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March 3, 2015

*VIA RESS ELECTRONIC FILING*

**Attention: Kirsten Walli, Board Secretary**

Ontario Energy Board  
2300 Yonge Street  
27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Dear Madam Secretary:

**RE: Union Gas Ltd. – Dawn Parkway 2016 Expansion Project – OEB File No. EB-2014-0261  
GAPLO Table of Proposed Letter of Understanding Changes**

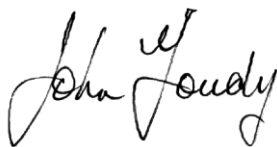
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We are the lawyers for the Gas Pipeline Landowners of Ontario (“GAPLO”) in the above noted proceeding. In connection with Board Issues 6 (landowner matters with respect to construction matters) and 11 (Board conditions), please find enclosed a table outlining the changes being proposed by GAPLO to Union Gas Limited’s Letter of Understanding (“LOU”) for the above noted project. With one exception (water well lab report), the proposed changes reflect the language from the Strathroy-Lobo LOU filed with the Board in EB-2005-0550. GAPLO intends to make reference to the enclosed table in cross-examination of Union’s witnesses and in final argument.

We trust this is satisfactory.

Yours truly,

SCOTT PETRIE LLP  
LAW FIRM



**John D. Goudy**

Encl.

HAMILTON TO MILTON LOU	GAPLO PROPOSED CHANGES
<p>The Company has applied to the Ontario Energy Board to construct a 48 inch diameter pipeline which will run approximately 20 kilometres starting at the existing Union Gas Hamilton Valve Site, approximately 400 metres east of Highway 6, and travelling parallel to an existing 48 inch Union Gas natural gas pipeline easement, and terminating at the existing Union Gas Milton Valve Site located 150 metres west of Philbrook Drive, south of Derry Road (the "Project"). As a result it will be necessary for the Company to enter onto the Landowner's property for the purpose of constructing and installing the pipeline.</p>	
<p>The Company recognizes that the construction of the pipeline may result in damage to the Landowner's property and a disruption to the Landowner's daily activities for which the Company is obligated to compensate the Landowner and observe various construction techniques to minimize such damages.</p> <p>It is the policy of the Company that Landowners affected by its pipeline projects be dealt with on a consistent basis that is fair to both parties. This Letter of Understanding represents the results of negotiations between the Company and the Landowner and outlines the obligations of each party with respect to:</p> <ul style="list-style-type: none"> <li>i) The construction of the pipeline;</li> <li>ii) Remediation of the Landowner's property; and,</li> <li>iii) Compensation to the Landowner for various damages as a result of the construction of the pipeline.</li> </ul>	

HAMILTON TO MILTON LOU	GAPLO PROPOSED CHANGES
<p>The parties acknowledge that the Company is required to adhere to all of the conditions set out in the Leave to Construct Order of the Ontario Energy Board and that the foregoing are additional undertakings that the Company has agreed upon with the Landowner on the Project. A copy of the Conditions of Approval will be mailed to the Landowner upon request.</p>	
<p><b><u>1. Pre-Construction Meeting</u></b>                      Prior to construction, the Company’s representatives shall visit with the Landowner to conduct a preconstruction interview. During this interview the parties will review the timing of construction and discuss site specific issues and implementation of mitigation and rehabilitation measures in accordance with the provisions of this Letter of Understanding. For greater certainty, and to help ensure Landowner requests are implemented, the Company will document the results of such meetings and provide a copy to the Landowner.</p>	
<p><b><u>2. Testing For Soybean Cyst Nematode</u></b>                      In consultation with the Landowner, the Company agrees to sample all agricultural easements along the pipeline route of this Project, before construction, and any soils imported to the easement lands for the presence of soybean cyst nematode (SCN) and provide a report of test results to the Landowner. In the event the report indicates the presence of SCN, the Company will work with OMAFRA to develop the most current best practice at the time of construction. The Company will also test for SCN whenever it is conducting post-construction soil tests.</p>	<p>Add back in from SL: “will work with OMAFRA and the University of Guelph to develop a best practices protocol to handle SCN when detected and will employ the most current best practice at the time of construction.”</p>
<p><b><u>3. Continued Supply of Services</u></b>                      Where private water or utility lines are planned to be interrupted, the Company will supply temporary service to the affected Landowners prior to service interruption. In the case of unplanned interruption, temporary services will be provided by the Company at the earliest possible opportunity.</p>	

HAMILTON TO MILTON LOU	GAPLO PROPOSED CHANGES
<p><b><u>4. Water Wells</u></b>                      To ensure that the quality and quantity (i.e. static water levels) of well water and/or the well itself is maintained, a monitoring program will be implemented for all dug or drilled wells within 100 metres of the proposed pipeline and for any other wells recommended by the Company's hydrogeology Consultant. All samples will be taken by the Company's environmental personnel and analyzed by an independent laboratory. Results of testing will be summarized in a letter and will be provided to the Landowner.</p> <p>Should well water (quantity and/or quality) or the well itself, be damaged from pipeline installation/operations, a potable water supply will be provided and the water well shall be restored or replaced as may be required.</p>	<p>Lab report should be made available to landowner on request</p>
<p><b><u>5. Staking of Work Space</u></b>                      The Company agrees to stake the outside boundary of the workspace necessary for the construction of this Project which may include an easement and temporary land use area.</p> <p>The stakes will be located at 30 metre (98.4 foot) intervals prior to construction. The intervals or distance between stakes may decrease as deemed necessary in order to maintain sight-lines and easement boundaries in areas of sight obstructions, rolling terrain or stream and road crossings.</p>	<p>Restore additional language from SL:</p> <p>Where topsoil is to be stored off easement, the stakes will not be removed during the stripping operation.</p> <p>The Company will restake the easement limit for post construction tile work at the request of the landowner.</p>
<p><b><u>6. Topsoil Stripping</u></b>                      Prior to installing the pipeline in agricultural areas, the Company will strip topsoil from over the pipeline trench and adjacent subsoil storage area. All topsoil stripped will be piled adjacent to the easement and temporary land use areas in an area approximately 10 metres (33') in width. The topsoil and subsoil will be piled separately and the Company will exercise due diligence to ensure that topsoil and subsoil are not mixed. If</p>	<p>Restore additional language from SL:</p> <p>At the request of a landowner a mulch layer will be provided between the existing topsoil and the stripped topsoil pile in situations where a crop is not present.</p> <p>At the landowner's request, separation of distinct subsoil</p>

<p><b>HAMILTON TO MILTON LOU</b></p>	<p><b>GAPLO PROPOSED CHANGES</b></p>
<p>requested by the Landowner, topsoil will be ploughed before being stripped to a depth as specified by the Landowner.</p> <p>The Company will strip topsoil across the entire width of the easement (at the request of the Landowner), provided also that a temporary right to use any necessary land for topsoil storage outside the easement is granted by the Landowner.</p> <p>If requested by the Landowner the Company will not strip topsoil. The topsoil/subsoil mix will be placed on the easement on top of the existing topsoil.</p> <p>At the recommendation of the Company's Soils Consultant, topsoil will be over-wintered and replaced the following year. In these circumstances the Company will replace the topsoil such that the easement lands are returned to surrounding grade.</p>	<p>horizons such as blue and yellow clays shall be performed. Blue clays will be removed from the easement lands.</p> <p>Restore SL landowner option: "At the request of the landowner topsoil will be over-wintered and replaced the following year. In these circumstances the Company will replace the topsoil such that the easement lands are returned to surrounding grade."</p>
<p><b><u>7. Depth of Cover</u></b></p> <p>The Company will install the pipeline with a minimum of 1.2 metres of cover, except where bedrock is encountered at a depth less than 1.2 metres, in which case the pipe will be installed with the same cover as the bedrock, but not less than 1.0 metre below grade.</p> <p>If the Company, acting reasonably, determines in consultation with the Landowner that it is necessary to increase the depth of the Pipeline to accommodate current processes such as deep tillage, heavy farm equipment or land use changes, the Company will provide for additional depth of cover.</p>	<p>Restore SL reference to drainage: "If the Company, acting reasonably, determines in consultation with the landowner and drainage expert that it is necessary to increase the depth of the Pipeline to accommodate facilities such as drainage, processes such as deep tillage, heavy farm equipment or land use changes, Union will provide for additional depth of cover."</p>
<p><b><u>8. Levelling of Pipe Trench</u></b></p> <p>During trench backfilling the Company will remove any excess material after provision is made for normal trench subsidence. The Landowner shall have the right of first refusal on any such</p>	

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<p>excess material. The Company’s representative will consult with the Landowner prior to the removal of any excess material.</p> <p>If topsoil is replaced in the year of construction and trench subsidence occurs the year following construction, the following guidelines will be observed:</p> <ul style="list-style-type: none"> <li>i) 0 to 4 inches - no additional work or compensation.</li> <li>ii) Greater than 4 inches - the Company will either:               <ul style="list-style-type: none"> <li>(a) Strip topsoil, fill the depression with subsoil and replace topsoil, or</li> <li>(b) Repair the settlement by filling it with additional topsoil.</li> </ul> </li> </ul> <p>If topsoil is replaced during the year of construction and mounding over the trench persists the year following construction, the following guidelines will be observed by the Company:</p> <ul style="list-style-type: none"> <li>i) 0 to 4 inches - no additional work or compensation;</li> <li>ii) Greater than 4 inches the Company will strip topsoil, remove the excess subsoil and replace the stripped topsoil;</li> <li>iii) Should adequate topsoil depth be available, the mound can be levelled with the approval of the Landowner.</li> </ul> <p>If the topsoil is over wintered and subsidence occurs in the year following top soil replacement the following guidelines will be observed:</p> <ul style="list-style-type: none"> <li>i) 0 to 4 inches - no additional work or compensation.</li> <li>ii) Greater than 4 inches - the Company will repair the settlement by filling it with additional topsoil.</li> </ul> <p>If the construction of the pipeline causes a restriction of the natural surface flow of water, due to too much or not enough subsidence, irrespective of the 4 inches level stated above, the</p>	<p>Restore language from SL: “If following over-wintering of the topsoil, return to grade and the establishment of a cover crop, there is identifiable subsidence in excess of 2 inches the Company will restore the affected area to grade with the importation of topsoil.”</p>

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<p>Company will remove the restriction by one of the methods described above.</p>	
<p><b><u>9. Topsoil Replacement, Compaction Removal and Stone Picking</u></b></p> <p>The subsoil will be worked with a subsoiling implement, as agreed by the Company and Landowner.</p> <p>Unless there is an agreement to the contrary, the Company will remediate any residual compaction in the subsoil prior to return of topsoil.</p> <p>The Company will pick stones prior to topsoil replacement.</p> <p>Stone picking will be completed, by hand or by mechanical stone picker to a size and quantity consistent with the adjacent field, but not less than stones 100 mm (4 inches) in diameter. After topsoil replacement, the topsoil will be tilled with an implement(s) as agreed by the Company and Landowners.</p> <p>After cultivation, the Company will pick stones again.</p> <p>The Company will perform compaction testing on and off the easement before and after topsoil replacement and provide the results to the Landowner, upon request.</p> <p>If agreed to by the parties, the Company will return in the year following construction and will cultivate the easement area. When necessary, to accommodate planting schedules, the Landowner should perform cultivation themselves, at the Company's expense (see Schedule of Rates attached as Schedule 3).</p>	<p>Restore language from SL: "After the topsoil replacement, the topsoil will be tilled and stones picked. If requested by the landowner, the Company will cultivate the topsoil or make compensating arrangements with the landowner to perform such work. This request by the landowner must be made during the pre-construction interview in order to be co-ordinated with the construction process. After cultivation, the Company will pick stones again. If requested by the landowner, the Company will</p>

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<p>The Company shall, at a time satisfactory to the Landowner, return to pick stones 100 mm (4 inches) or larger in the following two years after construction, where there is a demonstrable need.</p>	<p>return in the year following construction and chisel plough or cultivate to the depth of the topsoil. When necessary to accommodate planting schedules, the landowners should perform cultivating and/or chisel ploughing themselves at the Company's expense, provided the need for this work has been agreed upon in advance (see Schedule of Rates attached ).”</p> <p>Restore language from SL: “The Company shall, at a time satisfactory to the landowner, pick stones 50 mm (2”) or larger in diameter by hand/or with a mechanical stone picker in each of the first two years following construction. The Company shall, at a time satisfactory to the landowner, return to pick stones 50 mm (2”) or larger in the following years where there is a demonstrable need.”</p>
<p><b><u>9.Drainage Tiling</u></b>                      The Company will repair and restore all field drainage systems and municipal drains impacted by construction to their original performance. The Company will be responsible for the remedy, in consultation with the Landowner, of any drainage problem created by the existence of the pipeline present and future. The Company will be responsible for any defects in the integrity and performance of tile installed or repaired in conjunction with construction, operation or repair, provided the defects are caused by the Company's activities, faulty materials or workmanship. The Company guarantees and will be responsible forever for the integrity and performance of such tile as well as any other drain tile or municipal drain compromised by the Company's activities, including future maintenance operations and problems caused by the Company's contractors, agents or assigns. Where the Landowner, acting reasonably, believes that there may be a drainage problem arising from the Company's operations, the Company will perform an integrity check on any tile construction/repair crossing the pipeline, and repair any</p>	<p>Restore following language from SL:</p> <p>“The consultant will work with landowners to develop plans and installation methods and, if the plan is implemented, the consultant will certify that the construction accords with the plan.”</p> <p>“If prior to construction the company is provided with these plans prepared by the drainage consultant and approved in writing by the landowner, the company will install tile along the pipeline in the following situations:</p> <ol style="list-style-type: none"> <li>1. In areas of numerous random tiles or systematic tiles that cross the pipeline easement, the Company will install header tiles (interceptor drains) adjacent to the easement as laid out in the plans. The downstream end of cut tile will be plugged. Such work will occur as soon as practicable, but prior to topsoil stripping operations. Any intercepted drains will be connected or plugged.</li> </ol>



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<p>deficiencies to the Landowner’s satisfaction.</p> <p>The Company will retain the services of a qualified independent drainage Consultant. The Consultant will work with each Landowner prior too, during and after construction. The Consultant will be responsible to gather as much background information from each Landowner prior to construction as available, and with this information in conjunction with the Landowner they will determine whether there is pre-construction, post construction and/or temporary tile construction required on their land. The Consultant will provide where requested each Landowner with a tile plan for their review and approval prior to any installation of tile. The installation of tile will only be performed by a licensed drainage contractor to ensure that all drainage best practices are used. The Company will consult with the Landowner and mutually develop a list of five licensed tile drainage contractors from the area to bid on the work. All installations may be inspected by the Landowner or his/her designate prior to backfilling where practicable. The Company will provide the Landowner or his/her designate advance notice of the tile repair schedule. The Consultant will incorporate any professionally designed drainage plans obtained by the Landowner for future installation. If the Landowner intends to install or modify a drainage system but has not yet obtained professionally designed plans, the Consultant will work with the Landowner accordingly.</p> <p>Once the Consultant has reviewed all the drainage background provided to them they will proceed in developing pre-construction tiling plans where required. The purpose of pre-construction work is to ensure that the pipeline work does not interfere or cut off any adjacent subsurface drainage. In conjunction with the Landowner the Consultant will design an appropriately sized header tile (interceptor drain) which will be installed 1m outside the easement limits by trench method in order to minimize the</p>	<p>The company will attempt to minimize the number of tile crossing the pipeline easement.</p> <ol style="list-style-type: none"> <li>2. In areas where drainage problems will be created as a result of the easement, the drainage consultant will develop a tile plan to mitigate these impacts provided that the landowner is agreeable to any works required for this installation.</li> <li>3. Should the pipeline construction program clear lands adjacent to existing pipelines and as a result create a newly cleared area large enough to farm, the company will, at the request of the landowner, develop a tile plan to drain the said area. The Company will install the tile in the newly cleared area, and install a drainage outlet that will enable the implementation of the said tile plan provided the cost of such work does not exceed the present value of the net crop revenue from the said area. The present value shall be calculated using the same crop value and discount rate used in the one time crop loss compensation calculation. The net crop revenue shall be derived by reducing the crop value by a negotiated input cost. The Company will accept drainage design solutions that include the use of a motorized pump, if the landowner releases the Company from all future operation and maintenance responsibilities for said pump. The Company will accept drainage design solutions that include outlet drains crossing adjacent properties, if the landowner obtains necessary easements or releases fully authorizing said crossings.</li> <li>4. Drainage laterals will be installed after construction of the pipeline to provide easement drainage. Lateral and cross-easement tiles will be installed in the construction year as weather permits.</li> <li>5. Other areas recommended by the drainage consultant.”</li> </ol>

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<p>number of tiles crossing the pipeline easement. All intercepted tiles will be connected or end plugged accordingly. By installing the main outside the easement limits the Company can guarantee the integrity of the existing drainage system during the construction period. The Consultant/Landowner will be responsible for identifying to the pipeline contractor as reasonably possible any existing tiles 150mm or greater crossing the easement. The Company will ensure that any such crossings will be temporarily repaired across the trench line and maintained during the complete construction period until post construction work can repair them permanently. The Company where possible will expose any such tile crossings prior to pipeline trenching operations to obtain an exact invert depth and ensure that the pipeline is not going to conflict with them.</p> <p>During construction the Consultant will be following the trenching operations collecting / monitoring and ensuring that the drainage is maintained accordingly. Once the Consultant has collected and reviewed all the survey information they will develop a post-construction tile plan and profile for each affected owner. These post construction tile plans will show the Landowner exactly how many tiles are to be installed on easement and by what method the contractor is to use plow/trench.</p> <p>During construction, the Consultant will be following the trenching operations to ensure that the drainage is maintained.</p> <p>The Consultant will also provide the Landowner with the most recent specifications concerning tile support systems for repairing and installing new tile across the pipeline trench. Once the Consultant has reviewed the drawing with the Landowner for their approval and received signature on the plan, the Consultant will provide the Landowner with a copy along with a specification for installation so they can monitor the work to be completed.</p>	<p>“If random tiles are encountered during construction they will be staked and capped, unless temporary piping is installed to maintain flow.”</p> <p>“The Company will do the following to accommodate planned and future drainage systems in the Company’s drainage and pipeline design. The Company will incorporate any professionally designed drainage plans obtained by the landowner for future installation. If the landowner intends to install or modify a drainage system but has not yet obtained professionally designed plans, the Company will hire a drainage consultant to develop an Easement Crossing Drainage Plan in consultation with the landowner.”</p> <p>“In areas where topsoil has been stripped, and at the request of the landowner, the company will complete post-construction tile installation and repairs prior to topsoil replacement.”</p> <p>“Header tiles will be installed using a trench method to ensure that all field tile are located and connected as required by the tile plan. The company will provide the landowner with the most recent specifications concerning tile support systems for existing tile across the trench. The method of support will be agreed upon between the landowner and the company’s drainage consultant during the pre-construction visit.”</p>

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<p>Also the Company will review other areas of drainage recommended by the drainage Consultant/Landowner such as:</p> <ul style="list-style-type: none"> <li>i) In areas where water may accumulate on or off easement as a result of the construction, the drainage Consultant, in conjunction with the Landowner, will develop a temporary tile plan to mitigate these impacts where the water cannot be pumped into an open drain or ditch. The Company could then pump into the temporary tile, but not into any existing tiles unless otherwise discussed and agreed upon by the Landowner.</li> <li>ii) In areas where the pipeline construction program clears lands adjacent to existing pipelines and adjacent drained land and as a result creates a newly cleared area large enough to farm, the Company will, at the request of the Landowner, develop a tile plan to drain the cleared area. The Company will install the tile in the newly cleared area, and install a drainage outlet that will enable the implementation of the tile plan, provided the cost of such work does not exceed the net present value of the crop revenue from the cleared area. The net present value shall be calculated using the same crop value and discount rate used in the one time crop loss compensation calculation. The net crop revenue shall be derived by reducing the crop value by a negotiated input cost. The Company will accept drainage design solutions that include the use of a motorized pump, if the Landowner releases the Company from all future operation and maintenance responsibilities for the pump. The Company will accept drainage design solutions that include outlet drains crossing adjacent properties, if the Landowner obtains necessary easements or releases fully authorizing such crossings.</li> </ul> <p>The Company will do its best weather permitting to complete the post construction tiling work in the year of pipeline construction after the topsoil has been pulled, unless otherwise agreed upon</p>	

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<p>with the Landowner. If it is not possible for the Company to complete the post construction tiling in the year of construction, the Company will undertake all measures possible to mitigate any off easement damages to the best of its ability.</p> <p>In situations where topsoil is to be over wintered, the tiling plan will address the timing of tile installation.</p> <p>Once the tiling is complete the Consultant will adjust all tile plans to reflect the as-constructed information and a copy will be provided to the Landowner for their records.</p>	
<p><b>11. <u>Water Accumulation during Construction</u></b>                      The Company will, unless otherwise agreed to with the Landowner, ensure any water which may accumulate on the easement during construction will be released into an open drain or ditch, but not in a tile drain. This may, however, be accomplished through the installation of temporary tile. The Company will provide the Landowner with a proposed temporary tiling plan for review and approval. If the Company pumps into an existing tile with the Landowner’s permission, the water will be filtered.</p>	
<p><b>11. <u>Access Across the Trench</u></b>                      Where requested by the Landowner, the Company will leave plugs for access across the trench to the remainder of the Landowner’s property during construction. Following installation of the pipe and backfill, if soft ground conditions persist that prevent the Landowner from crossing the trench line with farm equipment, the Company will improve crossing conditions either by further replacement and/or compaction of subsoil at the previous plug locations.</p>	<p>Restore language from SL:</p> <p>“Where requested by the landowner, the Company will leave plugs for access across the trench to the remainder of the landowner's property during construction. Following construction, the Company shall ensure that the landowner shall have access across the former trench area and easement.</p>

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<p>Should conditions still prevent Landowner crossing, the Company will create a gravel base on filter fabric across the trench line at the previous plug locations and remove same at the further request of the landowner.</p>	<p>Upon request of the landowner, the Company shall create a gravel base on filter fabric across the plug(s) and will remove same at the further request of the landowner.”</p>
<p><b>13. Restoration of Woodlots</b>                      If requested by the Landowner prior to the start of construction, all stumps and brush will be removed from the easement. If the Landowner does not convert the land to agricultural use, Union will maintain a minimum 6 metre strip over the pipeline which will be kept clear by cutting the brush or spraying. The remainder of the easement will be allowed to reforest naturally or can be reforested by the Landowner.</p>	
<p><b>14. Tree Replacement</b>                      The Company has established a policy to replant twice the area of trees that are cleared for the Project. Landowners whose woodlots are to be cleared may apply in writing to the Company should they wish to participate in this program. Tree seedlings will be replanted on the right-of-way or within the Landowner's property using species determined in consultation with the Landowner. Although replanting on easement is not encouraged by the Company, when planting on easement occurs, it must be done in accordance with the easement and the Company's policies.</p> <p>For windbreaks/hedgerows the Company will implement the following practice:</p> <ul style="list-style-type: none"> <li>i) If a deciduous (hardwood) tree in excess of six (6) feet is removed, a six (6) foot replacement tree will be planted; if a tree less than six (6) feet in height is removed, a similar sized tree will be planted.</li> <li>ii) If a coniferous (evergreen) tree in excess of four (4) feet is removed, a four (4) foot replacement tree will be</li> </ul>	

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<p>planted; if a tree less than four (4) feet in height is removed, a similar sized tree will be planted.</p> <p>The Company will warrant such trees for a period of one year following planting, provided the Landowner waters the trees as appropriate after planting.</p>	
<p><b>15. <u>Covenants</u></b></p> <p>Company covenants as follows:</p> <ul style="list-style-type: none"> <li>i) On present and proposed agricultural lands, the Company will undertake appropriate survey techniques to establish pre-construction and post-construction grades with the view to restoring soils to pre-construction grade as reasonably practicable.</li> <li>ii) All construction practices and appropriate environmental mitigation measures will be followed to ensure a proper clean up.</li> <li>iii) Whenever possible, all vehicles and equipment will travel on the trench line.</li> <li>iv) All subsoil from road bores will be removed.</li> <li>v) To replace or repair any fences which are damaged by pipeline construction in a good and workmanlike manner.</li> <li>vi) Any survey monuments which are removed or damaged during pipeline construction will be reset.</li> <li>vii) Its employees, agents, contractors and sub-contractors, will not use any off-easement culverts incorporated into municipal drains to provide access to the easement.</li> </ul>	

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<p>viii) It will not use any laneway or culvert of the Landowner without the Landowner's prior written consent. In the event of such use, the Company will, at its own expense, repair any damage and compensate the Landowner accordingly.</p> <p>ix) To monitor and maintain private driveways that cross the easement for a period of 18 months after construction.</p> <p>x) That construction activities will not occur outside of agreed to areas without the written permission of the Landowner. In the event that such activities occur, the Company will pay for damages.</p> <p>xi) To implement its Landowner Complaint Tracking system which will be available to Landowners for the proposed construction.</p> <p>xii) To provide a copy of this Letter of Understanding and all environmental reports to the construction contractor.</p> <p>xiii) To ensure suitable passage and land access for agricultural equipment during construction.</p> <p>xiv) If there is greater than 50% crop loss after five years, at the request of the Landowner, the Company will retain an independent soils Consultant satisfactory to both parties to develop a prescription to rectify the problem.</p>	<p>Restore additional language from SL: "construction activities and operation activities"</p> <p>Restore language from SL: The Company will import 3 inches of topsoil to remedy any areas affected by construction that have crop losses in excess of 50 % in the fifth year following construction to be distributed in accordance with the following protocol regardless of the cause of the loss and without prejudice to the landowner's continuing right to compensation for losses in excess of those compensated for.</p> <p>(i) The Company will regrade the total width of the easement, including the designated area to level any ruts;</p>

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<p>xv) To permit the planting of the 6 metre strip with permission for the re-establishment of windbreaks and that trees may be planted as a crop (nursery stock), provided that no tree is permitted to grow higher than 2 metres in height, and the species are of a shallow rooting variety. The use of hydraulic spades within the 6 metre strip is prohibited.</p> <p>xvi) In consultation with the Landowner, the Company agrees to retain an independent Consultant to carry out tests along the pipeline to monitor soils and crop productivity. As part of this testing, a soil specialist will conduct comparative compaction testing of the subsoil and NPK (nitrogen, phosphorus, potassium) testing and testing of PH levels on and off easement after construction. Global Positioning System (GPS) equipment may be used to identify all test locations. The Company further agrees to implement all commercially reasonable measures, where recommended by the soil specialist to remediate the soil.</p>	<p>(ii) The Company will import a quantity of topsoil equivalent to three (3) inches times the total area of the Land experiencing greater than 50% crop loss (the “affected area”). The topsoil will be of a quality described in subsection (bb), dry and tested for the presence of soybeans cyst nematode;</p> <p>(iii) The Company will spread the imported topsoil uniformly over the affected area to a maximum depth of three (3) inches on the affected area or as otherwise agreed to by the Landowner and the Company in a manner so as to not adversely affect the natural drainage of the Land or adversely impact on normal farming operations.</p> <p>Alternatively, at the option of the landowner, if there is greater than 50% crop loss after five years, Union will retain an independent soils consultant satisfactory to both parties to develop a prescription to rectify the problem. This may include the importation of topsoil.</p>



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<p>xvii) To work with the Landowner to ensure that weeds are controlled along the pipeline. Weeds will be sprayed or cut after discussion with the Landowner. The Landowner will be provided with a contact name in the event that concerns are experienced with weeds.</p> <p>xviii) To implement the Company's Integrity Dig Agreement for all integrity and maintenance operations on the pipeline.</p> <p>xix) At the request of the Landowner, the Company shall undertake a depth of cover survey of the pipeline and shall provide its findings to the Landowner. In agricultural areas, where it is determined that cover over the pipeline is less than 0.9 metres the Company shall restore depth of cover to a minimum of 0.9 metres with the importation of topsoil or by lowering the pipe. In areas where the top of the pipe is at or below bedrock, the Company will ensure a minimum of 0.6 metres of cover over the pipeline.</p> <p>xx) Any imported topsoil shall be natural, free of SCN and shall have attributes consistent with the topsoil of adjacent lands as determined by the Company's Consultant.</p> <p>xxi) To implement Union's wet soil shut down practice as described in Schedule 4.</p>	<p>Restore additional language from SL:                      "Prior to scheduled excavation for maintenance work, top soil shall be stripped and piled separately from subsoil. Pipeline maintenance shall be scheduled to accommodate crop planting, growing and harvesting, however, in the event maintenance work results in crop damage, Union shall negotiate crop damage settlements. Any work on existing pipelines will be carried out using current practices."</p> <p>Restore additional language from SL: "and be from a source approved by the landowner"</p>

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<p><b>Landowner covenants as follows:</b></p> <p>i) To execute a Clean-up Acknowledgment when he/she is satisfied with the clean-up operations described in this Letter of Understanding. It is suggested that any tenant(s) who are affected by construction accompany the Landowner to inspect the clean-up prior to execution of the Clean-up Acknowledgment.</p> <p>ii) To be responsible to ensure his/her tenant is aware of the terms of the easement or temporary land use agreement and this Letter of Understanding.</p> <p>iii) To be responsible for making any compensation to his/her tenant for any matters included in the damage payment from the Company, as damages payments are made directly to the registered Landowner.</p>	
<p><b>16. Dispute Resolution</b></p> <p>In the event the parties are unable to reach resolution with respect to the following matters, the Company shall pay the costs of independent Consultants satisfactory to both the Landowner and the Company to resolve site specific disputes involving affected lands on a binding basis concerning the following:</p> <p>i) The need for topsoil importation as in Article 8 hereof, respecting the existence of identifiable subsidence,</p> <p>ii) The establishment of levels of compensation for specialty crops as in Article 21.</p> <p>iii) The resolution of future crop loss claims for Additional Productivity Loss under Article 21 hereof.</p>	<p>Add language from SL: “The need for topsoil importation as in Clause 1 (z) hereof, respecting the establishment of crop losses in excess of 50%,”</p>

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<p>Where Construction Damages and Disturbance Damage settlements cannot be negotiated, the Company or the Landowner may apply to Ontario Municipal Board to settle unresolved claims. It is further understood and agreed that the Landowner's executing the easement, is without prejudice to his/her position in negotiation of damages following construction of the pipeline.</p>	
<p><b>17. Land Rights - Easements</b></p> <p>Land rights required for the Project include permanent interests such as pipeline easements (i.e. a limited interest in the affected lands) and may also include temporary land use agreements. The Company agrees that it will not surrender or be released from any of its obligations under an easement for this Project without the consent of the Landowner.</p> <p>Consideration for these rights will be paid at the rate of 100% of the appraised market value of the affected lands. If agreement on the consideration for land rights cannot be reached, the Company will pay for a second report by a qualified appraiser who is chosen by the Landowner provided the appraiser and the terms of reference for the appraisal report are mutually acceptable to the Landowner and the Company. If consideration for land rights still cannot be agreed upon, the matter would be determined at a Ontario Municipal Board Compensation Hearing and the Company's offers would not prejudice either party's presentation at the Hearing.</p>	<p>Restore language from SL: "its obligations in the easement lands"</p>
<p><b>18. Land Rights – Temporary Land Use Agreements and Top Soil Storage</b></p> <p>These rights will be required for at least a two year period, being the year of construction and the following year to allow for clean-</p>	

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<p>up and restoration activities. Consideration for these rights will be paid at the rate of 50% of the appraised market value of the affected land. Should activities extend beyond the two year period, payment will be negotiated on an annual basis. Although every effort will be made by the Company to identify these rights in certain instances either before or during construction, additional temporary land use may be identified and compensation will be as outlined above.</p>	
<p><b>19. <u>Damage Payments</u></b>                      Compensation for damages can be grouped under two headings namely: Disturbance Damages, which are paid at the time easements and temporary land use agreements are executed, and Construction Damages, which are paid either before or after construction is completed. Top soil storage damages will be paid after construction is completed. Disturbance and Construction damage payments will apply to easement, temporary land use and top soil storage and will be based upon the areas of the proposed pipeline easement and temporary land use as set out in Schedule 1.</p>	
<p><b>20. <u>Disturbance Damages</u></b>                      Disturbance Damages are intended to recognize that pipeline construction will result in some unavoidable interference with active agricultural operations and certain other uses of affected lands. This may include lost time due to negotiations and construction, inconvenience to the farming operations, restricted headlands, interrupted access and extra applications of fertilizer. Other land uses may qualify for Disturbance Damages which are site-specific in nature and recognize the particular circumstances of the use being interfered with. Union will negotiate with the affected Landowner to address these site-specific issues.</p>	
<p><b>21. <u>Construction Damages – Crop Loss</u></b>                      The Company will offer the Landowner a one-time settlement for</p>	

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<p>crop loss damages incurred on the easement and temporary land use areas resulting from the Project, which settlement will include the following:</p> <ul style="list-style-type: none"> <li>i) year of construction and future crop loss;</li> <li>ii) stone picking beyond the second year following construction;</li> <li>iii) crop losses associated with establishment of a cover crop.</li> </ul> <p>Notwithstanding that the Landowner will have executed a Full and Final Release for crop damages either before or after construction, should productivity loss exceed the percentages paid through the "One Time" Program as in any year following construction and the Landowner has not been (or is not being) compensated for crop loss under the terms of an existing crop loss compensation program with the Company, the Company will reimburse the Landowner for the difference calculated by applying the percentage loss to the Landowner's actual gross return in the year and deducting the compensation received for that year under the "One Time" program ("Additional Productivity Loss"). It will be incumbent upon any Landowner making this type of claim to advise the Company in sufficient time to allow for investigation of the matter and completion of the required samplings.</p> <p>Alternatively, at the option of the Landowner, upon provision of advance notice to the Company to permit opportunity for inspection, GPS data may be utilized to establish yield reductions for the purpose of any applicable Additional Productivity Loss provided that the Company is not responsible for installing GPS units or survey equipment if necessary ("GPS" option). In the event that the Landowner selects the GPS option, the Landowner must provide all necessary GPS documentation related to the entire farm field in question, including, but not limited to, maps, computer print-outs and formula to determine field averages. For</p>	

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<p>greater clarity the following is an example of the calculation of Additional Productivity Loss:</p> <ul style="list-style-type: none"> <li>i) Third year crop loss under "One Time" Program = 50%.</li> <li>ii) Actual crop loss following investigation and sampling = 60%.</li> <li>iii) Difference payable to Landowner = 10%.</li> </ul> <p><b>Crop Loss for topsoil storage Areas</b>                      Compensation for crop loss on topsoil storage areas will be as follows:</p> <ul style="list-style-type: none"> <li>• In year of construction - 100% crop loss;</li> <li>• In years after construction - measured crop loss;</li> <li>• Payments will be based upon actual area used for topsoil storage;</li> <li>• Compensation will not be prepaid;</li> <li>• Compensation will be paid on an as incurred basis.</li> </ul> <p><b>Speciality Crops</b>                      The one time payment does not apply to specialty crops. Specialty crops include tobacco, produce and registered seeds. Compensation will be negotiated on a site specific basis.</p> <p><b>Post construction cover crop program</b>                      In addition to the one time payment, the Landowner may request a cover crop rehabilitation program for cultivated lands. Under this program the Landowner will plant alfalfa/sweet clover or other restoration crops approved by the Company on the easement and his/her normal crop in the remainder of the field for up to three years. The initial cost of tillage and planting will be paid by the Company as determined by "Economics Information", published by the Ministry of Agriculture and Food. The cost of seed planted over the easement will be compensated upon presentation of an invoice for same. This cover crop program</p>	

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<p>does not apply for tobacco or other specialty crops.</p>	
<p><b>22. <u>Woodlots and Windbreak/Hedgerow Trees</u></b>                      With respect to compensation for damage to woodlots, the Landowner will have the following two options:</p> <p><b>Option 1:</b>                      Woodlots and hedgerow trees will be cut and appraised by a qualified forester retained by the Company. Evaluation of trees in woodlots will be based on the practice as outlined on Schedule 3.</p> <p><b>Option 2:</b>                      The Landowner may accept the One Time Crop Loss and Disturbance Damage Payment in lieu of the woodlot evaluation.</p> <p>With respect to compensation for damage to other wooded areas:</p> <p>Tree plantations (Christmas trees and nursery stock) will be appraised separately. Compensation for trees evaluated in this manner shall be set out in Schedule 4 to this document.</p> <p>Evaluation of aesthetic trees will be based on the practice outlined in Schedule 4.</p> <p>The forester will contact the Landowner before entry on their property. Copies of appraisal reports will be made available to affected Landowners and payment will be made in accordance with the reports.</p> <p>The Company reserves the right to use trees for which it has paid compensation. At the Landowner's request, any remaining logs will be cut into 10 foot (3.05 metre ) lengths, lifted and piled adjacent to the easement.</p>	

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<p><b><u>23. Gored Land</u></b>                      The Company agrees to pay the Landowner 100 % crop loss on the gored land. Gored land is defined as land rendered inaccessible or unusable for agricultural purposes during the Project.</p>	
<p><b><u>24. Insurance</u></b>                      Upon request of the Landowner, the Company will provide insurance certificates evidencing at least five million dollars in liability insurance coverage.</p>	
<p><b><u>25. Abandonment</u></b>                      Upon the abandonment of the pipeline in accordance with the terms and conditions of the easement, the affected lands shall be returned as close as possible to its prior use and condition with no ascertainable changes in appearance or productivity as determined by a comparison of the crop yields with adjacent land where no pipeline has been installed. Without prejudice to any continuing right of the Landowner to Additional Productivity Loss, there shall be no additional compensation for crop loss to the Landowner</p>	<p>Additional language from SL: “The Company, in consultation with the landowner or third parties as required, will determine a reasonable and appropriate course of action to rectify any deficiencies.”</p>
<p><b><u>26. Liability</u></b>                      The Company will be responsible for damages to property, and equipment, resulting from construction operations, and will pay for repairs or replacement costs. The Company will be responsible, and indemnify the Landowner from any and all liabilities, damages, costs, claims, suits and actions except those resulting from the gross negligence or wilful misconduct of the Landowner.</p>	
<p><b><u>27. Assignment</u></b>                      All rights and obligations contained in this agreement shall extend to, be binding upon, and enure to the benefit of the heirs, executors, administrators, successors and assigns of the parties</p>	



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<p>hereto respectively; and wherever the singular or masculine is used it shall, where necessary, be construed as if the plural, or feminine or neuter had been used, as the case may be. The Company shall not assign this agreement without prior written notice to the Landowner and, despite such assignment; the Company shall remain liable to the Landowner for the performance of its responsibilities and obligations in this agreement.</p>	
<p><b><u>28. Site Specific Issues</u></b>                      Schedule 2 is to be used to identify any site specific issues which require special mitigation and compensation.</p>	
<p><b><u>29. Compensation Levels</u></b>                      The levels of compensation applicable to your property are set out in Schedule 1 and are based upon the criteria set out above. Kindly sign the second copy of this Letter of Understanding and initial all Appendices to indicate your acceptance of our arrangements.</p>	
<p><b>SCHEDULE 3                      WOODLOT EVALUATION</b></p>	
<p><b>SCHEDULE 4                      AESTHETIC TREE EVALUATION</b></p>	
<p><b>SCHEDULE 5                      Schedule of Rates for Work                      Performed by Landowners</b></p>	
<p><b>SCHEDULE 6                      Wet Soils Shutdown</b>   <i>The following sets out the Wet Soils Shutdown practice of Union Gas Limited for pipeline construction, repair and maintenance on</i></p>	

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<p><i>agricultural lands.</i></p> <p>While constructing the Company's pipeline the Company's senior inspectors inspect right-of-way conditions each day before construction activities commence for that day. If, in the judgment of these inspectors, the right-of-way conditions on agricultural lands are such that construction would have an adverse affect on the soils due to wet soils conditions, the contractor is prohibited from starting construction activities. The inspectors shall consider the extent of surface ponding, extent and depth of rutting, surface extent and location of potential rutting and compaction (i.e., can traffic be re-routed within the easement lands around wet area(s) and the type of equipment and nature of construction proposed for that day. The wet soil shutdown restriction would be in effect until, in the judgment of the Company representatives, the soils would have sufficiently dried to the extent that commencing construction activities would have no adverse affects on the soils.</p> <p>Wet soils shutdown is a routine part of Union's normal management process for pipeline construction activities. In recognition of this, Union budgets for and includes in contract documents, provisions for payment to the pipeline contractors for wet soils shutdown thereby removing any potential incentive for the contractor to work in wet conditions.</p> <p>In addition, Union's inspection staff is responsible for ensuring that construction activities do not occur during wet soils shutdown. This would include shutting down construction activities if soils became wet during the day.</p> <p>It should, however, be recognized that there may be situations when construction activities cannot be carried out during the normal construction period due to delays in project timing and it may become necessary to work in wet conditions in the spring or fall of the year. Where construction activities are undertaken by</p>	

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<p>the Company in wet soil conditions, additional mitigation measures may be put in place to minimize resulting damages. Mitigation measures may, where appropriate, be developed by Union on a site specific basis and may include avoiding certain areas, full easement stripping, geotextile roads, the use of swamp mats, or the use of other specialized equipment where deemed appropriate by Union. Union will authorize work in wet soils conditions only when all other reasonable alternatives have been exhausted.</p>	<p>Restore penalty/deterrence provision from SL: "Where construction activities are undertaken by the Company in wet soil conditions (as determined by the monitor), the Company shall pay to the landowner 150 % of disturbance and crop loss damage compensation on the area affected by the activities (area also to be determined by the construction monitor). The 150 % payment applies only once to any one area; on areas where the 150 % payment is applied, the landowner forfeits the right to top-up of crop loss damages under the L.O.U. The 150 % payment does not affect the landowner's right to topsoil replacement where crop loss exceeds 50 % in the fifth year following construction."</p>