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By Overnight Courier (2 copies)

August 8, 2012

Ontario Energy Board
P.O. Box 2319, 26th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

Attn: Kirsten Walli, Board Secretary

Dear Ms. Walli

Re: Tribute Resources Inc. and Bayfield Resources Inc. on behalf of Huron Bayfield Limited Partnership and Bayfield Pipeline Corp. (collectively "Tribute")
Applications for Huron Bayfield Pool and Stanley Pool - Gas Storage Project
Board File Nos. EB-2011-0076; EB-2011-0077; EB-2011-0078; EB-2011-0285

And Re: INTERROGATORIES OF TRIBUTE TO PRE-FILED EVIDENCE OF THE CORPORATION OF THE MUNICIPALITY OF BLUEWATER

Please find enclosed herewith the Interrogatories of Tribute to Pre-filed Evidence of The Corporation of the Municipality of Bluewater which is served on you pursuant to the Board's Procedural Order No. 2.

Yours truly,

GIFFEN & PARTNERS



Per: **Christopher A. Lewis**

/rgb

Enc.

cc: McKinley Farms Ltd., 2195002 Ontario Inc. and Intervenors (see attached list)

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BY EMAIL TO:

Tribute Resources Inc.
309-D Commissioners Road West
London, ON N6J 1Y4
Attn: Jennifer Lewis
Email: jlewis@tributeresources.com

McKinley Farms Ltd.
P.O. Box 1900
St. Marys, ON N4X 1C2
Attn: Al Corneil
Email: acorneil@ttc.on.ca

2195002 Ontario Inc.
P.O. Box 1900
St. Marys, ON N4X 1C2
Attn: Al Corneil
Email: acorneil@ttc.on.ca

Jed Chinneck - Counsel for McKinley Farms Ltd. and 2195002 Ontario Inc.
Chinneck Law Professional Corporation
37 Ridout Street South
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Email: jed@chinneck.ca

Howard and Judith Daniel
25573 Nairn Road
R.R. #3
Denfield, ON NOM 1PO
Email: abbeydaniel@aol.com

Huron County Federation of Agriculture (HCFA)
P.O. Box 429
Clinton, ON NOM 1LO
Attn: Paul Nairn, OFA Member Service Representative
Email: paul.nairn@ofa.on.ca

Ministry of Natural Resources
Legal Services Branch
Room 3420
99 Wellesley Street West
Toronto, ON M7A 2S9
Attn: Phillip John Polten
Email: phil.pothen@ontario.ca
Attn: Demetrius Kappos
Email: demetrius.kappos@ontario.ca

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Municipality of Bluewater
P.O. Box 250
14 Mill Avenue
Zurich, ON NOM 1G0
Attn: Lori Wolfe, Chief Administrative Officer
Email: planninginfo@town.bluewater.on.ca

Stanley Bayfield Landowners Group
37869 Mill Road
R.R. #1
Bayfield, ON NOM 1G0
Attn: Marni Van Aaken
Email: vanaaken@tcc.on.ca

TransCanada Pipelines Ltd.
450 - 1 Street S.W.
Calgary, AB T2P 5H1
Attn: Patrick M. Keys, Senior Regulatory Counsel
Email: patrick_keys@transcanada.com
Attn: James Bartlett, Manager, Regulatory Research & Analysis
Email: jim_bartlett@transcanada.com
Attn: Nadine Berge, Senior Legal Counsel
Email: nadine_berge@transcanada.com

TransCanada Pipelines Ltd.
200 Bay Street, Royal Bank Plaza
24th Floor, South Tower
Toronto, ON M5J 2J1
Attn: Murray Ross
Email: murray_ross@transcanada.com

Union Gas Limited
P.O. Box 2001
50 Keil Drive North
Chatham, ON N7M 5M1
Attn: Mark Murray, Manager Regulatory Projects & Lands Acquisition
Email: mmurray@uniongas.com

Zurich Landowners Association
P.O. Box 304
Zurich, ON NOM 2T0
Attn: Heather Redick, Chair Executive Committee
Email: zurichlandowner@hay.net

Northern Cross Energy Limited
Suite 840-700 – 4th Avenue S.W.
Calgary, AB, T2P 3J4
Attn: Lynn O'Neil, Manager, Land and Contracts
Email: lonel@northerncross.ca

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BY MAIL TO:

Mary Erb

R.R. #1

Bayfield, ON N0M 1G0

EB-2011-0076, EB-2011-0077, EB-2011-0078, EB-2011-0285

TRIBUTE RESOURCES INC. and BAYFIELD RESOURCES INC.
as General Partner for Huron Bayfield Limited Partnership and
Bayfield Pipeline Corp. (collectively "Tribute")

INTERROGATORIES OF TRIBUTE TO PRE-FILED EVIDENCE OF THE CORPORATION OF
THE MUNICIPALITY OF BLUEWATER ("Bluewater")

1. Reference: Issues List – issues 4.3, 4.6, 4.7 & 4.8

Reference: Pre-filed Evidence of Bluewater – clause 7

Question 1: When Bluewater (through its predecessor The Corporation of the Village Bayfield) purchased the Bayfield STF Lands in 1999 was it aware that its title to the Bayfield STF Lands was subject to the following pre-existing agreements:

- (a) To a Gas Storage Lease Agreement dated March 27, 1979 and registered on December 8, 1982 as Instrument No. R200938 between William Gordon Porter & Nancy Charlene Porter as Lessor and James M. Harmon as Lessee (the "GSL") (see copy at Tribute's Pre-filed Evidence, Binder 3, Tab E7);
- (b) To a Petroleum and Natural Gas Lease and Grant dated March 22, 1996 and registered on October 25, 1996 as Instrument No. R312832 between William Gordon Porter & Nancy Charlene Porter as Lessor and Paragon Petroleum Corporation as Lessee (the "PNG Lease") (see copy at Tribute's Pre-filed Evidence, Binder 3, Tab E5); and
- (c) To a Unit Operation Agreement dated March 22, 1996 and registered on December 18, 1996 as Instrument No. R314210 between William Gordon Porter & Nancy Charlene Porter as Lessor and Paragon Petroleum Corporation as Lessee (the "UOA") (see copy at Tribute's Pre-filed Evidence, Binder 3, Tab E6).

2. Reference: same Reference as set out in Reference 1 above.

Question 2: Is Bluewater aware that the GSL, the PNG Lease and the UOA have all been assigned to Tribute by two Assignments each dated May 10, 2007 and each registered on May 31, 2007 as Instrument Nos. HC39044 & HC39050?

3. Reference: same Reference as set out in Reference 1 above.

Question 3: Is Bluewater aware that its ownership rights and surface rights in respect of the Bayfield STF Lands are subject to the prior rights of Tribute pursuant to the GSL, the PNG Lease and the UOA?

4. Reference: same Reference as set out in Reference 1 above.

Question 4: The GSL provides in part as follows:

“And for the consideration, rentals and payments aforesaid, the Lessor doth also hereby give and grant unto to Lessee insofar as the Lessor has the right so to grant the same, the right, liberty and privilege in, upon or across the surface of the demised lands to drill wells, to re-work, operate or abandon any and all wells now or hereinafter drilled on the demised lands, to lay down, construct, operate, maintain, inspect, remove, replace, reconstruct and repair roadways, pipes or pipelines, tanks, stations, structures, compressors and equipment necessary or incidental to the operations of the Lessee hereinbefore described; together with the right of withdrawing from the demised lands and of selling or otherwise disposing of the same, all such waters, salts, minerals and other substances as may be necessary to allow the injection and storage of gas therein and with the right of entering upon, using and occupying so much of the surface of the demised lands as may be necessary or convenient to carry out such operations and to fence any portion of the surface of the demised lands used by the Lessee.

2. That the Lessor has good title to the said lands as hereinbefore set forth, has good right and full power to lease the demised lands, rights and privileges in the manner aforesaid and that the Lessee upon performing and observing the covenants and conditions on the Lessee's part herein contained shall and may peacefully possess and enjoy the demised lands and the rights and privileges hereby granted during the said term and any renewal thereof without any interruption or disturbance from or by the Lessor or by any person whomsoever claiming under the Lessor.

23. Subject as hereinbefore provided, this Agreement shall enure to the benefit of and be binding upon the Parties hereto and each of them, their respective heirs, executors, administrators, successors and assigns.”

In light of the foregoing quoted portions of the GSL which has been assigned to Tribute, does Bluewater still maintain that Tribute does not have any access rights to the Bayfield STF Lands for the purpose of permitting vehicles, equipment, pipelines, structures or otherwise to be constructed on the Bayfield STF Lands in furtherance of Tribute's proposed storage operations? If the answer to this question is in the negative please provide full and complete details and reasons together with copies of any and all relevant documentation upon which Bluewater is relying to maintain its position.

5. Reference: same Reference as set out in Reference 1 above.

Question 5: When Bluewater constructed the Bayfield STF on the Bayfield STF Lands was it aware that Tribute (or its predecessors in title) had prior registered surface rights to use the Bayfield STF Lands pursuant to the GSL, the PNG Lease and the UOA? When was the Bayfield STF constructed?

6. Reference: same Reference as set out in Reference 1 above.

Question 6: Is Bluewater aware of the terms and conditions of the mineral rights reservation that was contained in the Transfer of the Bayfield STF Lands registered on November 15, 1999 as Instrument No. 338076 from William Gordon Porter & Nancy Charlene Porter to The Corporation of the Village of Bayfield (Bluewater's predecessor) (see copy at Tribute's Pre-filed Evidence, Binder 3, Tab E4). As a supplementary question, what does Bluewater understand by the following phrase contained in the said Transfer:

"The Transferee shall cooperate fully with the lessees named in the leases and other agreements relating to the Rights in accordance with the terms and conditions of such leases and other agreements and shall not do anything or take any step which has the effect or may have the effect of impairing such lessee's ability to exercise their respective rights under such leases or agreements; ..."?"

7. Reference: Issues List – issues 4.1 to 4.8 inclusive

Reference: Pre-filed Evidence of Bluewater – clause 8 of the Affidavit of Stephen McAuley sworn on July 13, 2012

Question 7: We direct you to Tribute's Pre-filed Evidence, Binder 4, Tab D4-4 which is a letter dated October 9, 2009 from Bluewater to Tribute stating in part that "the Municipality has no reason at this time to object to the preferred routing for the pipeline; however, the following concerns have been identified and will need to be addressed by Tribute prior to final approval by the Municipality: ...". In this letter Bluewater also sets out certain conditions that Tribute must satisfy. Is Bluewater still prepared to reiterate and stand by the terms of its October 9, 2009 letter? If the answer to this question is in the negative, please provide full and complete reasons as to why Bluewater's position has changed from that stated in its letter of October 9, 2009.

8. Reference: same Reference as set out in Reference 7 above.

Question 8: Does Bluewater have a pro forma road allowance agreement that it has used in the past to permit utilities, other persons or agencies to use road allowances in Bluewater? If the answer to this question is in the affirmative, please provide a copy of such pro forma agreement and is Bluewater prepared to enter into this form of agreement with Tribute provided the conditions and requirements set forth in Bluewater's letter of October 9, 2009 are complied with by Tribute?

9. Reference: same Reference as set out in Reference 7 above.

Question 9: Attached hereto as Schedule "1" is a pro forma road user agreement which Tribute proposes to enter into with Bluewater for the use of Bluewater's road allowance lands for the proposed pipeline route. Subject to Tribute complying with the conditions and requirements of Bluewater as set out in its letter of October 9, 2009 and subject to OEB approval, is Bluewater prepared to enter into this form of agreement with Tribute for the proposed pipeline? If not, please provide full and complete reasons making specific reference to the clauses in the attached pro forma document that Bluewater disagrees with and the changes that Bluewater requires in order to finalize a document that Bluewater is prepared to enter into or, in the alternative, please provide a copy of the pro forma road user agreement that Bluewater is prepared to enter into with Tribute.

10. Reference: Issues List – issue 4.5

Reference: Pre-filed Evidence of Bluewater – clause 9 of the Affidavit of Stephen McAuley sworn on July 13, 2012

Question 10: Tribute repeats the quotation from its GSL as set out in Question 4 above. Given that it is Tribute's position that it legally holds valid surface rights over the Bayfield STF Lands and the other lands comprising of the proposed Bayfield DSA (which are held by similar storage lease provisions), does Bluewater not acknowledge and recognize that by virtue of Tribute's pre-existing surface rights that any subsequent proposed or possible future wind power development over the same lands would require some form of mutual co-existence or non-disturbance agreement to be negotiated between Tribute and the holder of the subsequent wind power development rights over the Bayfield DSA? Tribute hereby undertakes to seriously consider any requests from a company that acquires wind power development rights over the proposed Bayfield DSA, to negotiate in good faith and, provided that Tribute's proposed gas storage operations are not comprised, to negotiate a mutually agreeable mutual co-existence agreement or non-disturbance agreement with such company that acquires wind power development rights over the proposed Bayfield DSA subsequent to those now held by Tribute by virtue of its Gas Storage Leases. Does Bluewater accept this assurance recognizing at the same time that Tribute does have prior legal registered surface rights over the proposed Bayfield DSA?

11. Reference: same Reference as set out in Reference 10 above.

Question 13: Please provide full and complete details of any easement agreements or option agreements in favour of wind power corporations that affect or are registered against title to Tribute's proposed designated storage area for the Bayfield Pool. If there are no such easement agreements or option agreements please explain how any future wind power corporation that proposes to develop a wind farm covering the lands comprising of the proposed designated storage area for the Bayfield Pool can acquire prior surface rights over such lands to those being enjoyed by Tribute and provide full and complete details of the same.

Schedule "1"

This Agreement made in quadruplicate this ____ day of _____, 2012

BETWEEN:

THE CORPORATION OF THE MUNICIPALITY OF BLUEWATER
(hereinafter referred to as the "Municipality")

OF THE FIRST PART

- and -

BAYFIELD PIPELINE CORP.
a company incorporated pursuant to the laws
the Province of Ontario

(hereinafter referred to as the "Company")

OF THE SECOND PART

WHEREAS the Municipality is the owner of or otherwise exercises jurisdiction over Municipality Roads within the Municipality of Bluewater (hereinafter referred to as the "Road Allowance" or "Road Allowances");

AND WHEREAS the Company has applied to the Municipality for permission to install, construct, maintain, and operate natural gas pipelines and related equipment and facilities within such Road Allowances;

AND WHEREAS the Municipality has agreed to grant permission to the Company to install, construct, maintain, and operate such natural gas pipelines and related equipment and facilities over, along, across or under the Road Allowances, subject to the terms and conditions set forth below;

NOW THEREFORE, in consideration of the terms, covenants and provisions of this Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. This Agreement shall be for a term of twenty (20) years from the date hereof, subject to early termination as contemplated in this Agreement (the "Term"). The parties hereto agree that at least one (1) year prior to the expiration of the Term, if the Company is not and has not been in default of the terms, covenants, provisions and conditions in this Agreement and if the Company has provided the Municipality with written notice, the Company and the Municipality shall use reasonable commercial efforts to negotiate a further term of this Agreement. Nothing in this provision shall oblige either the Municipality or the Company to extend the Term.
2. During the Term, the Municipality hereby grants to the Company from the date hereof permission to place, replace, construct, re-construct, maintain, operate, and repair natural gas pipelines and related connections, attachments, and apparatus required for the transportation of natural gas (hereinafter referred to as "natural gas pipelines and related equipment and facilities") over, along, across, or under the Road Allowances as identified on Schedule "A" hereto (the "Easement Rights").
3. In consideration for the Easement Rights, the Company shall pay to the Municipality,
 - (a) An initial payment of *[insert initial payment amount]* on or before the date of execution of this Agreement; and
 - (b) Subject to the annual adjustments set out below, an annual fee of *[insert annual fee]*, per kilometer of pipeline to be paid to the Municipality on or before the 1st day of _____ of each year of the term of this Agreement, commencing _____ 1st, 20XX.
 - (c) Work permit fees as established by the Municipality from time to time.

The parties hereby acknowledge that the annual fee in Section 3(b) shall be increased annually by an amount that shall be equal to the annual increase in the cost of living as determined by the Consumer Price Index. If the Consumer Price Index decreases in any

year, the said annual fee shall not be adjusted.

4. The Company shall deposit with the Municipality a security deposit or a Letter of Credit which shall be held by the Municipality during the Term for the purpose of securing the Company's compliance with the terms, covenants and provisions of this Agreement. The amount of the security deposit or Letter of Credit shall be determined by the Municipality at the beginning of each year of the Term. Upon the commencement of the Term, the Company shall deposit with the Municipality either a security deposit in the amount of One Hundred Thousand (\$100,000.00) Dollars or a Letter of Credit in the amount of One Hundred Thousand (\$100,000.00) Dollars. At the beginning of each year of the Term, the Company shall make arrangements to provide any additional security required within ten (10) days of receiving notice of the security required by the Municipality. Failure by the Company to provide the required security within the time frame set out in this Section 4 shall constitute default under this Agreement.
5. The Company agrees that, prior to the commencement of any work undertaken pursuant to the Easement Rights granted hereunder, it shall apply for a Work Permit and provide plans, and specifications satisfactory to the Municipal Engineer. The said plans shall be drawn to scale and shall have sufficient detail to be satisfactory to the Municipal Engineer. The Company agrees to undertake any and all such works to which the Municipality has consented in strict accordance with such plans and specifications and the Work Permit issued by the Municipality. The location of the work as shown on the said plans must meet all the reasonable requirements of the Municipal Engineer and the timing, terms and conditions relating to the installation of such works must meet the Technical Standards and Safety Authority's and the Engineer's requirements. The Company acknowledges that following the issuance of the Work Permit, the decision of the Municipality as to the permitted location of any such natural gas pipeline and related equipment and facilities, if granted, shall be final and without appeal, recourse, or remedy by the Company.
6. Without limiting the requirements of the above, the Company agrees to install the gas main and appurtenances within 0.15 metre of the location specified in the Work Permit and plans. The Company further agrees that it will not deviate from the approved location for any part of the gas system unless prior written approval of the Municipal Engineer to do so is received.
7. The Company further agrees that, within thirty (30) days of completion of any work undertaken pursuant to the Easement Rights granted hereunder, it shall deposit with the Municipality constructed plans detailing the location and specifications of any natural gas pipelines and related equipment and facilities placed, constructed, or installed pursuant to the Easement Rights granted hereunder.
8. The Company agrees that any work to be undertaken pursuant to the Easement Rights granted hereunder and for which a permit is required shall be undertaken and completed at such reasonable time or times as the Municipality may specify in such permit and, without limiting the generality of the foregoing or any other term hereof, all such work shall be undertaken and completed in such manner so as not to cause unnecessary nuisance or damage to the Municipality or its property or to any ratepayers or users of such Road Allowance.
9. The Company hereby acknowledges that it installs, reinstalls, constructs, reconstructs, places, replaces, maintains, operates, and repairs its natural gas pipelines and related equipment and facilities in accordance with the Easement Rights granted hereunder entirely at its own risk and the Municipality shall in no way and in no circumstances be responsible or liable to the Company, its contractors, agents, or customers for any damage or losses in consequence thereof, regardless of how such damage or loss was suffered.
10. The Company acknowledges and agrees that the Easement Rights granted hereunder and the placement, construction, installation, location, and operation of any natural gas pipelines and related equipment and facilities are subject to the following:
 - (a) The right of free use of the Road Allowance by all persons or parties otherwise entitled to such use;
 - (b) The rights of the owners of the property adjoining any relevant Road Allowance to full access to and egress from their property and an adjacent right-of-way, highway, street, or walkway and the consequential right of such persons or parties to construct crossings and approaches from their property to any such right-of-way, highway, street, or walkway; and

- (c) The rights and privileges that the Municipality may have previously granted to any other person or party to such Road Allowance or lands.
11. In the event that the Company wishes to relocate a natural gas pipeline or related equipment and facilities as have been previously installed, placed, or constructed in accordance with the Easement Rights granted hereunder, the Company shall apply for a Work Permit from the Municipality and such permit will thereafter be considered and administered by the Municipality as if it were an application for a new installation, construction, or placement of a natural gas pipeline and related equipment and facilities within the Road Allowance or other public lands hereunder.
 12. If in the course of constructing, reconstructing, changing, altering, maintaining or improving any highway or any municipal works, the Municipality deems it necessary to take up, remove, or change the location of any part of the gas pipelines of 1.0 kilometres or less and/or appurtenances, the Company shall, within 90 days of being directed to do so and entirely at its own cost, remove and/or replace the gas pipeline and/or appurtenances to a location approved by the Municipal Engineer. In the event of the section of pipeline referred to above is in excess of a 1.0 kilometre replacement, the Company will be allowed 180 days for the removal and/or replacement.
 13. No excavation, opening or work which shall disturb or interfere with the surface of the traveled portion of the highway shall be made or done unless a Work Permit has first been obtained from the Municipal Engineer authorizing such work and all works shall be completed to his/her satisfaction. The Company also agrees that it shall thereafter maintain that portion of the said Road Allowance, or other lands to the satisfaction of the Municipality and at the sole expense of the Company by repairing any settling thereof to the satisfaction of the Municipality, acting reasonably. In the event that the Company shall fail to repair, maintain, and reinstate the said Road Allowance, or other lands of the Municipality, then in such case the Municipality may undertake the same and charge the costs thereof to the Company and the Municipality shall not be liable for any damage of any nature or kind howsoever caused by reason of such work undertaken by the Municipality as aforesaid and the Company hereby agrees to indemnify and save harmless the Municipality and all other concerned parties from any claims or damages of any party howsoever caused.
 14. The Company agrees that, in placing, replacing, constructing, reconstructing, maintaining, operating, and/or repairing natural gas pipelines or related equipment and facilities or in the event the Company undertakes any other work under and/or in conjunction with the Easement Rights hereunder, it shall use all due care and diligence to ensure there is minimal interference with the traveled portion of any Road Allowance or any pedestrian, vehicular, or other traffic thereon, or any use or operation of any ditch or drain adjacent to such public right-of-way, highway, street, or walkway.
 15. The Easement Rights hereby granted are also subject to the Company: (i) maintaining the surface and restoring the surface, to the extent possible, to the same condition as prior to the commencement of any work or the exercise of any Easement Rights contemplated herein; (ii) ensuring that the Easement Rights are exercised and carried out in a good, safe and workmanlike manner; (iii) being responsible for any damage caused at any time by the negligence by the Company or its agents, employees or contractors and for removing all debris from the work area following the undertaking of any of the Easement Rights contemplated herein; (iv) taking all steps necessary to protect the integrity and security of all existing equipment, installations, utilities, and other facilities within the Road Allowance or which might otherwise be located in, on, or under the Road Allowances or any adjacent lands; and (v) shall not cut, trim or otherwise interfere with any trees, brush, plants or other vegetation in exercising the Easement Rights granted hereunder without the Municipality's prior written consent.
 16. The Company further agrees that, prior to commencement of any work pursuant to the Easement Rights granted hereunder, it shall obtain the approval of any federal, provincial, or municipal government or agency having an interest in such work and, furthermore, the Company shall notify any other person or body operating any equipment or facilities within such Road Allowance or in the vicinity of such Road Allowance of the details of the anticipated work so as to ensure the absence of interference with or damage to such existing equipment and facilities by the said work.
 17. Notwithstanding and without limiting any other term hereof, the Company agrees and undertakes that it will place, replace, construct, reconstruct, maintain, operate, and repair its natural gas pipelines and related equipment and facilities in accordance with and

compliance with good engineering practices and, more specifically, all federal, provincial, and municipal laws and by-laws and in strict compliance with the reasonable directions and permissions as issued by the Municipality.

18. The Company agrees that, within fifteen (15) days of the date of execution of this Agreement, it shall arrange for and maintain liability insurance satisfactory to the Municipality, insuring, for the joint benefit of the Company and the Municipality as named insured, against all claims, liabilities, losses, costs, damages or other expenses of every kind that the Company and the Municipality may incur or suffer as a consequence of personal injury, including death, and property damages arising out of or in any way incurred or suffered in connection with the placing, maintenance, operation, or repair of the natural gas pipelines and related equipment and facilities and any other exercise of the Company's Easement Rights as contemplated by this Agreement, which insurance shall provide coverage with limits of liability not less than FIVE MILLION DOLLARS (\$5,000,000.00) per incident at the commencement of the Term hereof or such greater amount as may be specified hereafter by the Municipality having regard for inflation and the amount of damages which might reasonably be expected to be awarded from time to time by Courts of competent jurisdiction; the said insurance policy shall also confirm that it shall not be canceled or materially amended without providing the Municipality with thirty (30) days notice of such proposed amendment or cancellation; and the Company shall satisfy the Municipality, from time to time, that the premiums of such insurance have been paid and that such insurance remains in full force and effect; and the Company further agrees that, within seven (7) days of the effective date thereof, it shall deliver to the Municipality evidence of any changes to such policy of insurance as initiated by the involved insurer.
19. Notwithstanding any other provision in this Agreement, in the event that the Company is in default, which default continues for at least fifteen (15) days after written notification of such default is provided to the Company by the Municipality, then the Municipality shall have the absolute right to terminate this Agreement upon a further thirty (30) days written notice, which right shall be exercisable without recourse by or remedy to the Company. For purposes of this Section 19 and Section 20, "default" shall include,
 - (a) Cessation of use of any natural gas pipeline and related equipment and facilities installed, constructed, or maintained within the Road Allowance pursuant to permission granted hereunder for a period of not less than one hundred and eighty (180) days;
 - (b) Abandonment of any natural gas pipeline and related equipment and facilities as previously installed, constructed, or maintained within the Road Allowance pursuant to permission granted hereunder;
 - (c) Any assignment of rights and obligations hereunder without the prior written consent and permission of the Municipality not to be unreasonably withheld;
 - (d) The Company becoming insolvent, bankrupt, or making an authorized assignment or compromise with its creditors; or
 - (e) The Company's failure to comply with any term, covenant or provision of this Agreement or any other obligation created herein.
20. In the event of default by the Company and without such default being rectified within the time period referred to in Section 19 hereof, the Municipality shall have the right to terminate this Agreement and may also require the Company to remove all or any portion of the Company's natural gas pipeline and related equipment and facilities from within any Road Allowance within one hundred eighty (180) days of delivery of written demand for such removal, which removal shall be completed by the Company at its full expense and without recourse against the Municipality for such removal costs or any and all damage or damages associated therewith.
21. In the event the Company fails to remove all or any portion of a natural gas pipeline and/or related equipment and facilities within one hundred and eighty (180) days of receipt of written demand from the Municipality to do so, the Municipality shall have the right but not the obligation to remove and/or relocate such pipeline and related equipment and facilities, following completion of which work the Municipality shall deliver an invoice to the Company detailing the costs and expenses associated with same and the Company shall pay the amount of such invoice in accordance with the terms thereof. In the event the Company fails to remit payment of such invoice, the Municipality shall have the right to collect the full amount of such invoice in like manner as municipal taxes. The Municipality shall have the right to rely on the provisions of the Municipal Act (Ontario) in connection with its efforts to

collect such amounts. If the Municipality is required to remove a natural gas pipeline and related equipment and facilities as described above and without limiting the obligation of the Company to pay the costs thereof, the Company further agrees to,

- (a) Release the Municipality from any claims to damage to such pipeline and related equipment and facilities and/or other damages flowing from such removal and/or relocation;
- (b) Save harmless and indemnify the Municipality of and from any and all claims or damages by any party as against the Municipality in respect of such work; and/or
- (c) Restore and reinstate the Road Allowance or the municipal lands affected by such removal and/or relocation to as nearly the same condition that existed prior to the original installation.

22. In the event that the Company fails to undertake any work or take such actions as may be required under any work permit or pursuant to any term, covenant or provision of this Agreement, the Municipality shall have the right but not the obligation to take such actions or undertake such work as may be required for the purpose of remedying the default of the Company under this Agreement. In such circumstances, the Municipality shall deliver an invoice to the Company detailing the costs and expenses associated with same and the Company shall pay the amount of such invoice in accordance with the terms hereof. In the event the Company fails to remit payment of such invoice, the Municipality shall have the right to collect the full amount of such invoice in like manner as municipal taxes. The Municipality shall have the right to rely on the provisions of the *Municipal Act* (Ontario) in connection with its efforts to collect such amounts.

23. Notwithstanding the requirement of prior notice to the Municipality for the permission to commence any work hereunder, including notice of repair work to existing natural gas pipelines and related equipment and facilities, the parties agree that, in the event of an emergency in which the Company requires immediate access to such pipeline or related equipment and facilities and after reasonable and unsuccessful efforts to communicate with the Municipality, the Company may enter upon the subject Road Allowance and/or municipal lands without prior notice to the Municipality in order to gain access to such pipeline and/or related equipment and facilities in order to effect such works as are required to address such emergency and, in so doing, shall undertake any works to the standards and as are otherwise required by the terms of this Agreement and to thereafter provide written notification and details and specification of such repair works to the Municipality on the next municipal business day and to thereafter file amended plans and drawings detailing such repairs as is otherwise required by this Agreement. For the purposes of this provision, "emergency" shall mean a sudden unexpected occasion or combination of events necessitating immediate action. All work completed under this paragraph shall maintain the same location of the natural gas pipelines and related equipment as previously approved by the Municipality.

24. The Company hereby indemnifies and saves harmless the Municipality from and against all claims, suits, demands, liabilities, losses, costs (including but not limited to legal costs as between a solicitor and his own client), damages, and other expenses of every kind that the Municipality may incur or suffer as a direct or indirect consequence of the exercise of the Easement Rights granted hereunder or as a direct or indirect consequence of the Municipality entering into this Agreement.

25. The parties hereto agree as follows:

- (a) Any written notice provided for and contemplated by this Agreement will be delivered to the parties by hand or registered mail at the following addresses:

To Municipality: The Corporation of the Municipality of Bluewater
14 Mill Avenue
P.O. Box 250
Zurich, ON N0M 1G0
Attn: Clerk

To Company: Bayfield Pipeline Corp.
309 Commissioners Road West, Unit D
London, ON N6J 1Y4
Attn: Jane Lowrie

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Every such notice shall be deemed to have been received if personally delivered at the time of such delivery and if sent by prepaid registered mail, at the end of five (5) business days after the mailing thereof.

- (b) All overdue payments payable by the Company to the Municipality under the terms of this Agreement shall bear interest at the rate of ten (10%) per cent per annum.
- (c) The Company is prohibited from assignment of its rights and obligations hereunder without the written consent and permission of the Municipality, which consent and permission may be unreasonably withheld.
- (d) Each obligation of the parties hereto contained in this Agreement, even though not expressed as a covenant, is considered for all purposes to be a covenant.
- (e) Each covenant in this Agreement is a separate and independent covenant and a breach of covenant by either party will not relieve the other party from its obligation to perform each of its covenants, except as otherwise provided herein.
- (f) No supplement, modification, amendment, or waiver of this Agreement shall be binding unless executed in writing by the parties.
- (g) This Agreement is binding upon and enures to the benefit of the parties hereto and their respective successors, and permitted assigns.

IN WITNESS WHEREOF the parties hereto affix their hands and seal or corporate seals, attested to by the hand of their authorized officers, as the case may be, at _____, Ontario, this _____ day of _____, 20____.

SIGNED, SEALED AND DELIVERED
In the presence of

**THE CORPORATION OF THE
MUNICIPALITY OF BLUEWATER**

Mayor

Clerk

(We have authority to bind the Corporation.)

BAYFIELD PIPELINE CORP.

Jane Lowrie, President

(I have authority to bind the Corporation.)

SCHEDULE "A"

2151629.1