

LEARNERS

Lerners LLP

Lawyers

85 Dufferin Avenue

P.O. Box 2335

London, Ontario N6A 4G4

Telephone: 519.672.4510

Facsimile: 519.672.2044

www.lerners.ca

John W.T. Judson

Direct Line: 519.640.6322

Direct Fax: 519.932.3322

jjudson@lerners.ca

November 2, 2012

FILE NUMBER 2617-00197

SENT BY E-MAIL: boardsec@ontarioenergyboard.ca

BY FACSIMILE: 1-416-440-7656

BY REGULAR MAIL (2 copies)

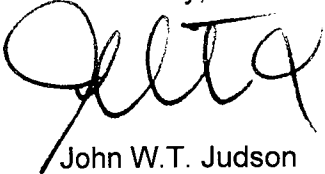
Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 23 19
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms Walli:

**Re: Tribute Resources Inc. – Huron Bayfield Storage Project Development
OEB File Nos. EB-2011-0076; EB-2011-0077; EB-2011-0078; and EB-2011-0285**

Please find enclosed the Submissions of the Corporation of the County of Middlesex, which is being served upon you pursuant to the Board's Procedural Order No. 5, dated September 18, 2012.

Yours truly,



John W.T. Judson

/ dcv

cc: Chris Traini, County of Middlesex
cc: See Attached List

3335526.1

APPLICANT & LIST OF INTERVENORS

Tribute Resources Inc. 309-E Commissioners Road West Attention: Jennifer Lewis, Chief Financial Officer London, ON N6J 1Y4 Tel: 519-657-2151 Fax: 519-657-4296 EM: jlewis@tributeresources.com	Municipality of Bluewater P. O. Box 250 14 Mill Avenue Zurich ON N0M 2T0 Attention: Lori Wolfe, CAO Tel: 519-236-4351 Ext: 235 Fax: 519-236-4329 EM: planninginfo@town.bluewater.on.ca
Giffen and Partners 465 Waterloo St. London ON N6B 2P4 Attention: Christopher Lewis Tel: 519-679-4700 EM: lewis@giffens.com	Stanley Bayfield Landowners Group 37869 Mill Road Bayfield on N0M 1G0 Attention: Marnie Van Aaken Tel: 519-565 5218 EM: vanaaken@tcc.on.ca
2195002 Ontario Inc. Box 1900 Industrial Road St. Marys ON N4X 1C2 Attention: Al Corneil EM: acorneil@tcc.on.ca	TransCanada PipeLines Limited 450 First Street S.w. Calgary AB T2P 5H1 Attention: Patrick M. Keys, Senior Regulatory Counsel Tel: 403-920-6237 Fax: 403-920-2420 EM: patrick_keys@transcanada.com
2195002 Ontario Inc. Jed Chinneck, Counsel Chinneck Law Professional Corporation 37 Ridout Street S. London ON N6C 3W7 Tel: 519-679-6777 Fax: 519-432-4811 EM: jed@chinneck.ca	TransCanada PipeLines Limited 450-1st Street S.W. Calgary AB T2P 5H1 Attention: Jim Bartlett, Manager, Regulatory Research & Analysis Tel: 403-920-7165 Fax: 403-920-2347 EM: jim_bartlett@transcanada.com
McKinley Farms Ltd. William D. Mitches, Counsel Chinneck Law Professional Corporation 37 Ridout Street S. London ON N6C 3W7 Tel: 519-679-6777 Fax: 519-432-4811 EM: bill@chinneck.ca	TransCanada PipeLines Limited 450 - 1st Street S.W. Calgary AB T2P 5H1 Attention: Nadine Berge, Senior Legal Counsel Tel: 403-920-6253 Fax: 403-920-2357 EM: nadine_berge@transcanada.com

Huron County Federation of Agriculture P.O. Box 429 Clinton ON N0M1L0 Attention: Paul Nairn Tel: 519-482-9642 Fax: 519-482-1416 EM: paul.nairn@ofa.on.ca	TransCanada PipeLines Limited 200 Bay Street Royal Bank Plaza 24th floor, South Tower Toronto ON M5J 2J1 Attention: Murray Ross Tel: 416-869-2110 Fax: 416-869-2119 EM: murray_ross@transcanada.com
Ministry of Natural Resources 99 Wellesley St. W. Toronto ON M7A 1W3 Attention: Philip Pothen, Counsel Tel: 416-314-2068 EM: phil.Pothen@ontario.ca	Union Gas Limited 50 Keil Drive North, P.O. Box 2001 Chatham ON N7M 5M1 Attention: Mark Murray, Manager, Regulatory Projects and Lands Acquisition Tel: 519-436-4601 Fax: 519-436-4641 EM: mmurray@uniongas.com
Ministry of Natural Resources 99 Wellesley St. W., Rm 3420 Toronto ON M7A 1W3 Attention: Demetrius Kappos, Counsel Tel: 416-314-2007 Fax: 416-314-2030 EM: demetrius.kappos@ontario.ca	Zurich Landowners Association P.O. Box 304 Zurich ON N0M 2T0 Attention: Heather Redick Tel: 519-236-4945 EM: zurichlandowner@hay.net
Northern Cross Energy Limited Suite 840-700 4 th Avenue S.W. Calgary, AB T2P 3J4 Attention: Lynn O'Neill, Manager, Land and Contracts EM: lonel@northerncross.ca	Lambton County Storage Association 3024 Churchill Line, R.R. #3 Petrolia, ON N0N 1R0 Attention: Elaine Harris Tel: 519-845-3749 Fax: 519-845-3749 EM: elaine.harris3@gmail.com

ONTARIO ENERGY BOARD

**SUBMISSION OF
THE CORPORATION OF THE COUNTY OF MIDDLESEX**

Tribute Resources Inc.

Applications for Huron Bayfield Storage Project Development

**EB-2011-0076
EB-2011-0077
EB-2011-0078
EB-2011-0285**

November 2, 2012

Introduction

The Corporation of the County of Middlesex ("Middlesex") is writing this submission to address the Applications of Tribute Resources Inc. and Bayfield Resources Inc., on behalf of Huron Bayfield Limited Partnership and Bayfield Pipeline Corp. ("Applicants"). The Applications were filed with the Ontario Energy Board (the "Board"). Application numbers are set out below.

As noted in the staff submission of the Ontario Energy Board, the Applications are organized into four (4) Board files as follows:

- a. Development of Stanley Pool (Board File No. EB-2011-0076)
- b. Development of the Bayfield Pool (Board File No. EB-2011-0077)
- c. Leave to Construct a Natural Gas Pipeline (Board File No. EB-2011-0078)
- d. Request for Determination of Compensation (Board File No. EB-2011-0258)

In Procedural Order No. 1, the Board indicated that it would not decide the issue of compensation. Therefore, Middlesex is not taking any position on the compensation issue at this time.

With respect to the balance of Applications, Middlesex comments as follows:

Development of Stanley Pool:

Middlesex takes no position on the merits, location, need or design of the Stanley natural gas storage pool or the development of the Stanley Pool.

Development of Bayfield Pool:

Middlesex takes no position on the merits, location, need or design of the Bayfield natural gas storage pool or the development of the Bayfield Pool.

Leave to Construct a Natural Gas Pipeline:

Middlesex takes no position on whether the Board should make an Order for leave to construct a natural gas pipeline, subject to the following condition:

If an Order granting leave to construct a natural gas pipeline is granted, that Order should be conditional on the Applicants entering into a Road User Agreement satisfactory to Middlesex and other applicable municipalities and landowners.

Prior Negotiations between the Applicants and Middlesex:

Middlesex was contacted in connection with a proposed Road User Agreement ("RUA") in the Fall of 2009. At that time, Bayfield Pipeline Corp. submitted a draft RUA for Middlesex's comments. Comments were provided by Middlesex and a revised draft RUA was delivered to Bayfield Pipeline Corp. on or about November 9, 2009. Bayfield Pipeline Corp. met with Middlesex in late January, 2010 and responded in writing to Middlesex's comments on or about February 25, 2010. The response was general in nature and did not respond specifically to the revised draft RUA. After consultations between Middlesex and their solicitors, a more detailed letter dated March 25, 2010 set out some of the deficiencies in the response of Bayfield Pipeline Corp.

No response was received from Bayfield Pipeline Corp. from March 25, 2010 until July 26, 2012. At that time, a draft RUA was delivered to Middlesex by Bayfield Pipeline Corp., a copy of which is annexed hereto as Schedule "A". This draft RUA followed a meeting that occurred between Middlesex and Bayfield Pipeline Corp. during the week of July 19, 2012. The draft RUA was substantially similar to the draft RUA that was circulated in or about the Fall of 2009. In particular, Middlesex's amendments to the draft RUA Agreement and the issues raised on or about November 9, 2009 were not addressed in the most recent draft RUA. This was communicated to Bayfield Pipeline Corp. To date, no response has been received from Bayfield Pipeline Corp. or the other Applicants. Contrary to the Applicants' claims, there is no agreement with Middlesex.

Problems with the Current Draft Road User Agreement:

Middlesex wishes to negotiate an RUA with the Applicants in good faith. However, the failure of the Applicants to promptly address concerns that have been communicated to them and the failure of the Applicants to promptly respond to Middlesex's revised draft RUA has made it impossible for Middlesex to negotiate an acceptable RUA as of this date.

As noted, a copy of the July 26, 2012 draft of the RUA is attached as Schedule "A" to these materials. Middlesex shares many of the concerns with the RUA that Bluewater identified in its

As noted, a copy of the July 26, 2012 draft of the RUA is attached as Schedule "A" to these materials. Middlesex shares many of the concerns with the RUA that Bluewater identified in its submissions. The following concerns of Middlesex have not been satisfactorily addressed in the current draft of the RUA:

1. The signatory of the draft RUA is Bayfield Pipeline Corp. This is only one of the parties identified in the Applications as the Applicants. Middlesex has identified concerns with the strength of the signature of Bayfield Pipeline Corp. as it has no information on its business. There have been responses from the Applicants that Tribute Resources Inc. stands behind or will guarantee the covenants of Bayfield Pipeline Corp. on a reasonable basis. However, the terms of any performance guarantee have not been identified. In Middlesex's view, all Applicants should be responsible for compliance with the RUA.
2. There have been some discussions about a possible purchase of the Applicants by Union Gas Company. However, the status of these negotiations has never been clarified.
3. Middlesex must know who it is dealing with now and in the future. For that reason, it has requested restrictions on the assignment or transfer of any RUA to third parties. Middlesex must have confidence in and approve the party that it is dealing with. Bayfield Pipeline Corp. has not agreed to include any restrictions on the ability of the Applicants to transfer or assign the RUA to a third party.
4. Under Middlesex's Agreement with Union Gas Company, Union Gas Company has a Franchise Agreement that is exclusive for the right to use Middlesex's road allowances for the transportation of gas by pipeline. Middlesex has requested that a condition be inserted in the RUA confirming that Union Gas Limited must waive these rights under the Union Gas Franchise Agreement before the RUA is effective. No direct response to this concern has been received from Bayfield Pipeline Corp.
5. Middlesex has certain requirements for work permit approvals when third parties complete work on their road allowances. Middlesex has requested that the work permit approval process be followed by Bayfield Pipeline Corp. when it completes work on County road allowances. There has been no acceptance of this provision to date.

6. Middlesex has requested that the Easement Rights granted to the Applicants under the RUA be subject to Bayfield Pipeline Corp. making all payments and taking all steps that might be necessary to ensure no liens are registered against the road allowances due to the work completed on the road allowances by Bayfield Pipeline Corp. This provision has not yet been addressed by Bayfield Pipeline Corp.

7. Middlesex has requested that, in the event of default by Bayfield Pipeline Corp. under the RUA, the County may remove the natural gas pipeline and related equipment from within any road allowance and determine that Bayfield Pipeline Corp. should decommission its natural gas pipeline and related equipment. This is predicated on a default that remains in place for one hundred and eighty (180) days. If Bayfield Pipeline Corp. does not do so, the County can do this work. Bayfield Pipeline Corp. has not responded to this request.

8. The RUA sets out a term of twenty (20) years (Section 1). This twenty (20) year period provides minimal flexibility to Middlesex. Middlesex prefers a shorter term. Further, in the event of default under the Road User Agreement, Middlesex requires a right to terminate prior to the term's expiration. Otherwise, even when non-compliance has occurred, Bayfield Pipeline Corp. will retain its rights under the RUA.

9. Even after the twenty (20) year period, Section 1 of the draft RUA does contemplate that Middlesex and Bayfield Pipeline Corp. will use reasonable commercial efforts to negotiate a further term of the Agreement. While this part of Section 1 may be unenforceable, Middlesex prefers that the discretion of future municipal Councils should not be in any way fettered by the provisions of the RUA.

10. The easement rights in Section 2 should be on a non-exclusive basis. Section 2 does not refer to exclusive easement rights but it should be clear that other stakeholders may also have access to the road allowances.

11. There are no financial terms set out in Section 3 of the current draft RUA (the compensation section). There was an initial payment of Ten Thousand (\$10,000.00) Dollars proposed in a previous draft RUA provided by Bayfield Pipeline Corp. As well, in a prior draft RUA, there was an annual fee of Two Hundred and Fifty (\$250.00) Dollars per kilometre of pipeline, subject to Consumer Price Index Adjustments. These sums were set out in the prior

draft RUA. These sums would have to be negotiated by the parties in the final RUA. The most recent draft RUA has omitted financial compensation terms.

12. The security of One Hundred Thousand (\$100,000.00) Dollars for a Letter of Credit for the work has not been agreed upon by the parties. Middlesex has requested that this One Hundred Thousand (\$100,000.00) Dollar amount in security should be in addition any security required under a Middlesex work permit. This request has not been addressed by Bayfield Pipeline Corp.

13. With respect to insurance, Middlesex should reserve the right to increase the amount of insurance under its work permit process depending on the scope of the work that the Applicant is proposing on the road allowances.

14. In Section 19, there should be a specific provision dealing with failure to procure insurance. If insurance is not provided or lapses, the termination remedies of Middlesex should be automatic and not subject to a fifteen (15) to thirty (30) day written notice requirement.

There are other required revisions that are less fundamental in the draft RUA. For example:

a. In the second recital of the draft RUA, Bayfield Pipeline Corp. indicates that it has applied to Middlesex for permission to install the pipelines and related equipment and facilities within the road allowances. Middlesex has been approached but there has been no formal application.

b. In Section 6 of the draft RUA, the 0.15 metre location variance should be contingent on the proposed location within Middlesex's road allowance for the work. We anticipate that the 0.15 metre location will be acceptable as a general rule. However, if the proposed work is at the edge of the road allowance, this variance may be unacceptable.

c. The word "unnecessary" in Section 8 should be removed. No nuisance or damage to Middlesex or to its property or to its ratepayers should occur.

d. In Section 10 of the Agreement, the non-exclusive nature of the easement rights should be highlighted in the RUA.

- e. In Section 11, the phrase "or other public lands" should be removed. The easement rights would be granted within the road allowances under the RUA. The RUA will not apply to other public lands.
- f. In Section 14, it should be clear that the travelled portion of the road should always be open to vehicular or other traffic unless otherwise agreed by Middlesex.
- g. In Section 15(i), the words "to the extent possible" should be removed.
- h. Also, in Section 15(iii), Bayfield Pipeline Corp's responsibility should not be limited to negligence.
- i. In Section 17, the word "reasonable" should be removed. This qualification may restrict the ability of Middlesex to enforce its municipal laws and by-laws if Bayfield Pipeline Corp. views those by-laws as unreasonable.

Middlesex remains willing and available to enter into further negotiations with the Applicants for a RUA that reasonably addresses its concerns.

ALL OF WHICH IS RESPECTFULLY SUBMITTED

November 2, 2012



Lerners LLP
Barristers & Solicitors
85 Dufferin Avenue, P.O. Box 2335
London, Ontario N6A 4G4

John W.T. Judson LSUC#: 13935E
Tel: 519.640.6322
Fax: 519.932.3322
David M. Woodward LSUC#: 31533V
Tel: 519.640.6341
Fax: 519.932.3341

Lawyers for the Corporation of the County of
Middlesex

3623826.1

SCHEDULE A – County of Middlesex Submissions

Draft Road User Agreement delivered to Middlesex by Bayfield Pipeline Corp.

SCHEDULE "A"

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

BETWEEN:

(Insert Municipality/County name)
(hereinafter referred to as the "Municipality/County")

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

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

AND WHEREAS the Municipality/County 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/County with written notice, the Company and the Municipality/County shall use reasonable commercial efforts to negotiate a further term of this Agreement. Nothing in this provision shall oblige either the Municipality/County or the Company to extend the Term.
2. During the Term, the Municipality/County 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/County,
 - (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/County on or before the 1st day of _____ of each year of the term of this Agreement, commencing _____ 1st, 200X.
 - (c) Work permit fees as established by the Municipality/County 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/County a security deposit or a Letter of Credit which shall be held by the Municipality/County 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/County at the beginning of each year of the Term. Upon the commencement of the Term, the Company shall deposit with the Municipality/County 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/County. 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/County has consented in strict accordance with such plans and specifications and the Work Permit issued by the Municipality/County. 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/County 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/County 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/County 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/County 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/County 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/County 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/County and such permit will thereafter be considered and administered by the Municipality/County 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/County 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/County and at the sole expense of the Company by repairing any settling thereof to the satisfaction of the Municipality/County, 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/County, then in such case the Municipality/County may undertake the same and charge the costs thereof to the Company and the Municipality/County shall not be liable for any damage of any nature or kind howsoever caused by reason of such work undertaken by the Municipality/County as aforesaid and the Company hereby agrees to indemnify and save harmless the Municipality/County 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/County'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/County.

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/County, insuring, for the joint benefit of the Company and the Municipality/County as named insured, against all claims, liabilities, losses, costs, damages or other expenses of every kind that the Company and the Municipality/County 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/County 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/County with thirty (30) days notice of such proposed amendment or cancellation; and the Company shall satisfy the Municipality/County, 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/County 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/County, then the Municipality/County 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/County 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/County 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/County 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/County to do so, the Municipality/County 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/County 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/County shall have the right to collect the full amount of such invoice in like manner as municipal taxes. The Municipality/County 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/County 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/County 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/County of and from any and all claims or damages by any party as against the Municipality/County 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/County 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/County 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/County shall have the right to collect the full amount of such invoice in like manner as municipal taxes. The Municipality/County 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/County 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/County, the Company may enter upon the subject Road Allowance and/or municipal lands without prior notice to the Municipality/County 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/County 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/County.

24. The Company hereby indemnifies and saves harmless the Municipality/County 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/County 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/County 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/County: (Insert name and address)

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

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/County 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/County, 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 _____, 200__.

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