

**APPENDIX "A" TO  
BOARD DECISION AND ORDER  
IN THE MATTER OF EB-2006-0020**

Being a redacted, non-confidential version of a contract for storage services  
between Union Gas Limited and Nexen Marketing, identified as Contract No.  
LST050.

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**Contract No. LST050**

**STORAGE CONTRACT**

**BETWEEN**

**UNION GAS LIMITED**

**AND**

**NEXEN MARKETING**

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**DATED APRIL 1, 2006**

**Schedule "A" Pricing Provisions**

## STORAGE CONTRACT

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**THIS STORAGE CONTRACT** dated as of the 1<sup>st</sup> day of April, 2006,

**BETWEEN:**

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

**PARTY OF THE FIRST PART**

- and -

**NEXEN MARKETING**, a partnership formed under the  
laws of the Province of Alberta, (hereinafter referred to as  
"Shipper")

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**PARTY OF THE SECOND PART**

**WHEREAS**, Union owns and operates a natural gas storage system in southwestern 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 the exchange of one (\$1.00) dollar between the parties hereto, the payment 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 Schedule "A" attached to it, Union's C1 and/or M12 Rate Schedules, as defined below, the provisions of Schedule "A" shall prevail over the provisions of this Contract, and the provisions of Union's C1 and/or M12 Rate Schedules Contract shall prevail over those of this Contract.

1.05 Measurements: 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.

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

Schedule "A" - Pricing Provisions

1.08 (a) "Union's C1 Rate Schedule" or the "C1 Rate Schedule" or "C1" shall mean Union's C1 Rate Schedule, (including Schedules attached thereto), or such other replacement rate schedule which may be applicable to the Storage Services provided hereunder as approved by the Ontario Energy Board from time to time, and is incorporated into this Contract by reference as if fully set forth hereto.

(b) "Union's M12 Rate Schedule" or the "M12 Rate Schedule" or "M12" shall mean Union's M12 Rate Schedule, (including Schedules attached thereto), or such other replacement rate schedule which may be applicable to the Storage Services provided hereunder as approved by the Ontario Energy Board from time to time, and is incorporated into this Contract by reference as if fully set forth hereto.

1.09 Definitions: Capitalized terms and certain other terms used in this Contract and not specifically defined shall have the meaning set forth in Schedule "A" attached hereto and/or Union's C1 Rate Schedule, General Terms & Conditions and Nominations, unless the context hereof otherwise clearly requires. The following definitions shall be read and interpreted as though included in the aforementioned:

(a) "Authorized Quantity" shall have the meaning as set forth in Schedule "B" of Union's C1 Rate Schedule;

(b) "Contract Year" shall have the meaning as defined in Union's C1 Rate Schedule, General Terms & Conditions beginning on April 1, of each year, except for the first Contract Year which shall commence on the date as specified in Section 4.01 herein, and end on March 31, 2007;

(c) "Delivery Point" shall mean the point where Union shall deliver gas to Shipper, each described as follows:

Dawn (TCPL) : At the junction of Union's and TCPL's facilities, at or adjacent to Union's Compressor Station site situated in the northwest corner of Lot Twenty-Five (25), Concession II, in the Township of Dawn, in the County of Lambton; and,

Dawn (Facilities): Union's Compressor Station site situated in the northwest corner of Lot Twenty-Five (25), Concession II, in the Township of Dawn, 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;

(d) "Maximum Storage Balance" shall mean the quantity of storage space held available by Union for Shipper's utilization;

(e) "Receipt Point" shall mean the point where Union shall receive gas from Shipper, each described as follows:

Dawn (TCPL): At the junction of Union's and TCPL's facilities, at or adjacent to Union's Compressor Station site situated in the northwest corner of Lot Twenty-Five (25), Concession II, in the Township of Dawn, in the County of Lambton; and,

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Dawn (Facilities): Union's Compressor Station site situated in the northwest corner of Lot Twenty-Five (25), Concession II, in the Township of Dawn, 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;

(f) "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. Where a Loan Service is being provided, Shipper shall be charged pursuant to Schedule "A" for "Drafted Storage Balance"; and,

(g) "Unauthorized Overrun" shall have the meaning as set forth in Schedule "B" of Union's C1 Rate Schedule.

## ARTICLE II - GENERAL TERMS & CONDITIONS

2.01 The General Terms & Conditions for the Storage Services provided under this Contract will be those specified in Schedule "A" of Union's C1 Rate Schedule (hereinafter referred to as the "General Terms & Conditions"). The General Terms & Conditions, as specified, are hereby incorporated into and form an integral part of this Contract by reference, as if fully set forth hereto. For purposes of the General Terms & Conditions, all references to "Customer" shall be deemed to be references to Shipper.

## ARTICLE III - CONDITIONS PRECEDENT

3.01 The following conditions precedent shall be satisfied or waived by the party benefiting from the condition, subject to Section 3.03 herein, before the commencement of service obligations hereunder:

i) Conditions benefiting Union:

(a) Union shall have obtained the governmental, regulatory and other approvals or authorizations that are required to enable Union to render the Storage Services contemplated herein, and to render an account in accordance with the provisions of this Contract, including the Schedules attached hereto;

(b) Union shall, where applicable, have obtained all internal and external approvals including the governmental, regulatory and other approvals or authorizations required to construct any facilities necessary to provide the Storage Services hereunder, which approvals and authorizations, if granted upon conditions, shall be conditions satisfactory to Union;

(c) Union shall, where applicable, have completed those facilities necessary to provide the Storage Services hereunder;

(d) Shipper shall provide Union with the requisite security or financial assurances reasonably necessary to ensure its ability to honour the provisions of this Contract as determined solely by Union. Such security or financial assurances will be reasonable and in a form and amount acceptable to Union;

ii) Conditions benefiting Shipper:

(a) Shipper shall, as required, have entered into the necessary contracts with Union and/or others to facilitate the Storage Services contemplated herein; and,

(b) Shipper shall, where applicable, have received the governmental, regulatory and other approvals or authorizations that are required from the United States of America ("U.S.A.") and from Canada for the gas quantities handled under this Contract, which authorizations if granted upon conditions, shall be conditions satisfactory to Shipper.

3.02 Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfil their respective conditions precedent specified in Section 3.01. Each party shall notify the other forthwith in writing of their respective fulfilment or waiver of such conditions.

3.03 In the event that the conditions precedent as specified in Section 3.01, excluding Subsections 3.01 i) (b) and (c), are not satisfied, waived by the party deriving the benefit from that condition precedent with Union's consent or extended by mutual agreement by March 25, 2006, then the parties hereto shall, upon thirty (30) days written notice by either party, such notice to be made not before March 25, 2006, be released from all their obligations hereunder, and this Contract shall thereupon be terminated.

#### ARTICLE IV - TERM OF CONTRACT

4.01 This Contract shall be effective as of the date of execution hereof; however, the service obligations, terms and conditions hereunder shall, subject to Article III, commence on the later of April 1, 2006, or, if applicable, the day following the date that the conditions precedent in Section 3.01 are satisfied or waived and shall continue in full force and effect until March 31, 2010 (the "Termination Date").

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

4.03 For the purpose of completing a final determination of the actual quantities of gas handled in any of the Storage Services to Shipper, this Contract shall be deemed to be in effect for an extended period equal to the time during which the companies, that transport the gas contemplated herein for Union and Shipper, retain the right to amend their statements. Such extended period of time shall not exceed three (3) years from the date of termination of this Contract.

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#### 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 Storage Services, as follows:

##### A/ Storage Services:

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

(b) The quantity of gas in Shipper's Storage Account shall not exceed a Maximum Storage Balance of 2,110,112 GJ (2,000,000 MMBtu) during the period from April 1, 2006 to March 31, 2010; and,

(c) On June 30<sup>th</sup> of each Contract Year, the quantity of gas in Shipper's Storage Account shall not be below 316,517 GJ (300,000 MMBtu).

##### B/ Injection Demand:

Union shall not be obligated to receive a quantity of gas in excess of an "Injection Demand" as hereinafter defined:



(a) from October 1 through and including November 30, on an interruptible basis and subject to Subsection 5.01 B(c), a daily quantity equal to 0.5% of the Maximum Storage Balance; and,

(b) from December 1 through and including September 30, on a firm basis and subject to Subsection 5.01 B(c), and provided that the current balance in the Storage Account is:

- (i) less than 75% of the Maximum Storage Balance, a daily quantity equal to 0.75% of the Maximum Storage Balance; and,
- (ii) greater than or equal to 75% of the Maximum Storage Balance, a daily quantity equal to 0.5% of the Maximum Storage Balance; and,

(c) the difference between the Maximum Storage Balance and Shipper's Storage Account.

Under no circumstances shall Union be required to accept receipt of a quantity of gas in excess of the Injection Demand. 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 opinion.

C/ Withdrawal Demand:

Union shall not be obligated to deliver a quantity of gas in excess of a "Withdrawal Demand" hereinafter defined as:

~~(a) from April 1 through and including May 31, on an interruptible basis and subject to Subsection 5.01 C(c), a daily quantity equal to 1.2% of the Maximum Storage Balance; and,~~

(b) from June 1 through and including March 31, subject to Subsection 5.01 C(c), and provided that the current balance in the Storage Account is:

- (i) less than 25% of the Maximum Storage Balance, a daily quantity equal to 0.8% of the Maximum Storage Balance on a firm basis, plus, 0.4% of the Maximum Storage Balance on an interruptible basis; and,
- (ii) greater than or equal to 25% of the Maximum Storage Balance, a daily quantity equal to 1.2% of the Maximum Storage Balance on a firm basis; and,

(c) except on those days where the delivery of gas would result in Shipper's Storage Account being reduced to zero (0), in which event the Withdrawal Demand shall be limited to the quantity remaining in Shipper's Storage Account.

Under no circumstances shall Union be required to deliver to Shipper a quantity of gas in excess of the Withdrawal Demand. 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 opinion.

D/ Fuel:

Shipper shall provide the fuel requirements, per the M12 Rate Schedule in effect at the time and as may be amended from time to time.

5.02 Daily Quantity: The Injection Demand and/or Withdrawal Demand, as the case may be on any day, and as defined in Section 5.01, shall be known as the "Daily Quantity".

5.03 Authorized Overrun: The amount by which Shipper's Authorized Quantity exceeds the Daily Quantity.

5.04 Accounting for Storage Services: All quantities of gas handled by Union shall be accounted for on a daily basis. Storage Services provided hereunder shall be in accordance with the prescribed nominations procedures herein.

5.05 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.

5.06 Termination: Shipper's Storage Account is to be zero as of the Termination Date. It is Shipper's responsibility to schedule its deliveries to ensure that Shipper's Storage Account is zero on the Termination Date, except in the event that a force majeure, as provided for in Section 6.01 and where reasonably proven, has prevented delivery of quantities by Union to Shipper. Any gas remaining in Shipper's Storage Account as of the Termination Date, subject to other agreement of the parties hereto, shall be immediately forfeited to Union without further recourse.

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#### 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 a delay in either the delivery of the gas by Union or the acceptance of receipt of the gas by Union hereunder, and will extend the time required for Union's or Shipper's obligation to be fulfilled on a day for day basis.

If on any day Union fails to deliver the nominated and Authorized Quantity (up to the Withdrawal Demand) by reason of force majeure on Union's system, then for that day Union shall credit to Shipper's invoice an amount equal to the applicable Daily Demand Rate, as defined in this Section, multiplied by the difference between the quantity of gas actually delivered to Shipper during the said day and the quantity of gas which Shipper in good faith nominated on such day. "Daily Demand Rate" shall mean the Deliverability Rate for firm storage contained in Union's M12 Rate Schedule divided by the number of days in the month for which such rate is being calculated.

6.02 An event of force majeure, as contemplated under Section 6.01, or, upstream or downstream of Union's system, shall not relieve Shipper of any charges payable under Article VIII.

#### ARTICLE VII - SERVICE CURTAILMENT

7.01 Capacity Sharing: Where requests for interruptible Storage Services hereunder exceed the capacity available for such Storage Services, 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 are subordinate to any and all firm services supplied by Union.

7.02 Capacity Procedures: Union reserves the right to change its procedures for sharing 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. In the event that such event occurs and in Union's sole opinion, acting reasonably, may impact its ability to meet Shipper's requirements, Union shall provide at least ten (10) days notice to Shipper. 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 to be in breach of this Contract. To the extent that Union's ability to accept and/or deliver Shipper's gas is impaired, the time required for Union's obligation to be fulfilled on a day for day basis shall be extended. If on any day Union fails to deliver the nominated and Authorized Quantity (up to the Withdrawal Demand), then for that day Union shall credit to Shipper's invoice an amount equal to the applicable Daily Demand Rate, as defined in Section 6.01, multiplied by the difference between the quantity of gas actually delivered to Shipper during the said day and the quantity of gas which Shipper in good faith nominated on such day. 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, that can be scheduled and completed, and which would normally be expected to impact on Union's ability to meet its obligations of any Contract Year, during the period from April 1 through to November 15.

#### ARTICLE VIII - CHARGES AND RATES

8.01 The charges and rates to be billed by Union and paid for by Shipper for the Storage Services provided under this Contract and as agreed to by the parties, will be those specified in Schedule "A" attached hereto.

8.02 Prices exclude 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 Shipper shall, at any time, be in arrears under any of its payment obligations to Union, under this Contract, or otherwise indebted to Union, then Union shall be entitled to reduce the amount payable by Union to Shipper under this Contract by an amount equal to the amount of such arrears or other indebtedness to Union. 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. If Union shall, at any time, be in arrears under any of its payment obligations to Shipper, under this Contract, or otherwise indebted to Shipper, then Shipper shall be entitled to reduce the amount payable by Shipper to Union under this Contract by an amount equal to the amount of such arrears or other indebtedness to Shipper.

#### ARTICLE IX - PRESSURES

9.01 For Storage Services provided pursuant to Article V hereof:

(a) Receipts of gas by Union for the account of Shipper, at the Receipt Point, shall be made at a pressure of not less than 4,825 kPa; and,

(b) Deliveries of gas by Union for the account of Shipper, at the Delivery Point, shall be made at a pressure of not greater than 4,825 kPa.

Union shall operate its facilities at pressures which will normally permit the receipt and delivery of quantities scheduled for Storage Services hereunder; provided, however, that Union may at its discretion effect such receipts and deliveries by gas displacement. 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 - MEASUREMENT AND QUALITY

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 General Terms & Conditions, but, Union will use reasonable efforts to accept gas of a quality that may deviate from the quality standards set out therein. Union will also accept gas of a quality as set out in TCPL's General Terms and Conditions.

(b) Union shall cause Shipper to obtain measurement of the total quantity of gas to be received by Union hereunder from the upstream transporter(s) (or Union where applicable). Such measurement shall be done in accordance with established practices between Union and the upstream transporter(s) (or Union where applicable).

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 Union shall ask Shipper or Shipper's Agent to invoke its rights as Shipper with the upstream transporter(s) (or Union where applicable). Shipper shall exercise due diligence in the enforcement of any inspection and/or verification rights and procedures which Shipper or Shipper's Agent may have in relation to the meters owned and operated by the upstream transporter(s) (or Union where applicable) at the Receipt Point.

#### ARTICLE XI - NOMINATIONS

11.01 Nominations shall be pursuant to Schedule "B" of Union's C1 Rate Schedule. Schedule "B" of Union's C1 Rate Schedule is hereby incorporated into and forms an integral part of this Contract. For purposes of the Nominations Section, all references to "Customer" shall be deemed to be references to Shipper.

## 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, such certificates, permits, licenses and authorizations from regulatory bodies or other governmental agencies in the U.S.A. and Canada, as the case may be, as are necessary to enable Shipper, or others designated by Shipper, to deliver to Union at the Receipt Point and to export from the U.S.A. and import and deliver into Canada and/or export from Canada and import and deliver into the U.S.A., the quantities of gas to be handled by Union under this Contract. Shipper further warrants that it shall maintain the necessary contracts with Union and/or others to facilitate the Storage Services contemplated herein.

12.02 Financial Representations: Shipper represents and warrants that the financial assurances and representations provided to Union at the commencement of this Contract (if any) shall remain in place throughout the term hereof. Shipper shall notify Union in the event of any changes to the financial assurances and representations throughout the term hereof. Should Union, acting reasonably, solely determine that Shipper's financial condition warrants such, Shipper shall within fourteen (14) days of receipt of such 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"). In the event that Shipper does not provide to Union such Security, Union may deem a default under the Default and Termination provisions of Section XII of the General Terms & Conditions.

## ARTICLE XIII - MISCELLANEOUS PROVISIONS

13.01 Assignment: Shipper may not assign this Contract without the written consent of Union, the approval of the OEB, and any financial assurances as required by Union. Should Union consent to the assignment, Union will apply for OEB approval with all costs of the application to be paid by Shipper.

13.02 Notices: Subject to the express provisions of this Contract, 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:

Nexen Marketing  
801 - 7<sup>th</sup> Ave. S.W., Suite 1700  
Calgary, Alberta T2P 3P7

Nominations: Attention:

Downstream Nominations Group  
Telephone: 403-699-5885  
Facsimile: 403-699-7522

Secondary Contact: Attention: Ms. Tammie Carruthers  
Telephone: 403-699-4029  
Facsimile: 403-699-5752

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

Nominations: Attention: Manager, Gas Control  
Telephone: 519-436-5217  
Facsimile: 519-436-4635

Secondary Contact: Attention: Project Director, DEGT  
Telephone: 713-627-5054  
Facsimile: 713-989-3043

Notwithstanding the above, nominations shall be made by facsimile 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 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 and 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 and Union shall each indemnify and hold the other harmless against any and all suits, actions, debts, accounts, damages, costs, losses and expenses caused by or resulting from its control and possession of the gas stored hereunder.

13.05 Title to Gas: Shipper represents and warrants to Union that, Shipper shall have good and marketable title or legal authority to all gas delivered to Union hereunder, which gas is not subject to litigation. 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 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 originally executed copy, and it shall not be necessary in making proof of this Contract to produce all of such counterparts.

13.09 Amendments and Waivers: No amendment or waiver of any provision of this Contract nor consent to any departure of either party hereto shall in any event be effective unless the same shall be in writing and signed by each of the Shipper and Union and then such waiver or consent 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**

*I have authority to bind Union*

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**NEXEN MARKETING**

*I have authority to bind Shipper*

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Contract No. LST050