipt of the request.

12.03 and 12.04 Optional Clauses:

(Representation of Consumption in U.S. for Non-Resident, Non GST Registrant)

12.03 Point of Consumption Warranty: Shipper represents and warrants that, throughout the term of this Contract, all quantities of gas received by Union hereunder at the DPBS Point, will be consumed in the U.S.A. Should any quantities of gas hereunder be directed to an end user in Canada, Shipper shall immediately notify Union that such quantities of gas will be consumed in Canada, as failure to do so will make Shipper liable to Union for any government taxes or levies and related interest and penalties thereon, made as a result of such change.

12.04 Tax Registration re GST: Shipper warrants and represents that it is unregistered and a Non-Resident for purposes of the GST. Shipper agrees to notify Union within ten (10) working days if it becomes registered. GST shall mean The Government of Canada's Goods and Services Tax as legislated under The Excise Tax Act, as may be amended from time to time.

ARTICLE XIII - MISCELLANEOUS PROVISIONS

13.01 Assignment: Shipper may not assign this Contract unless:

- (a) the written consent of Union is obtained;
- (b) any financial assurances as required by Union are provided to Union;
- (c) the assignee would be in compliance with Section 7 of Schedule 3 upon completion of the assignment; and
- (d) the approval of the OEB is obtained, if required.

If OEB approval is required, all costs of the application shall be paid by Shipper.

13.02 Notices: All communications provided for or permitted hereunder shall be in writing, personally delivered to an officer or other responsible employee of the addressee or sent by registered mail, charges prepaid, or by facsimile or other means of recorded telecommunication, charges prepaid, to the applicable address set forth below or to such other address as either party hereto may from time to time designate to the other in such manner, provided that no communication shall be sent by mail pending any threatened, or during any actual, postal strike or other disruption of the postal service. Any communication personally delivered shall be deemed to have been validly and effectively received on the date of such delivery. Any communication so sent by facsimile or other means of telecommunication shall be deemed to have been validly and effectively received on the business day following the day on which it is sent. Any communication so sent by mail shall be deemed to have been validly and effectively received on the seventh business day following the day on which it is postmarked.

Communications to the parties hereto shall be directed as follows:

IF TO SHIPPER: _____

Nominations: Attention: Manager, _____
Telephone: ____-____-____
Facsimile: ____-____-____

Secondary Contact: Attention: Manager, _____
Telephone: ____-____-____
Facsimile: ____-____-____

IF TO UNION: Union Gas Limited,
50 Keil Drive North,
CHATHAM, Ontario N7M 5M1

Nominations: Attention: Manager, Gas Management Services
Telephone: 519-436-4545
Facsimile: 519-436-4635

Secondary Contact: Attention: Director, Business Development, Storage and Transmission
Telephone: 519-436-4527
Facsimile: 519-436-4643

Notwithstanding the above, nominations shall be made by on-line nomination or other recorded electronic means as may be agreed to by Union, subject to execution of the "Agreement for Use of the Secured Portion of Union Gas Limited's Website," or such other agreement, satisfactory to Union, and will be deemed to be received on the same day and same time as sent. Each party may from time to time change its address for the purpose of this Section by giving notice of such change to the other party in accordance with this Section.

13.03 Law of Contract: Union and Shipper agree that this Contract is made in the Province of Ontario and that, subject to Article X of the General Terms and Conditions, the courts of the Province of Ontario shall have exclusive jurisdiction in all matters contained herein. The parties further agree this Contract shall be construed exclusively in accordance with the laws of the Province of Ontario.

13.04 Possession of Gas:

- a) Union accepts no responsibility for any gas prior to such gas being delivered to Union at the DPBS Point or after its delivery by Union at the DPBS Point. As between the parties hereto, Union shall be deemed to be in control and possession of and responsible for all such gas from the time that such gas enters Union's system until such gas is delivered to Shipper.
- b) Shipper agrees that Union is not a common carrier and is not an insurer of Shipper's gas, and that Union shall not be liable to Shipper or any third party for loss of gas in Union's possession except to the extent such loss is caused entirely by Union's negligence or wilful misconduct.

13.05 Title to Gas: Shipper represents and warrants to Union that, Shipper shall have good and marketable title to, or legal authority to deliver to Union, all gas delivered to Union hereunder. Furthermore, Shipper hereby agrees to indemnify and save Union harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of claims of any or all third parties to such gas or on account of royalties, taxes, license fees, or other charges thereon.

13.06 Entire Contract: This Contract (including the schedules attached hereto and the Market Price Service Schedule) constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof. This Contract supersedes any prior or contemporaneous agreements, understandings, negotiations or discussions, whether oral or written, of the parties in respect of the subject matter hereof.

13.07 Time of Essence: Time shall be of the essence hereof.

13.08 Counterparts: This Contract may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original but all of which together shall constitute one and the same agreement. This Contract may be executed by facsimile.

13.09 Amendments and Waivers: Subject to the Market Price Service Schedule, Schedule "A", Article XV, and the ability of Union to amend the Market Price Service Schedule as contemplated by Section 1.08, no amendment or modification of this Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union. No waiver of any provision of this Contract shall be effective unless the same shall be in writing and signed by the party entitled to the benefit of such provision and then such waiver shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of Shipper or Union to exercise, and no course of dealing with respect to, and no delay in exercising any right, power or remedy under this Contract shall operate as a waiver thereof.

13.10 Severability: If any provision hereof is invalid or unenforceable in any jurisdiction, to the fullest extent permitted by law, (a) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be construed in order to carry out the intention of the parties as nearly as possible and (b) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of any provision in any other jurisdiction.

13.11 General Liability: The liability of the parties hereunder is limited to direct damages only and all other remedies or damages are waived. In no event shall either party be liable for consequential, incidental, punitive, or indirect damages, in tort, contract or otherwise.

THIS CONTRACT SHALL BE BINDING UPON and shall enure to the benefit of the parties hereto and their respective successors and permitted and lawful assigns.

IN WITNESS WHEREOF this Contract has been properly executed by the parties hereto by their duly authorized officers as of the date first above written.

UNION GAS LIMITED

By: _____

[INSERT NAME OF SHIPPER]

By: _____

Contract No. DPB____

DPBS POINTS

PARKWAY (DPBS):

At the Union side of the junction of Union's and TransCanada Pipelines' ("TCPL") facilities, at or adjacent to Union's facilities situated in the Part Lot 9 and part Lot 10, Concession IX, New Survey, Town of Milton, Regional Municipality of Halton.

KIRKWALL (DPBS):

At the Union side of the junction of Union and TCPL's facilities, at or adjacent to Union's facilities situated in part Lot Twenty-Five (25), Concession 8, Town of Flamborough.

PRICING PROVISIONS
STORAGE SERVICES

Shipper agrees to pay Union the following for the DPB Service:

- (a) **Monthly Demand Charge:** Subject to (b), a monthly demand charge of _____ per month (the “**Monthly Demand Charge**”).
- (b) **Demand Charge Escalation:** The Monthly Demand Charge will increase by a factor equal to one-half (1/2) the annual change in the “Canadian Consumer Price Index, All Items Not Seasonally Adjusted”, for the previous calendar year as published monthly in “The Consumer Price Index” as published by Statistics Canada (Catalogue No. 62-001-XPB), or zero, whichever is greater, commencing April 1, 2010 and each April 1st thereafter.
- (c) **Authorized Hourly DPBS Overrun Charge:** The daily charge payable for the Authorized Hourly DPBS Overrun shall be the highest Authorized Hourly DPBS Overrun during the gas day multiplied by 1.5, multiplied by the Monthly Demand Charge, divided by the number of days in the month of the occurrence, and all divided by the Hourly DPBS Quantity.
- (d) **Unauthorized Hourly DPBS Overrun Charge:** The charge payable for any receipts into the DPBS Storage Account for any DPBS Nomination Interval that exceed the quantity of gas authorized for DPB Service for that DPBS Nomination Interval (expressed as a quarterly number), shall be the highest such excess for any DPBS Nomination Interval that falls in the same hour as such DPBS Nomination Interval, multiplied by the amount payable for exceeding the Injection Demand as set out under “Overrun of Firm Injections” under the “Unauthorized Overrun” section of the Market Price Service Schedule, multiplied by four. The charge payable for any deliveries from the DPBS Storage Account for any DPBS Nomination Interval that exceed the quantity of gas authorized for DPB Service for that DPBS Nomination Interval (expressed as a quarterly number), shall be the highest such excess for any DPBS Nomination Interval that falls in the same hour as such DPBS Nomination Interval, multiplied by the amount payable for exceeding the Withdrawal Demand as set out under “Overrun of Firm Withdrawals” under the “Unauthorized Overrun” section of the Market Price Service Schedule, multiplied by four.
- (e) **Other Charges:** Charges relating to Drafted Storage Balance and Overrun of Maximum Storage Balance will be charged in accordance with the MPSS.

DPB SERVICE

1. Definitions. The following terms shall have the meaning given thereto:
- (a) “**Authorized Hourly DPBS Overrun**” has the meaning given thereto in Section 3(b) of this Schedule.
 - (b) “**Contract**” shall mean the contract between Union and Shipper creating the DPB Service, to which this Schedule is attached.
 - (c) “**Designated Transportation Contract**” shall mean the M12 Transportation Contract (as supplemented by the contract establishing F24-T Service, if applicable) referred to in Section 5.01 of the Contract as being the Designated Transportation Contract; provided that Shipper may change the Designated Transportation Contract to any other M12 Transportation Contract by providing at least 30 days prior written notice to Union of such other M12 Transportation Contract and provided that the requirements applicable to the Designated Transportation Contract set out in Section 7 of this Schedule will continue to be complied with upon such M12 Transportation Contract becoming the Designated Transportation Contract.
 - (d) “**DPB Service**” shall mean the service contemplated by this Schedule.
 - (e) “**DPBS Nomination Interval**” shall mean each consecutive 15 minute interval during a gas day, with the first such DPBS Nomination Interval commencing at the commencement of the gas day, and the last such DPBS Nomination Interval commencing 15 minutes prior to the end of the gas day.
 - (f) “**DPBS Point**” shall mean the location agreed to in Section 5.01 of the Contract as being the DPBS Point, as such location is more particularly defined in Schedule 1.
 - (g) “**DPBS Quantity**” shall, for any hour, mean the largest quantity that Union is obligated to move into or out of the DPBS Storage Account for that hour pursuant to Section 4 of Schedule 3, based on the greater of: (i) the quantities duly nominated by Shipper for each DPBS Nomination Interval falling within that hour that were last authorized by Union; and (ii) the quantities duly nominated by Shipper in good faith for each DPBS Nomination Interval falling within that hour that were nominated prior to the nomination deadline for the first nomination window applicable for that gas day; provided that in no event shall the DPBS Quantity exceed the Hourly DPBS Quantity.
 - (h) “**DPBS Storage Account**” shall mean the gas balance held by Union for Shipper and shall equal the quantity of gas received by Union for Shipper’s account under DPB Service minus the quantity of gas delivered to Shipper by Union under DPB Service.
 - (i) “**Drafted Storage Balance**” shall mean the amount by which the DPBS Storage Account is less than the Minimum DPBS Balance.
 - (j) “**Excess Storage Balance**” shall mean the amount by which the DPBS Storage Account is greater than the Maximum DPBS Balance.
 - (k) “**Extension Period**” has the meaning given thereto in Section 5 of this Schedule.

- (l) “**hour**” shall mean each consecutive 60 minute interval during a gas day, with the first such hour commencing at the commencement of the gas day, and the last such hour commencing 60 minutes prior to the end of the gas day.
- (m) “**Hourly DPBS Quantity**” shall mean the amount agreed to in Section 5.01 of the Contract as being the Hourly DPBS Quantity.
- (n) “**Market Price Service Schedule**” has the meaning given thereto in Section 1.08 of the Contract.
- (o) “**Maximum DPBS Balance**” shall mean the amount agreed to in Section 5.01 of the Contract as being the Maximum DPBS Balance.
- (p) “**Minimum DPBS Balance**” shall mean the amount agreed to in Section 5.01 of the Contract as being the Minimum DPBS Balance.
- (q) “**Timely Nomination Window**” shall mean 12:45pm Eastern Clock Time on the calendar day immediately preceding the day for which service is requested, as such time may be amended or changed by the North American Energy Standards Board from time to time.

2. Nominations for DPB Service.

- (a) Shipper may nominate the quantity of gas (expressed as a flow rate in GJ/hour) that Shipper requests Union to receive into the DPBS Storage Account or the quantity of gas Shipper requests Union to deliver from the DPBS Storage Account, during any DPBS Nomination Interval that begins at least 15 minutes later than the time the nomination is made. Union shall only be required to authorize such nomination (or deemed nomination as contemplated by the next sentence of this Section) for DPB Service to the extent all of the terms, conditions and limitations set out in the Contract, this Schedule and the Market Price Service Schedule are complied with, and Union may revoke a previous authorization if any of such terms, conditions or limitations cease to be complied with. Union shall confirm at least five minutes prior to the commencement of the DPBS Nomination Interval of the quantity (expressed as a flow rate in GJ/hour) authorized by Union for DPB Service as a receipt into or delivery from the DPBS Storage Account for such DPBS Nomination Interval.
- (b) Despite anything to the contrary herein, Shipper may not increase its nominations at any time other than the Timely Nomination Window for any given gas day after Union declares force majeure and until such time as the force majeure ceases. Despite anything to the contrary in the Market Price Service Schedule, Shipper may only make nominations for DPB Service by online nominations or other recorded electronic means as may be agreed to by Union.

3. Limitations:

- (a) For any DPBS Nomination Interval, in no event shall Union be required to authorize a nomination, or be required to receive or deliver a quantity of gas, that:

- (i) would result in the DPBS Storage Account being greater than the Maximum DPBS Balance; or
 - (ii) would result in the DPBS Storage Account being less than the Minimum DPBS Balance.
- (b) Subject to the following sentence, in no event shall Union be required to authorize a nomination for any DPBS Nomination Interval that exceeds the Hourly DPBS Quantity . If nominated by Shipper, Union may, in its sole discretion and on an interruptible basis, authorize a nomination for any DPBS Nomination Interval that exceeds the Hourly DPBS Quantity (such authorized excess for such DPBS Nomination Interval being referred to as the “**Authorized Hourly DPBS Overrun**”).
- (c) For any DPBS Nomination Interval, in no event shall Union be required to authorize a nomination for a withdrawal from the DPBS Storage Account that exceeds the transportation capacity under the Designated Transportation Contract that is:
- (i) at the time of the nomination for DPB Service, available on a firm basis to Shipper during the applicable DPBS Nomination Interval; and
 - (ii) at the time of the DPBS Nomination Interval, not being utilized to transport gas under the Designated Transportation Contract.

Union may revoke any previous authorization for a withdrawal from the DPBS Storage Account to the extent Shipper subsequently increases the quantity of gas being transported under the Designated Transportation Contract such that Section 3(c)(ii) is increased.

- (d) Shipper may not nominate the receipt of a quantity of gas into the DPBS Storage Account and the delivery of a quantity of gas from the DPBS Storage Account during the same DPBS Nomination Interval.
- (e) For any DPBS Nomination Interval, in no event shall Union be required to authorize a nomination for injection into the DPBS Storage Account if as a result of such nomination Shipper would be injecting into the DPBS Storage Account in aggregate over the hour that such DPBS Nomination Interval falls, a quantity of gas that exceeds the quantity of gas transported by Shipper pursuant to the Designated Transportation Contract during that same hour.
4. DPB Service. Subject to the terms and conditions of this Schedule, Union shall, as applicable to each DPBS Nomination Interval, either receive from Shipper at the DPBS Point and credit the DPBS Storage Account, or deliver to Shipper at the DPBS Point and debit the DPBS Storage Account, a quantity of gas authorized for DPB Service hereunder for that DPBS Nomination Interval.
5. Excess Storage Balance or Drafted Storage Balance. Shipper shall take immediate steps to bring any Excess Storage Balance or Drafted Storage Balance to zero within 24 hours of notice by Union. Should Shipper fail to obtain a zero Excess Storage Balance and Drafted Storage Balance during that 24 hour period, then Union may in its sole discretion extend the period of time that such balance should have been brought to zero for an “**Extension Period**” or additional

Extension Period(s) (as may be required) of up to 24 hours each, at rates as set out under Schedule 2. During any Extension Period, Shipper shall use all reasonable efforts to either take delivery of the Excess Storage Balance gas quantities from, or return the Drafted Storage Balance gas quantities to, Union promptly. Union may, during any Extension Period, upon 24 hours verbal notice to Shipper (to be followed in writing), either take possession of Shipper's gas in storage (which shall be immediately forfeited to Union without further recourse) or replace the outstanding gas at Shipper's expense (which will include all costs to replace such gas, plus a charge equal to 25% of such costs).

6. Fuel. DPB Service does not have fuel requirements for withdrawals from or injections into the DPBS Storage Account.

7. Transportation Contract. Shipper shall be required to have a Designated Transportation Contract that has a delivery point that is the same as the junction immediately adjacent to the DPBS Point, a receipt point that is at Union's Dawn facilities, and a term (excluding any renewal periods) that expires on or after the day the Contract expires. Nothing herein (including Shipper's right to nominate injections into the DPBS Storage Account at every DPBS Nomination Interval) shall affect the nominations, or entitle Shipper to any additional nomination rights, under the Designated Transportation Contract.

**MPSS
GENERAL TERMS & CONDITIONS**

I. DEFINITIONS

Except where the context expressly requires or states another meaning, the following terms, when used in these General Terms & Conditions and in any contract into which these General Terms & Conditions are incorporated, shall be construed to have the following meanings:

1. "Contract" shall refer to the contract to which these General Terms & Conditions shall apply, and into which they are incorporated;
2. "cubic metre" shall mean the volume of gas which occupies one cubic metre when such gas is at a temperature of 15 degrees Celsius, and at a pressure of 101.325 kilopascals absolute;
3. "day" shall mean a period of twenty-four (24) consecutive hours beginning at 9:00 a.m. Central Standard time. The reference date for any day shall be the calendar date upon which the twenty-four (24) hour period shall commence;
4. "delivery" shall mean any gas that is delivered by Union into Shipper's possession, or to the possession of Shipper's agent;
5. "firm" shall mean service not subject to curtailment or interruption except under Articles XI and XII of this Schedule "A";
6. "gas" shall mean gas as defined in the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Sch. B, as amended, supplemented or re-enacted from time to time;
7. "gross heating value" shall mean the total heat expressed in megajoules per cubic metre (MJ/m³) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion at standard temperature and all water formed by the combustion reaction condensed to the liquid state;
8. "interruptible service" shall mean service subject to curtailment or interruption, after notice, at any time;
9. "Interconnecting Pipeline" shall mean a pipeline that directly connects to the Union pipeline system;
10. "joule" (J) shall mean the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force. The term "megajoule" (MJ) shall mean 1,000,000 joules. The term "gigajoule" (GJ) shall mean 1,000,000,000 joules;
11. "limited interruptible service" shall mean gas service subject to interruption or curtailment on a limited number of days as specified in the Contract;
12. "m³" shall mean cubic metre of gas and "10³m³" shall mean 1,000 cubic metres of gas;
13. "month" shall mean the period beginning at 9:00 a.m. Central Standard time on the first day of a calendar month and ending at 9:00 a.m. Central Standard time on the first day of the following calendar month;
14. "OEB" means the Ontario Energy Board;
15. "pascal" (Pa) shall mean the pressure produced when a force of one (1) newton is applied to an area of one (1) square metre. The term "kilopascal" (kPa) shall mean 1,000 pascals;

16. "receipt" shall mean any gas that is delivered into Union's possession, or the possession of Union's agent;
17. "Shipper", shall have the meaning as defined in the Contract and shall also include Shipper's agent(s);
18. "TCPL" means TransCanada PipeLines Limited;

II. GAS QUALITY

1. **Natural Gas:** The minimum gross heating value of the gas delivered to/by Union hereunder, shall be thirty-six (36) megajoules per cubic metre. The maximum gross heating value of the gas delivered to/by Union hereunder shall be forty point two (40.2) megajoules per cubic metre. The gas to be delivered hereunder to Union may be a commingled supply from Shipper's natural gas sources of supply. The gas to be delivered by Union may be a commingled supply from Union's sources of gas supply; provided, however, that helium, natural gasoline, butane, propane and other hydrocarbons except methane may be removed prior to delivery to Shipper. Further, Union may subject, or permit the subjection of, the gas to compression, dehydration, cooling, cleaning and other processes.
2. Freedom from objectionable matter: The gas to be delivered to/by Union hereunder,
 - a. shall be commercially free from sand, dust, gums, crude oils, lubricating oils, liquids, chemicals or compounds used in the production, treatment, compression or dehydration of the gas or any other objectionable substance in sufficient quantity so as to render the gas toxic, unmerchantable or cause injury to or interference with the proper operation of the lines, regulators, meters or other appliances through which it flows,
 - b. shall not contain more than seven (7) milligrams of hydrogen sulphide per cubic metre of gas nor more than four hundred and sixty (460) milligrams of total sulphur per cubic metre of gas as determined by standard methods of testing,
 - c. shall not contain more than five (5) milligrams of mercaptan sulphur per cubic metre of gas,
 - d. shall not contain more than two point zero (2.0) molar percent by volume of carbon dioxide in the gas,
 - e. shall not contain more than zero point five (0.5) molar percent by volume of carbon monoxide in the gas,
 - f. shall not contain more than zero point four (0.4) molar percent by volume of oxygen in the gas,
 - g. shall not contain more than four point zero (4.0) molar percent by volume of hydrogen in the gas,
 - h. shall not contain more than sixty-five (65) milligrams of water vapour per cubic metre of the gas,
 - i. shall not have a hydrocarbon dewpoint exceeding minus ten (-10) degrees Celsius at five thousand-five hundred (5500) kPa pressure,
 - j. shall not contain less than one point zero (1.0) molar percent by volume of ethane in the gas,
 - k. shall at all times be interchangeable with other pipeline gas such that the yellow tipping, flashback and lifting factors shall be within the range permitted for gas according to AGA Research Bulletin No. 36.
3. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Section 2.

III. MEASUREMENTS

1. Storage, Transportation, and/or Sales Unit: ("The Unit") The Unit of the gas delivered to Union shall be a megajoule or a gigajoule. The unit of gas transported or stored by Union shall be a megajoule or a gigajoule. The unit of gas delivered by Union shall be a megajoule, a gigajoule, a cubic metre (m³) or one thousand cubic metres (10³m³) at Union's discretion.

2. Determination of Volume and Energy:
 - a. The volume and energy amounts determined under the Contract shall be determined in accordance with the Electricity and Gas Inspection Act (Canada), assented to 31 March, 1982 and the Electricity and Gas Inspection Regulations, P.C. 1986-116, 16 January, 1986, and any documents issued under the authority of the Act and Regulations and any amendments thereto.

 - b. The supercompressibility factor shall be determined in accordance with either the "Manual for Determination of Supercompressibility Factors for Natural Gas" (PAR Project NX-19) published in 1962 or with American Gas Association Transmission Measurement Committee Report No. 8, Nov. 1992, at Union's discretion, all as amended from time to time.

 - c. The volume and/or energy of the gas delivered to/by Union hereunder shall be determined by the measurement equipment designated in Article VII - Measuring Equipment, of this schedule.

IV. RECEIPT POINT AND DELIVERY POINT

1. Unless otherwise specified in the Contract, the point or points of receipt for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection specified in the Contract, where Union takes possession of the gas.

2. Unless otherwise specified in the Contract, the point or points of delivery for all gas to be covered hereunder shall be on the outlet side of the measuring stations located at or near the point or points of connection as specified in the Contract where Shipper takes possession of the gas.

V. POSSESSION OF AND RESPONSIBILITY FOR GAS

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VI. FACILITIES ON SHIPPER'S PROPERTY

Except under those conditions where Union is delivering to TCPL for TCPL or Shipper at Union's Parkway Point of Delivery, or to an Interconnecting Pipeline, or where otherwise specified in the Contract, the following will apply:

1. Construction and Maintenance: Union, at its own expense may construct, maintain and operate on Shipper's property at the delivery point a measuring station properly equipped with a meter or meters and any other necessary measuring equipment for properly measuring the gas redelivered under the Contract. Shipper will grant to Union a lease and/or rights-of-way over property of Shipper as required by Union to install such facilities and to connect same to Union's pipeline.

2. Entry: Union, its servants, agents and each of them may at any reasonable time on notice (except in cases of emergency) to Shipper or his duly authorized representative enter Shipper's property for the purpose of constructing, maintaining, removing, operating and/or repairing station equipment.

3. Property: The said station and equipment will be and remain the property of Union notwithstanding it is constructed on and attached to the realty of Shipper, and Union may at its own expense remove it upon termination of the Contract and will do so if so requested by Shipper.

VII. MEASURING EQUIPMENT

1. Metering by Union: Union will install and operate meters and related equipment as required and in accordance with the Act and Regulations referenced in Article III subparagraph 2.a.
2. Metering by Others: In the event that all or any gas delivered to/by Union hereunder is measured by a meter that is owned and operated by an Interconnecting Pipeline, then Union and Shipper agree to accept that metering for the purpose of determining the volume and energy of gas delivered to/by Union on behalf of the Shipper. The standard of measurement and tests for the gas delivered to/by Union hereunder shall be in accordance with the general terms and conditions as incorporated in that Interconnecting Pipeline company's gas tariff as approved by their regulatory body.
3. Check Measuring Equipment: Shipper may install, maintain and operate, at the redelivery point, at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of Union's measuring equipment at or near the delivery point, and shall be installed, maintained and operated in conformity with the same standards and specifications applicable to Union's metering facilities.
4. Rights of Parties: The measuring equipment installed by either party, together with any building erected by it for such equipment, shall be and remain its property. However, Union and Shipper shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of deliveries of gas to/by Union under the Contract. Either party will give the other party reasonable notice of its intention to carry out the acts herein specified. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten days after receipt thereof.
5. Calibration and Test of Measuring Equipment: The accuracy of Union's measuring equipment shall be verified by Union at reasonable intervals, and if requested, in the presence of representatives of Shipper, but Union shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party shall notify the other that it desires a special test of any measuring equipment, the parties shall 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, shall be borne by Shipper if the measuring equipment tested is found to be in error by not more than two per cent (2%). If, upon test, any measuring equipment is found to be in error by not more than two per cent (2%), previous recordings of such equipment shall be considered accurate in computing redeliveries of gas, but such equipment shall be adjusted at once to record as near to absolute accuracy as possible. If the test conducted shows a percentage of inaccuracy greater than two percent (2%), the financial adjustment, if any, shall be calculated in accordance with the Electricity and Gas Inspection Act (1982) and regulations thereunder, as may be amended from time to time and in accordance with any successor statutes and regulations.
6. Preservation of Metering Records: Union and Shipper shall each preserve for a period of at least six (6) years all test data, and other relevant records.

VIII. BILLING

1. **Monthly Billing Date:** Union shall render bills on or before the 10th day of each month for all services furnished during the preceding month. Such charges may be based on estimated quantities, if actual quantities are unavailable in time to prepare the billing. Union shall provide, in a succeeding month's billing, an adjustment based on any difference between actual quantities and estimated quantities, without any interest charge. If presentation of a bill to Shipper is delayed after the 10th day of the month, then the time of payment shall be extended accordingly, unless Shipper is responsible for such delay.
2. **Right of Examination:** Both Union and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Contract.

IX. PAYMENTS

1. **Monthly payments:** Shipper shall, unless otherwise directed by Union, pay directly into Union's account at the Canadian Imperial Bank of Commerce, Chatham, Ontario by electronic funds transfer to transit 010 00282, account 00-3301 if paying in Canadian funds; and, account 02-6717 if paying in US funds, so that Union shall receive payment from Shipper, on or before the twentieth (20th) day of each month, payment on the bill provided by Union. If the payment date is not a business day, then payment must be received in Union's account on the first business day preceding the twentieth (20th) day of the month.
2. **Remedies for non-payment:** Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due,
 - a. Shipper shall pay to Union interest on the unpaid portion of the bill accruing at a rate per annum equal to the minimum commercial lending rate of Union's principal banker in effect from time to time from the due date until the date of payment.
 - b. If such failure to pay continues for thirty (30) days after payment is due, Union, in addition to any other remedy it may have under the Contract, may suspend service(s) until such amount is paid. Notwithstanding such suspension, all demand charges shall continue to accrue hereunder as if such suspension were not in place.

If Shipper in good faith disputes the amount of any such bill or part thereof Shipper shall pay to Union such amounts as it concedes to be correct. At any time thereafter, within twenty (20) days of a demand made by Union, Shipper shall furnish financial assurances satisfactory to Union, guaranteeing payment to Union of the amount ultimately found due upon such bill after a final determination. Such a final determination may be reached either by agreement, arbitration decision or judgement of the courts, as may be the case. Union shall not be entitled to suspend service(s) because of such non-payment unless and until default occurs in the conditions of such financial assurances or default occurs in payment of any other amount due to Union hereunder.

Notwithstanding the foregoing paragraph(s), Shipper is not relieved from the obligation to continue its deliveries of gas to Union under the terms of any agreement, where Shipper has contracted to deliver specified quantities of gas to Union.

3. **Billing Adjustments:** If it shall be found that at any time or times Shipper has been overcharged or undercharged in any form whatsoever under the provisions of the Contract and Shipper shall have actually paid the bills containing such overcharge or undercharge, Union shall refund the amount of any such overcharge and interest shall accrue from and including the first day of such overcharge as paid to the date of refund and shall be calculated but not compounded at a rate per annum determined each day during the calculation period to be equal to the minimum commercial lending rate of Union's principal banker, and the

Shipper shall pay the amount of any such undercharge, but without interest. In the event Union renders a bill to Shipper based upon measurement estimates, the required adjustment to reflect actual measurement shall be made on the bill next following the determination of such actual measurement, without any charge of interest. In the event an error is discovered in the amount billed in any statement rendered by Union, such error shall be adjusted by Union. Such overcharge, undercharge or error shall be adjusted by Union on the bill next following its determination (where the term "bill" next following shall mean a bill rendered at least fourteen (14) days after the day of its determination), provided that claim therefore shall have been made within six (6) years from the date of the incorrect billing. In the event any refund is issued with Shipper's gas bill, the aforesaid date of refund shall be deemed to be the date of the issue of bill.

X. ARBITRATION

If and when any dispute, difference or question shall arise between the parties hereto touching the Contract or anything herein contained, or the construction hereof, or the rights, duties or liabilities of the parties in relation to any matter hereunder, the matter in dispute shall be submitted and referred to arbitration within ten (10) days after written request of either party. Upon such request each party shall appoint an arbitrator, and the two so appointed shall appoint a third. A majority decision of the arbitrators shall be final and binding upon both parties. In all other respects the provisions of the Arbitration Act of the Province of Ontario, or any Act passed in amendment thereof or substitution therefore, shall apply to each such submission. Operations under the Contract shall continue, without prejudice, during any such arbitration and the costs attributable to such arbitration shall be shared equally by the parties hereto.

XI. FORCE MAJEURE

1. The term "force majeure" as used herein shall mean acts of God, strikes, lockouts or any other industrial disturbance, acts of the public enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of wells or lines of pipe, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority (civil or military), any act or omission that is excused by any event or occurrence of the character herein defined as constituting force majeure, any act or omission by parties not controlled by the party having the difficulty and any other similar cases not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.
2. In the event that either the Shipper or Union is rendered unable, in whole or in part, by force majeure, to perform or comply with any obligation or condition of the Contract, such party shall give notice and full particulars of such force majeure in writing delivered by hand, fax or other direct written electronic means to the other party as soon as possible after the occurrence of the cause relied on and subject to the provision of this Article.
3. Neither party shall be entitled to the benefit of the provisions of force majeure hereunder if any or all of the following circumstances prevail: the failure resulting in a condition of force majeure was caused by the negligence of the party claiming suspension; the failure was caused by the party claiming suspension where such party failed to remedy the condition by making all reasonable efforts (short of litigation, if such remedy would require litigation); the party claiming suspension failed to resume the performance of such condition obligations with reasonable dispatch; the failure was caused by lack of funds; the party claiming suspension did not as soon as possible after determining or within a period within which it should acting reasonably have determined that the occurrence was in the nature of force majeure and would affect its ability to observe or perform any of its conditions or obligations under the Contract give to the other party the notice required hereunder.

4. The party claiming suspension shall likewise give notice as soon as possible after the force majeure condition is remedied, to the extent that the same has been remedied, and that such party has resumed or is then in a position to resume the performance of the obligations and conditions of the Contract.

XII. DEFAULT AND TERMINATION

In case of the breach or non-observance or non-performance on the part of either party hereto of any covenant, proviso, condition, restriction or stipulation contained in the Contract (but not including herein failure to take or make delivery in whole or in part of the gas delivered to/by Union hereunder occasioned by any of the reasons provided for in Article XI hereof) which has not been waived by the other party, then and in every such case and as often as the same may happen, the Non-defaulting party may give written notice to the Defaulting party requiring it to remedy such default and in the event of the Defaulting party failing to remedy the same within a period of thirty (30) days from receipt of such notice, the Non-defaulting party may at its sole option declare the Contract to be terminated and thereupon the Contract shall be terminated and be null and void for all purposes other than and except as to any liability of the parties under the same incurred before and subsisting as of termination. The right hereby conferred upon each party shall be in addition to, and not in derogation of or in substitution for, any other right or remedy which the parties respectively at law or in equity shall or may possess.

XIII. MODIFICATION

Subject to Union's Market Price Service Schedule, Schedule A, Article XV and the ability of Union to amend the Market Price Service Schedule, no amendment or modification of the Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union.

XIV. NON-WAIVER AND FUTURE DEFAULT

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XV. LAWS, REGULATIONS AND ORDERS

The Contract and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules and regulations of any competent legislative body, or duly constituted authority now or hereafter having jurisdiction and the Contract shall be varied and amended to comply with or conform to any valid order or direction of any board, tribunal or administrative agency which affects any of the provisions of the Contract.

**MPSS
NOMINATIONS**

- a) For Services provided either under this rate schedule or referenced to this rate schedule:
- i) For Services required on any day Shipper shall provide Union with a nomination (the "Shipper's Nomination") of the quantity it desires to be handled at the applicable Receipt Point, and/or Delivery Point. Such Shipper's Nomination is to be provided in writing so as to be received by Union's Gas Management Services on or before 1230 hours in the Eastern time zone, unless agreed to otherwise in writing by the parties, on the business days immediately preceding the day for which service is requested.
 - ii) If, in Union's sole opinion, operating conditions permit, a change in Shipper's Nomination may be accepted after 1230 hours in the Eastern time zone.
 - iii) For customers electing firm all day storage service, nominations shall be provided to Union's Gas Management Services as outlined in the Contract.
- b) Union shall determine whether or not all or any portion of Shipper's Nomination will be accepted. In the event Union determines that it will not accept such nomination, Union shall advise Shipper, on or before 1730 hours in the Eastern time zone on the business day immediately preceding the day for which service is requested, of the reduced quantity (the "Quantity Available") for Services at the applicable points. Forthwith after receiving such advice from Union but no later than 1800 hours in the Eastern time zone on the same day, Shipper shall provide a "Revised Nomination" to Union which shall be no greater than the Quantity Available. If such Revised Nomination is not provided within the time allowed as required above or such Revised Nomination is greater than the Quantity Available, then the Revised Nomination shall be deemed to be the Quantity Available. If the Revised Nomination (delivered within the time allowed as required above) is less than the Quantity Available, then such lesser amount shall be the Revised Nomination.
- c) That portion of a Shipper's Nomination or Revised Nomination, as set out in (a) and (b), above, which Union shall accept for Services hereunder, shall be known as Shipper's "Authorized Quantity".
- d) If on any day the actual quantities handled by Union, for each of the Services authorized, exceed Shipper's Authorized Quantity, and such excess was caused by either Shipper's incorrect nomination or by its delivering or receiving too much gas, then the amount by which the actual quantities handled for each of the Services exceed Shipper's Authorized Quantity, such excess shall be deemed "Unauthorized Overrun".
- e) The daily quantity of gas nominated by Shipper will be delivered by Shipper at rates of flow that are as nearly constant as possible, however, Union shall use reasonable efforts to take receipt of gas on any day at an hourly rate of flow up to one twentieth (1/20) of the quantity received for that day. Union shall have the right to limit Services when on any day the cumulative hourly imbalance between receipts and deliveries exceeds one twentieth (1/20) of the quantity handled for that day, for each applicable Service.
- f) A nomination for a daily quantity of gas on any day shall remain in effect and apply to subsequent days unless and until Union receives a new nomination from the Shipper or unless Union gives Shipper written notice that it is not acceptable in accordance with either (a) or (b) of this schedule.
- g) Except for periods of gas or quantity balancing as provided in the Contract, nominations by Shipper for deliveries to Union and redeliveries by Union shall be the same delivery of gas by Union either to Shipper or a Shipper's Account with Union.

h) Where Shipper's nomination for any day has been accepted by Union and it is subsequently determined that Shipper's Storage Balance had exceeded either the Maximum Storage Balance (the "Excess Storage Balance") or withdrawn a quantity of gas in excess of its quantities in Shipper's Storage Balance (the "Drafted Storage Balance"), Shipper agrees to take immediate steps to rectify this situation within ten (10) days of notice of such by Union. Should Shipper fail to obtain a zero (0) Excess Storage Balance or Drafted Storage Balance, as the case may be, during that ten (10) day period, then Union shall automatically extend the period of time from the day that such balance should have been brought to zero (0) for an "Extension Period" or additional Extension Period(s) (as may be required), of up to ten (10) days each, at rates and under terms as set out in paragraph (l) following. During any Extension period, Shipper shall use due diligence to either take delivery of the Excess Storage Balance gas quantities from or return the Drafted Storage Balance gas quantities to Union promptly.

i) The charges payable on all quantities in the Shipper's Excess Storage Balance or Drafted Storage Balance, and for any quantities outstanding at the start of an Extension Period, will be equal to either the MPSS Overrun of Maximum Storage Balance Rates or Drafted Storage Balance Rates, as the case may be, and shall be calculated from the first day that either of these accounts become utilized. Union, during any Extension Period, may upon forty-eight (48) hours verbal notice to Shipper (to be followed in writing), either take possession of Shipper's gas in storage (which shall be immediately forfeited to Union without further recourse), or replace the outstanding gas at Shipper's expense (which will include, all costs to replace such gas, plus a charge equal to 25% of such cost).

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