

[Date]

[Customer Name and Address]

Re: Cash Deposit

Dear Sir(s):

This letter sets out the agreement between Union Gas Limited (“Union Gas”) and [Customer Name] (the “**Customer**”) with respect to any cash deposits that Union Gas may from time to time receive from Customer (“**Cash Deposit**”), as follows:

1. Pre-Payment. Customer agrees that the Cash Deposit is a pre-payment for services to be rendered by Union Gas and that Union Gas may offset all or any portion of the Cash Deposit against any amount owing by Customer or its affiliates to Union Gas for services rendered, howsoever arising and whether currently owing or arising in the future and whether arising under any existing contract between Customer or its affiliates and Union Gas or any contract entered into in the future. Union Gas may enforce its rights hereunder without advance notice to or consent of the Customer; provided that Union Gas shall deliver written notice to Customer after such enforcement.
2. Interest. Interest on the Deposit shall accrue at an annual percentage rate of 0.75% and will be paid by Union Gas to Customer annually.
3. No Limitation. Union Gas shall not be bound to exhaust or pursue any recourse against Customer or any other person before Union Gas may offset or otherwise deal with the Deposit. Union Gas shall be entitled to apply the Deposit pursuant to the terms of this letter notwithstanding any right or power of Customer or anyone else to assert any claim or defence respecting the invalidity or enforceability of any such obligations. Any remedy hereunder may be exercised separately or in combination and shall be in addition to and not in substitution of any other security, right or remedy Union Gas may have, however created, and Union Gas shall not be bound to exercise any such security, right or remedy prior to enforcing its rights hereunder. Union Gas may grant time, renewals, extensions, indulgences, releases and discharges to, take security from and return security to, and otherwise deal with the Customer or any other person as Union Gas may determine in its sole discretion, and may apply all moneys received from Customer or any other person to Union Gas as Union Gas may see fit, without in any way limiting or lessening the rights and powers of Union Gas hereunder. The obligations of Customer under this letter shall not be abrogated by any change in the organization or status of Customer or Union Gas. Customer shall have no right to withdraw or otherwise deal with the Deposit until such time as Customer and its affiliates have no on-going obligations to Union Gas. No delay by Union Gas in the exercise of any right or remedy shall operate as a waiver thereof and no single or partial exercise by Union Gas of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy.
4. Registration. The parties acknowledge that this letter is not intended to create a security interest in the Cash Deposit. Despite the foregoing, Customer acknowledges that Union Gas may, as a precaution, register on a without prejudice basis notice of this letter in any personal property security registry system.

5. Governing Law. This letter and all acts and transactions hereunder, and all rights of the parties hereto shall be governed as to validity, enforcement, construction, effect, and in all other respects, by the laws of the Province of Ontario, and shall be subject to the jurisdiction of the judicial courts in the Province of Ontario.
6. Counterparts. This letter may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument.

Please confirm your agreement with the foregoing by having the duplicate of this letter signed and returned to Union Gas.

UNION GAS LIMITED

By: _____

Acknowledged and agreed to as of [date].

[CUSTOMER NAME]

By: _____
Authorized Signatory

By: _____
Authorized Signatory