

**Contract No. HDS\_\_\_\_[- F24-S]**

**HIGH DELIVERABILITY STORAGE CONTRACT**

**BETWEEN**

**UNION GAS LIMITED**

**AND**

**SHIPPER**

**DATED Month, Day, Year**

**Schedule 1 Points and Pressures**  
**Schedule 2 Pricing Provisions**  
**[Schedule 3 F24-S Service]**

# HIGH DELIVERABILITY STORAGE CONTRACT

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**THIS HIGH DELIVERABILITY STORAGE 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**”, as defined in Article V herein;

AND WHEREAS, Shipper wishes to retain Union to provide such Storage Services, as set out herein, and Union has agreed, subject to the terms and conditions of this Contract, to provide the Storage Services 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 and those of Union’s MPSS, the provisions of this Contract shall prevail over Union’s MPSS.

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, and include:

Schedule 1 Points and Pressures

Schedule 2 Pricing Provisions

**[Schedule 3 F 24-S Service]**

1.08 Price Schedule: “**Union’s MPSS**” or “**MPSS**” shall mean Union’s Market Price Service Schedule, including Schedule “A” (General Terms and Conditions) and Schedule “B” (Nominations) , as last adopted by Union from time to time and posted to Union’s website with at least 30 days prior notice. Union’s MPSS 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) “**Additional Nomination Windows**” has the meaning given thereto in Schedule 3.

(b) “**Authorized Overrun**” shall mean the amount on any day by which Shipper’s Authorized Quantity exceeds Maximum Daily Injection Demand or Maximum Daily Withdrawal Demand, as the case may be.

(c) “**Daily Firm Quantity**” shall, on any gas day, mean the Maximum Daily Injection Demand if Shipper has nominated receipts into the Storage Account for that gas day, or the Maximum Daily Withdrawal Demand if Shipper has nominated deliveries from the Storage Account for that gas day.

(d) “**Drafted Storage Balance**” shall mean the amount by which the Storage Account is less than zero.

(e) “**Hourly Injection Quantity**” means the Maximum Daily Injection Demand divided by 20.

(f) “**Hourly Withdrawal Quantity**” means the Maximum Daily Withdrawal Demand divided by 20.

(g) “**Monthly Demand Charge**” has the meaning given thereto in Schedule 2.

(h) “**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 minus the quantity of gas delivered to Shipper by Union. Where the Storage Account is zero or a positive number,

Union is deemed to be providing a Storage Service for Shipper; and, where the Storage Account is a negative number, Union is deemed to be providing a Loan Service for Shipper.

(i) “**Shipper Quantity**” shall, on any gas day, be equal to the greater of: (i) the Authorized Quantity for that gas day; and (ii) the nomination duly made by Shipper in good faith prior to the nomination deadline for the first nomination window applicable for that gas day; provided that in no event shall the Shipper Quantity exceed the Daily Firm Quantity.

## 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 of 12 times the Monthly Demand Charge (as such term is defined in Schedule 2); and,

(e) Shipper and Union shall have entered into an Interruptible HUB Service Contract (the “**Facilitating Agreement**”) with Union; and

(f) Union shall have received a decision from the Lieutenant-Governor in Council (“**LGIC**”) supporting the Ontario Energy Board’s decision in the Natural Gas Electricity Interface Review EB – 2005 – 0551, which decision of the LGIC is satisfactory to Union, in Union’s sole discretion.

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), and (f) 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 April 17, 2008, 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 Services, 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 Storage Services available on such partially completed Expansion Facilities (the “**Partial Expansion Capacity**”) will be allocated in accordance with the allocation methodology used to allocate awards for the 2010 Dawn Deliverability Open Season announced February 4, 2008; 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 Storage Services under this Contract, then such Storage Services shall be deemed to be such lower allocated amount (and for greater certainty, this Contract shall nevertheless be deemed to have commenced) until, subject to Section 3.05 such time as this Contract is allocated additional Partial Expansion Capacity pursuant to this Section or until, subject to Section 3.05 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.

(d) For greater certainty, any allocation of Storage Services means that Shipper will receive the same percentage of Maximum Storage Balance, Maximum Daily Withdrawal Demand and Maximum Daily Injection Demand.

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**”):

A/ Storage Services:

(a) Union agrees, on any gas day and subject to Sections 5.01 B and C, to either receive a quantity of gas from Shipper at the Receipt Point and credit the Storage Account, or to deliver a quantity of gas to Shipper at the Delivery Point and debit the Storage Account, such quantity of gas as Shipper may nominate and Union has authorized for Storage Service; and

(b) The quantity of gas in the Storage Account shall not exceed \_\_\_\_\_ GJ (\_\_\_\_\_ MMBtu) (the “**Maximum Storage Balance**”).

B/ Maximum Daily Injection Demand:

Union shall under no circumstances be obligated to receive, on a firm basis, a quantity of gas in excess of the lesser of (such lesser quantity being referred to as the “**Maximum Daily Injection Demand**”):

(a) \_\_\_\_\_ GJ/d; and

(b) the largest quantity that could be added to the Storage Account without exceeding the Maximum Storage Balance.

Union agrees that it shall, upon the request of Shipper, use reasonable efforts to accept receipt of greater daily quantities, on an interruptible basis, if present or possible future operating conditions permit in Union's sole discretion. Any such greater daily quantities will be Authorized Overrun if so accepted.

C/ Maximum Daily Withdrawal Demand:

Union shall under no circumstances be obligated to deliver, on a firm basis, a quantity of gas in excess of the lesser of (such lesser quantity being referred to as the “**Maximum Daily Withdrawal Demand**”):

(a) \_\_\_\_\_ GJ/d; and

(b) the quantity remaining in the Storage Account.

Union agrees that it shall, upon the request of Shipper, use reasonable efforts to deliver greater daily quantities, on an interruptible basis, if present or possible future operating conditions permit in Union's sole discretion. Any such greater daily quantities will be Authorized Overrun if so accepted.

D/ Receipt and Delivery Point:

i) “**Receipt Point**” shall mean the point(s) where Union shall receive gas from Shipper as follows:

- Dawn (TCPL)
- Dawn (Facilities)

which points are more particularly described in Schedule 1.

ii) “**Delivery Point**” shall mean the point(s) where Union shall deliver gas to Shipper as follows:

- Dawn (TCPL)
- Dawn (Facilities)

which points are more particularly described in Schedule 1.

E/ Fuel:

Shipper shall provide the fuel requirements for all injections and withdrawals, in accordance with the MPSS.

[F / F24-S Service:

**F24-S Service (as such service is more particularly described in Schedule 3) has been selected with respect to:**

**(a) if Shipper has nominated receipts into the Storage Account, the lesser of: (i) \_\_\_\_\_ GJ/day; and (ii) that portion of the Maximum Daily Injection Demand available on a firm basis; and**

**(b) if Shipper has nominated deliveries into the Storage Account, the lesser of (i) \_\_\_\_\_ GJ/day; and (ii) that portion of the Maximum Daily Withdrawal Demand available on a firm basis;**

**such quantity being referred to as the “F24-S Quantity”.**

5.02 Accounting for Storage Services: All quantities of gas handled by Union shall be accounted for on a daily basis.

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.

5.04 Termination: The Storage Account shall be zero as of the Termination Date. It is Shipper’s responsibility to schedule its deliveries to ensure that the Storage Account is zero on the Termination Date. Any gas remaining in the Storage Account as of the Termination Date shall be immediately forfeited to Union without further recourse, unless transferred to an additional service that Shipper has contracted for with Union.

#### 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 is prevented by reason of an event of force majeure on Union’s system from receiving or delivering the Shipper Quantity; 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 Shipper Quantity as soon as practicable and on such day or days as are agreed to by Shipper and Union. To the extent that Union receives or delivers the Shipper Quantity 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 receive or deliver the Shipper Quantity 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 one-half of the applicable Daily Demand Rate, as defined in this Section, divided by the Daily Firm Quantity, and multiplied by the difference between the Shipper Quantity and (i) the amount by which the Storage Account increased that gas day if Shipper nominated receipts into the Storage Account, or (ii) the amount by which the Storage Account decreased that gas day if Shipper nominated deliveries from the Storage Account. 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 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 Authorized Overrun 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 Authorized Overrun 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 Authorized Overrun 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 the 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 - PRESSURES

9.01 Schedule 1 of this Contract shall govern receipt and delivery pressures which may be revised from time to time by Union upon written notice to Shipper.

Under no circumstances shall Union be obligated to receive or deliver gas hereunder at pressures exceeding the maximum allowable operating pressures prescribed under any applicable governmental regulations; nor shall Union be required to make any physical deliveries or to accept any physical receipts which its existing facilities cannot accommodate.

#### 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 MPSS, 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 MPSS.

(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 "B" of the MPSS [**except to the extent modified by Schedule 3**].

## 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 Agreements.

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 Charges. 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 Receipt Point and/or all Loaned Quantities, 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; and
- c) 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: \_\_\_\_\_  
Telephone: \_\_\_\_-\_\_\_\_-\_\_\_\_  
Facsimile: \_\_\_\_-\_\_\_\_-\_\_\_\_

Secondary Contact: Attention: \_\_\_\_\_  
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 nominations or other recorded electronic means, 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 Receipt Point or after its delivery by Union at the Delivery 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 MPSS) 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 MPSS, Schedule "A", Article XV, and the ability of Union to amend the MPSS 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.

Despite Section 1.04, 13.09 and any other provision of this Contract, any of the Sections of this Contract (other than Sections 3.01, 3.02, 4.01 and 5.01) or any portions thereof (the “**Contract Transition Provisions**”) shall be deemed to be superseded and deleted if a provision dealing with substantially the same matter is added to Union’s MPSS (including any schedule thereof) in accordance with Section 1.08 and such provision is expressed to supersede and replace the Contract Transition Provisions, all without the necessity of any further notice, action or documentation.

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 ensure 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. HDS\_\_\_\_[-F24-S]

**POINTS AND PRESSURES**

The following defines each Receipt Point and/or Delivery Point:

**DAWN (TCPL):** At the junction of Union's and TCPL's facilities, at or adjacent to Dawn (Facilities).

**DAWN (FACILITIES):** Union's Compressor Station site situated in the northwest corner of Lot Twenty-Five (25), Concession II, in the Township of Dawn-Euphemia, in the County of Lambton. This point is applicable for quantities of gas that have been previously transported or stored under other contracts that Shipper may have in place with Union.

**RECEIPT PRESSURES**

**DAWN (TCPL):** Receipts by Union shall be at a pressure of not less than 4,825 kPa.

**DAWN (FACILITIES):** Receipts by Union shall be at a pressure of not less than 4,825 kPa.

**DELIVERY PRESSURES**

**DAWN (TCPL):** Deliveries by Union shall be at a pressure of not less than 4,825 kPa.

**DAWN (FACILITIES):** Deliveries by Union shall be at a pressure of not less than 4,825 kPa.

**PRICING PROVISIONS**  
**STORAGE SERVICES**

Shipper agrees to pay Union the following for the Storage Services:

- (a) **Monthly Demand Charge:** Subject to b), a monthly demand charge of \_\_\_\_\_ Cdn per month (calculated as \_\_\_\_\_ Cdn multiplied by the Maximum Storage Balance, divided by 12). The total monthly demand charge is referred to as the “**Monthly Demand Charge**”. The Monthly Demand Charge will be pro-rated in accordance with the percentage of Storage Services allocated to Shipper under Section 4.02 if Union is providing Partial Expansion Capacity to Shipper.
- (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, 01, 2012, and each April 1st thereafter.
- (c) **Variable Storage Charges (including dehydration):** For each GJ of gas by which the Storage Account is increased or decreased at the end of each gas day, a charge equal to:
  - (i) the commodity charge (Firm Deliverability) plus 1/3<sup>rd</sup> of the dehydration charge (Dehydration) both as set out in Union’s MPSS under “Storage Service: Commodity Charge, Price/GJ If Shipper supplies fuel”, subject to change by Union upon 30 days written notice to Shipper; plus
  - (ii) an amount of fuel in kind (Firm Deliverability) as set out in Union’s MPSS under “Storage Service: Commodity Charges, Fuel Ratio % If Shipper supplies fuel”.
- d) **Authorized Overrun Charges:** For each GJ of gas withdrawn from or injected into the Storage Account on an Authorized Overrun basis, a charge equal to:
  - (i) the commodity charge (Injection/Withdrawal) plus 1/3<sup>rd</sup> of the dehydration charge (Dehydration) both as set out in Union’s MPSS under “Authorized Overrun: Commodity Charge, Price/GJ If Shipper supplies fuel”, subject to change by Union upon 30 days written notice to Shipper; plus
  - (ii) an amount of fuel in kind (Injection/Withdrawal) as set out in Union’s MPSS under “Authorized Overrun: Commodity Charges, Fuel Ratio % If Shipper supplies fuel”

- (iii) for each GJ of gas withdrawn from or injected into the Storage Account on an Authorized Overrun basis, an amount of fuel in kind equal to one GJ multiplied by the Authorized Overrun fuels as outlined in the MPSS under “If Shipper supplies fuel, Fuel Ratio %”.
  
- e) **Other Charges:** Any and all other charges and rates as may be set out in this Contract or in the MPSS, including charges relating to Unauthorized Overrun, Drafted Storage Balance and Overrun of Maximum Storage Balance.

**F24-S SERVICE**

1. **Nomination Windows**: If F24-S Service has been selected with respect to Storage Services, then with respect to the quantity available to Shipper on a firm basis as determined under Section 2 of this Schedule,

- (a) instead of the nomination window set out in item (a) (i) of Schedule “B” of Union’s Market Price Service Schedule, Shipper’s Nomination is to be provided by online nomination or other recorded electronic means as may be agreed to by Union, so as to be received by Union’s Gas Management Services on or before the NAESB nomination deadlines for the NAESB nomination windows, the TCPL STS nomination deadlines for TCPL’s STS nomination windows, or any of the other nomination deadlines set out in Table 1 below for Union’s additional nomination windows as specified with a “\*\*\*” in Table 1 below.

For greater certainty, Table 1 reflects the current NAESB and TCPL STS nomination cycles, nomination deadlines, effective time, elapsed hours and remaining hours, and such information shall be deemed to be automatically changed as applicable without further notice, action or documentation in the event that NAESB or TCPL change their respective nomination cycles, deadlines or effective times. In addition to the NAESB and TCPL STS nomination cycles, Table 1 also includes Union’s five additional nomination windows.

- (b) the timelines of item (b) of Schedule “B” of Union’s Market Price Service Schedule shall apply to the Timely Nomination window only (nomination #1 in Table 1 below). For the remainder of the nomination windows in Table 1 below (the “**Additional Nomination Windows**”), Union shall advise Shipper as soon as reasonably practical of the Quantity Available for F24-S Service, which shall only be limited by reasons of force majeure. Despite anything to the contrary herein, Shipper may not increase its nomination 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. In the event that the Quantity Available is less than Shipper’s Nomination, for purposes of the Additional Nomination Windows, Union shall endeavour to provide Shipper with the opportunity to submit a Revised Nomination; however, at no time shall Union be obligated to do so. For any and all instances where Shipper is unable to provide a Revised Nomination, or Union is not able to provide the Shipper with an opportunity to do so, or the Revised Nomination exceeds the Quantity Available, then the Revised Nomination shall be deemed to be the Quantity Available.

**Table 1**  
**Nomination Windows for F24-S Service**

Gas Day Nomination Cycles	Nom #	Nomination deadline	Effective Time	Elapsed Hours	Remaining Hours
Timely Nom*	1	12:45 Day Prior	10:00 Gas Day	0	24
Evening Nom*	2	19:00 Day Prior	10:00 Gas Day	0	24
STS 1**	3	10:00 Gas Day	12:00 Gas Day	2	22
Intraday 1*	4	11:00 Gas Day	18:00 Gas Day	8	16
12:00***	5	12:00 Gas Day	14:00 Gas Day	4	20
14:00***	6	14:00 Gas Day	16:00 Gas Day	6	18
STS 2**	7	16:00 Gas Day	18:00 Gas Day	8	16
18:00***	8	18:00 Gas Day	20:00 Gas Day	10	14
Intraday 2*	9	18:00 Gas Day	22:00 Gas Day	12	12
STS 3**	10	0:00 Gas Day	02:00 Gas Day	16	8
STS 4**	11	04:00 Gas Day	06:00 Gas Day	20	4
6:00***	12	06:00 Gas Day	08:00 Gas Day	22	2
7:00***	13	07:00 Gas Day	09:00 Gas Day	23	1

All times Eastern Clock Time.

\* NAESB nomination windows

\*\* TCPL STS windows

\*\*\* Union windows

2. **Firm Commitment:** Shipper's Nomination for the remainder of the gas day shall not exceed the lesser of:
  - (a) the hours remaining in the gas day (identified in Table 1 under the heading "Remaining Hours"), multiplied by: (A) the Hourly Injection Quantity if Shipper is nominating receipts into the Storage Account; or (B) the Hourly Withdrawal Quantity if Shipper is nominating deliveries from the Storage Account; and
  - (b) whether Shipper is nominating receipts into or deliveries from the Storage Account, the Maximum Daily Withdrawal Demand plus any Authorized Overrun less any quantities that had been accepted by Union as an Authorized Quantity (whether as receipts into or deliveries from the Storage Account) for any previous period of the gas day.
  
3. **Updates to Market Price Service Schedule:** Despite Sections 1.04, 13.09 and any other provision of this Contract, any of the Sections of this Schedule or any portions thereof (the "**Transition Provisions**") shall be deemed to be superseded and deleted if a provision dealing with substantially the same matter is added to Union's MPSS (including any schedule thereof) in accordance with Section 1.08 and such provision is expressed to supersede and replace the Transition Provisions, all without the necessity of any further notice, action or documentation.