

Contract #:

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GAS PURCHASE CONTRACT
BETWEEN
RENAISSANCE ENERGY LTD.
AND
BAY STATE GAS COMPANY

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GAS PURCHASE CONTRACT

THIS CONTRACT entered into this 6th day of April, 1994, by and between, Renaissance Energy Ltd., a Canadian corporation ("Seller") and Bay State Gas Company, a Massachusetts corporation ("Buyer").

WITNESSETH

WHEREAS, Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, a firm supply of Gas produced from Seller's Alberta gas reserves under the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of these premises and of the mutual covenants and agreements herein contained, the Parties agree as follows:

ARTICLE I DEFINITIONS

1.1 Definitions

The following terms, when used in this Contract, shall be construed to have the following meanings:

- (a) "Alberta Spot Price" shall mean for the applicable Month, the simple arithmetic average of the prices per gigajoule (Cdn.) of Gas, as quoted in (i) Canadian Natural Gas Focus in the Table called "Alberta Producer Prices" for "Spot (30 day)" prices under the subtitle "Plantgate" for the Month, and (ii) in Canadian Natural Gas Market Report, in the Table called "Domestic Natural Gas Prices" for "Field Price" in the Section entitled "Alberta One-Month Firm Spot Prices" (and using the "Avg. #" price for the first Day of the Month), converted in each case from \$CDN/GJ to \$US/MMBtu in accordance with Sections 5.3 and 10.5.

on the first Day of November in the succeeding calendar year, provided that the first Contract Year shall commence on the Date of First Delivery and shall end at 8:00 a.m. Eastern Time on the first Day of November next following.

- (h) "Date of First Delivery" shall mean the later to occur of:
 - (i) November 1, 1995; and
 - (ii) the first Day on which firm service is available to the shipper under the TCPL Service Agreement.
- (i) "Day" shall mean a period of 24 consecutive hours, beginning and ending at 8:00 a.m. Eastern Time, or at such other hour as Buyer and Seller agree upon.
- (j) "Delivery Point" shall mean Niagara Falls, provided that upon Buyer taking an assignment of the TCPL Service Agreement pursuant to Article XII hereof then "Delivery Point" shall mean Empress.
- (k) "Dollars" or "\$" shall mean the lawful currency of the United States unless otherwise indicated.
- (l) "DPU" shall mean the Massachusetts Department of Public Utilities and its successors.
- (m) "Eastern Time" shall mean Eastern Standard Time or Eastern Daylight Savings Time, whichever is in effect at the applicable time.
- (n) "Empress" shall mean the interconnection of the pipeline systems of NOVA and TCPL at or near Empress, Alberta downstream of the liquids extraction facilities located near Empress, Alberta.

- (o) "ERCB" shall mean the Energy Resources Conservation Board (Alberta) and its successors.
- (p) "Export Licence" means the export licence to be obtained from the NEB by the Seller pursuant to subsection 2.1(a).
- (q) "FERC" shall mean the Federal Energy Regulatory Commission and its successors.
- (r) "Force Majeure" shall have the meaning ascribed to that term in Article XI.
- (s) "Fuel Gas" shall mean the amount of Gas which must be supplied to a Transporter for compressor fuel, and to compensate the Transporter for line loss and unaccounted-for volumes, computed pursuant to the terms of the Transporter's tariff in effect at the applicable time.
- (t) "Gas" shall mean, as the context requires, raw natural gas and/or residue natural gas remaining after conditioning and processing of raw natural gas and consisting primarily of methane.
- (u) "Interest" means interest in Dollars at the rate per annum equal to the prime or base lending interest rate for Canada as announced and published from time to time in the Wall Street Journal, listed in the "Money and Investing" section under "Money Rates" for "Foreign Prime Rates", plus 2%.
- (v) "Maximum Daily Quantity" or "MDQ" shall initially mean a quantity of Gas equal to 6,423 MMBtus per Day, provided that upon Buyer taking an assignment of the TCPL Service Agreement pursuant to Article XII, then the "MDQ" shall mean, for each Day thereafter, the sum of (i) 6,423 MMBtus per Day plus (ii) the quantity of Fuel Gas which TCPL requires on that Day to transport 6,423 MMBtus from Empress to Niagara Falls, subject to reduction from time to time pursuant to Articles III and VII.

- (w) "Midcontinent Spot Price" shall, for the applicable Month, be equal to the price as reported in the first publication for the Month of Inside FERC's Gas Market Report in the Table called "Prices of Spot Gas Delivered to Pipelines" under the heading "Panhandle Eastern Pipe Line Co." in the "Index" column (for the first Day of the applicable Month).
- (x) "MMBtu" shall mean one million (1,000,000) BTUs.
- (y) "Month" shall mean a period beginning on the first Day of a calendar Month and ending immediately prior to the first Day of the next succeeding calendar Month.
- (z) "Monthly Gas Commodity Charge" or "MGCC" shall have the meaning ascribed to that term in subsection 5.1.2.
- (aa) "Monthly Gas Demand Charge" or "MGDC" shall have the meaning ascribed to that term in Section 5.1.1.
- (bb) "Monthly Gas Reservation Charge" or "MGRC" shall have the meaning ascribed to that term in Section 5.1.3.
- (cc) "Monthly Gas Transporter Charge" or "MGTC" shall have the meaning ascribed to that term in Section 5.1.4.
- (dd) "Monthly Price" shall mean, for the applicable Month, the sum of (1) 50% of the Alberta Spot Price for the Month plus (2) 50% of the Midcontinent Spot Price for the Month, subject to redetermination in accordance with Section 5.2.
- (ee) "Monthly Statement" shall have the meaning ascribed to this term in Section 10.1.
- (ff) "National Fuel" shall mean National Fuel Gas Supply Corporation and its successors.

- (gg) "NEB" shall mean the National Energy Board (Canada) and its successors.
- (hh) "Niagara Falls" shall mean the interconnection of the pipeline systems of TCPL and National Fuel at or near the international boundary between Canada and the United States.
- (ii) "Niagara Price" means, for a Month, the "index" price under the subtitle "Niagara Ont./Niagara NY" for the Month in the Table entitled "Canadian Spot Natural Gas Prices at Export/Import Points", as found in Canadian Natural Gas Focus published for the Month.
- (jj) "Nominated Quantity" shall have the meaning ascribed to that term in Section 3.1.
- (kk) "NOVA" shall mean NOVA Corporation of Alberta and its successors.
- (ll) "NOVA Service Agreements" shall mean the receipt point and delivery point transportation service agreements to provide for transportation service from various receipt points to Empress on a firm basis, for a quantity of Gas equal to the sum of (1) the MDQ plus (2) the quantity of Fuel Gas which TCPL requires from a shipper for a peak month during a Contract Year to transport the MDQ from Empress to Niagara Falls.
- (mm) "Parties" shall mean Seller and Buyer and "Party" means either Seller or Buyer.
- (nn) "Removal Permit" means the Alberta removal permit obtained by Seller pursuant to subsection 2.1(a).
- (oo) "Shortfall Quantity" shall have the meaning ascribed to that term in subsection 7.1.1.
- (pp) "Suspension Rights" shall mean Seller's right to suspend deliveries of Gas pursuant to Section 10.2.

- (qq) "TCPL" shall mean TransCanada PipeLines Limited and its successors.
- (rr) "TCPL Service Agreement" shall mean the transportation service agreement to be entered into between TCPL and Seller required to transport, on a firm basis, the MDQ on TCPL's pipeline system from Empress to Niagara Falls for the Term.
- (ss) "Tennessee" means Tennessee Gas Pipeline Co. and its successors.
- (tt) "Term" shall mean the period of time commencing on the Date of First Delivery and continuing to 8:00 a.m. Eastern Time on November 1, 2005 (subject to the earlier termination or extension of this Contract as provided for herein).
- (uu) "Transporters" shall mean NOVA, TCPL, Tennessee and National Fuel and "Transporter" shall mean any one of them.
- (vv) "United States Regulatory Approvals" means all permits, certificates, licences, orders, consents, authorizations and approvals as may be required by any governments, governmental agencies or regulatory bodies in the United States to permit the importation into the United States of the Gas to be sold hereunder to commence.

ARTICLE II
CONDITIONS PRECEDENT

2.1 Conditions Precedent

The obligations of each of Seller and Buyer under this Contract, other than the obligations of the Parties in this Article II, are subject to the satisfaction or waiver of each of the following conditions precedent (in accordance with the terms of this Article II):

- (a) Seller obtaining all necessary Canadian Regulatory Approvals for the sale, removal and export of the Gas to be delivered to Buyer pursuant to this Contract during the Term;
- (b) Seller and NOVA having executed and delivered the NOVA Service Agreements;
- (c) Seller and TCPL having executed and delivered the TCPL Service Agreement;
- (d) Buyer obtaining all necessary United States Regulatory Approvals for the importation of the Gas to be delivered to Buyer into the United States for the Term;
- (e) Buyer having obtained the DPU's approval of this Contract on terms and conditions satisfactory to Buyer; and
- (f) Buyer having received sufficient information to enable Buyer to verify, in its reasonable discretion, that Seller possesses sufficient reserves to satisfy Seller's obligations to Buyer under this Contract for the entirety of the Term and that Seller possesses deliverability sufficient to deliver the MDQ for the first 36 Months of the Term.

2.2 Satisfaction of Conditions Precedent

Each Party shall use commercially reasonable efforts and proceed in a timely manner to satisfy each of the conditions precedent for which it is responsible. Without limiting the foregoing:

- (a) Seller shall file applications for the required Removal Permit and Export Licence and Seller shall file requests for service with NOVA and TCPL to obtain the NOVA Service Agreements and the TCPL Service Agreement, all by April 8, 1994;

- (b) Buyer shall file an application for the required import authorization by September 1, 1994; and
- (c) Buyer shall file to obtain the DPU's approval of this Contract by September 1, 1994.

2.3 Status Reports

- (a) Each Party, upon the written request of the other Party, shall provide the other Party with a written status report (not more often than once every Month) outlining its progress in satisfying the conditions precedent for which it is responsible. Each such report shall include information outlining any anticipated delay or impediment to the satisfaction of any condition precedent and, in the case of an anticipated delay, the report shall specify the expected length of the delay. However, any such anticipated delay shall not extend the time periods established in Section 2.4.
- (b) Each Party shall respond to all reasonable requests from the other Party for information relating to this Contract.

2.4 Timing for Completion of Conditions Precedent

The conditions precedent in Section 2.1 must be completed to the satisfaction (as to form and substance) of both Parties, acting reasonably, or have been waived by the Parties, by not later than December 31, 1994 and in accordance with Sections 2.5 and 2.6.

2.5 Failure to Complete Conditions Precedent

In the event that any of the conditions precedent are not satisfied by the Party charged with the responsibility for the satisfaction of such condition to the satisfaction of both Parties, acting reasonably, or waived (by both Parties)

by the applicable date specified in Section 2.4, then, at any time following such date and until such time as the condition precedent is satisfied or waived, either Party shall be entitled at any time after the specified date until the satisfaction or waiver of the outstanding condition precedent, to terminate this Contract. Any such termination shall be effective upon the terminating Party giving written notice to the other Party; provided, that any such termination shall not affect the rights and obligations of the Parties which accrued prior to the time of termination.

2.6 Notice - Completion of Conditions Precedent

- (a) Each Party shall forthwith give notice to the other Party when it believes that a condition precedent has been satisfied. If a Party receives an authorization or agreement which it is not prepared to accept or which the other Party is not prepared to accept (acting reasonably) and if the date for the satisfaction of the condition precedent has not yet passed, then Section 2.2 shall continue to apply and such Party shall continue to use all commercially reasonable efforts to obtain an acceptable authorization or agreement.
- (b) The other Party shall, within 30 Days from the receipt, pursuant to subsection 2.6(a), of any notice and copies of the relevant authorizations or agreements, as applicable, advise of its acceptance or rejection thereof and, if rejected, detailed reasons for the rejection. If the Party from whom acceptance is required has not provided written notice of its acceptance or rejection within such 30 Day period, then the condition shall be deemed to have been satisfied in an acceptable manner to both Buyer and Seller. If the Party from whom acceptance is required has rejected such satisfaction of the condition precedent and provided reasons within such 30 Day period, then this Contract may be terminated by either Party pursuant to Section 2.5 unless the date for the satisfaction of the condition precedent

has not passed. If a replacement authorization or agreement (or the one rejected) is not obtained before the specified date for the completion of the condition precedent, then clause 2.5 shall be applicable.

2.7 Commencement of Obligations

Buyer shall not incur any charges under this Contract and Seller shall not be required to make deliveries under this Contract unless and until all the conditions precedent in Section 2.1 have been satisfied or waived by the Parties.

2.8 TCPL Service Delays

In the event that full transportation service has not been made available by TCPL under the TCPL Service Agreement by May 1, 1996 due to regulatory, construction or other delays affecting TCPL, then at any time following such date and until such time as such service has been made available by TCPL, either Party shall be entitled to terminate this Contract. Any such termination shall be effective upon the terminating Party giving written notice to the other Party; provided, that any such termination shall not affect the rights and obligations of the Parties which have accrued prior to the time of termination.

2.9 Maintenance of Authorizations and Arrangements

Each Party shall use all commercially reasonable efforts during the Term to maintain in effect sufficient regulatory authorizations, transportation and other arrangements in order to ensure the full performance of its obligations under this Contract.

ARTICLE III
GAS SUPPLY AND PURCHASE OBLIGATIONS; NOMINATIONS

3.1 Nominations

Commencing on the Date of First Delivery and subject to the terms and conditions of this Contract (including, without limitation, the satisfaction or waiver prior thereto of the conditions precedent set forth in Article II hereof), (1) Buyer shall have the right on each Day during the Term to nominate for delivery to Buyer and purchase from Seller a quantity of Gas ("Nominated Quantity") not exceeding the MDQ and (2) Seller shall, on each Day during the Term, sell and deliver the Nominated Quantity to Buyer.

3.2 Nomination Procedure

- (a) Buyer shall make a nomination to Seller for each Month at least 48 hours prior to the date which is the latest date that a shipper can give its nomination to utilize firm transportation service on the first Day of the Month on the Transporter immediately upstream of the Delivery Point. Any Monthly nomination or any change to that nomination during the Month shall remain in effect until subsequently changed by Buyer. Seller shall not be required to accept a nomination change from Buyer for the purpose of altering Seller's nomination with the Transporter immediately upstream of the Delivery Point unless Seller has received the nomination change from Buyer by not later than 10:00 a.m. Eastern Time on the Day prior to the Day that the change in nomination is to take effect. Seller shall be responsible for all nominations with Transporters upstream of the Delivery Point and Buyer shall be responsible for all nominations with Transporters at and downstream of the Delivery Point.
- (b) Buyer, when providing any nomination for Gas hereunder or when making any change to a nomination already in place, shall firstly

telephone the nomination or change in nomination to Seller's Gas Operations personnel at the telephone number as specified in Section 16.4 and in all cases promptly thereafter provide written confirmation of the nomination or change in nomination via facsimile transmission in the form attached to this Contract as Exhibit "A" to Seller's Gas Operations personnel at the telecopy number so provided in Section 16.4 hereof. When communicating with Buyer in respect of any nominations received from Buyer, Seller shall contact Buyer's Gas Operations personnel or Gas Dispatch personnel (as applicable) as specified in Section 16.4.

- (c) In the event that the nomination procedures on any of the Transporters is changed at any time in a manner which adversely affects a Party's ability to timely perform its obligations hereunder, then Buyer and Seller shall use all commercially reasonable efforts to cooperate and work together as necessary in order to develop, amend, implement and maintain nomination procedures that are consistent with the nomination and operational requirements of the Transporters.
- (d) Each Month, Buyer shall use reasonable efforts to provide its best estimate of the quantities of Gas that it expects to take on each Day during the following Month at least 10 Days prior to the beginning of such Month.

3.3 Minimum Purchase Obligation

- (a) In this Section, "Minimum Annual Quantity" or "MAQ" shall mean, for any Contract Year, 75% of the MDQ in effect on the first Day of the Contract Year multiplied by the number of Days in the applicable Contract Year less any quantity of Gas which Buyer was unable to nominate and/or take delivery of due to a Force Majeure event affecting Buyer.

- (b) During each Contract Year, Buyer shall be obligated to nominate for and, if delivered, purchase a quantity of Gas equal to the MAQ.
- (c) If the aggregate of the Nominated Quantities for any Contract Year is less than the MAQ for such Contract Year (the difference being the "Purchase Deficiency"), Buyer shall be obligated to nominate for and, if delivered by Seller, to purchase during the following Contract Year, an aggregate quantity of Gas equal to the sum of (1) the MAQ in effect for such following Contract Year and (2) the Purchase Deficiency from the prior Contract Year. If Buyer fails to nominate for and, if delivered by Seller, to purchase such aggregate quantity of Gas during any such following Contract Year, then Seller shall have the right, at any time within 60 Days following the end of such following Contract Year, to either:
 - (i) terminate this Contract, or
 - (ii) reduce the MDQ to a quantity selected by Seller; provided, that the MDQ shall not be reduced to a quantity which is less than the simple average of the Nominated Quantities which were in effect for each Day during the most recent Contract Year.

Any such termination or reduction in the MDQ shall be effective as of the commencement of the first Day of the fourth Month following the end of such following Contract Year and shall be Seller's sole and exclusive remedy for Buyer's failure to nominate and purchase the MAQ.

- (d) For the purposes of subsection 3.3(c), for any Day that Buyer fails to nominate for Gas, such Day shall be deemed to have a zero Nominated Quantity for the purposes of calculating the aggregate of the Nominated Quantities for the Contract Year.

- (e) The failure of Seller to exercise its termination or MDQ reduction rights under subsection 3.3(c) at any time shall not preclude Seller from exercising such rights at a later time should Buyer subsequently default in its obligations under subsection 3.3. For purposes of clarification and notwithstanding anything herein contained, the Nominated Quantity for any Day shall not exceed the MDQ.
- (f) Nothing in this Section shall be construed to relieve Buyer of any of its obligations hereunder (including, without limitation, its obligations under Sections 5.1.1 and 5.1.3) unless, until and to the extent Seller exercises its rights under this Section.

3.4 Substitute Price References

If, at any time during the Term, any of Canadian Natural Gas Focus, Canadian Natural Gas Market Report or Inside FERC's Gas Market Report (1) is no longer published, or (2) ceases to publish a price report providing the information specified in the definitions of "Alberta Spot Price", "Midcontinent Spot Price", or "Niagara Price", or if the prices reflected in the definitions of "Alberta Spot Price" or "Midcontinent Spot Price" or "Niagara Price" are no longer representative of current market prices for gas at the points specified in those definitions or are no longer market responsive, then the Parties shall promptly meet, following the request of either Party to agree upon an alternate publication or pricing mechanism for the purposes of this Contract. If the Parties fail to meet for any reason whatsoever within 20 Days of either Party requesting a meeting for this purpose or if the Parties meet but fail to agree for any reason whatsoever upon an alternate publication, price reference or pricing mechanism within 60 Days following the request of either Party hereunder, then either Party may refer the matter to arbitration for binding determination pursuant to Article XV. The arbitrator(s) selected pursuant to Article XV shall select (1) an appropriate substitute price reference from any publication or other publicly

available source ("Substitute Reference") or (2) if no Substitution Reference is available, then an alternate pricing mechanism which is market responsive, for the purpose of replacing any price reference in either of the definitions (taking into account the reasons that the original price reference or publication had been selected by the Parties as the Parties shall advise the arbitrator(s)). The arbitrator(s) shall be entitled to (1) select a Substitute Reference for use hereunder, or (2) if no Substitution Reference is available, then select an alternate pricing mechanism which is market responsive. Until the Substitute Reference or pricing mechanism is selected, all calculations and payments shall be made hereunder using the last price determinable from the original price reference (which became indeterminable, unavailable or was materially altered, as applicable). Following the determination of the Substitute Reference or pricing mechanism, the applicable definition shall be deemed to have been amended to include the Substitute Reference (including any adjustments specified by the arbitrator(s)) or pricing mechanism effective back to the date that the original price reference became indeterminable, unavailable or was materially altered (as applicable) and the Parties shall make all necessary retroactive adjustments. If the Parties are unable to agree upon the amendments required to this Contract in order to reflect the selection of a Substitute Reference or pricing mechanism, then the arbitrator(s) shall specify the necessary amendments to this Contract; provided, that the arbitrator(s) shall not specify for any amendments which would in any way affect all or any of the MGDC, the MGRC and the MGTC.

3.5 Bypass Risk - MDO Reduction

In the event that Buyer at any time during the Term, experiences any permanent reduction in demand by its customers as a result of pipeline bypass, utilization of Buyer's transportation by Gas purchasers in lieu of sales by Buyer to those purchasers, or any other similar situation (unless occasioned by any affiliate of Buyer), despite the use of commercially reasonable efforts to

retain such customers or otherwise avoid the reduction, Buyer may elect once in each Contract Year to reduce the MDQ in effect on the first Day of such Contract Year for each of the remaining Contract Years hereunder to reflect such lost sales by providing Seller with written notice not later than 120 Days prior to the start of the following Contract Year and specifying the MDQ to be in effect from and after the first Day of the following Contract Year. Buyer shall only reduce the MDQ on a pro rata basis with all of Buyer's other firm sellers with whom Buyer has the contractual right to reduce its maximum daily contracted-for quantity. Buyer shall be relieved of the MGDC from and after the first Day of the following Contract Year to the extent of the reduction in the MDQ and Seller shall have the option, if Buyer is the shipper under the TCPL Service Agreement, to acquire a portion of the TCPL Service Agreement from Buyer in accordance with the provisions of subsection 12.5(b). In addition, the calculation of the MGRC for the following Contract Years shall be made using the reduced MDQ.

ARTICLE IV TERM OF CONTRACT

4.1 Term

- (a) This Contract shall, subject to any provisions relating to earlier termination and subsection 4.1(b), continue in full force and effect until the last Day of the Term.
- (b) Not less than 18 months prior to the end of the Term, either Party shall be entitled to notify the other Party ("Extension Notice") that it wishes to negotiate an extension to the Term. Unless the Party receiving the Extension Notice notifies the other Party that it does not wish to extend this Contract (such notice to be given with 15 Days of receiving the Extension Notice), then the Parties shall meet for the purposes of agreeing upon the Monthly Price and other terms which shall apply during the extended period. If the Parties fail to reach agreement on all terms within

180 Days from the date the Extension Notice was received by the receiving Party, then the negotiations shall terminate, neither Party shall have any further obligations to the other Party under this subsection, and this Contract shall terminate at the end of the Term. Any extension of the Term is subject to each Party obtaining the authorizations, approvals and transportation service arrangements required by that Party in order to perform its obligations during the extended period.

ARTICLE V
RATES AND CHARGES

5.1 Monthly Charges

For each Month from and after the Date of First Delivery, Buyer shall pay Seller, in Dollars and as invoiced by Seller pursuant to Section 10.1, the sum of the amounts determined for the Month pursuant to Sections 5.1.1, 5.1.2, 5.1.3 and 5.1.4.

5.1.1 Monthly Gas Demand Charge (MGDC)

A "Monthly Gas Demand Charge" or "MGDC" shall be calculated for each Month and shall be equal to the sum of (1) 100% of the NOVA receipt point and delivery point demand charges which are required to be paid for the Month under the NOVA Service Agreements plus (2) 100% of the demand charges which are required to be paid for the Month under the TCPL Service Agreement; provided, that upon Buyer taking an assignment of the TCPL Service Agreement, the MGDC shall be equal to only the aforesaid NOVA receipt and delivery point demand charges (for so long as such assignment remains in effect). The MGDC shall be payable to Seller by Buyer each Month during the Term except to the extent any provisions of this Contract expressly excuse Buyer's payment of some portion or all of the MGDC.

5.1.2 Monthly Gas Commodity Charge (MGCC)

The "Monthly Gas Commodity Charge" or "MGCC" shall be calculated for each Month and shall be equal to the product of:

- (a) the sum of (1) the total quantity of Gas nominated by Buyer and actually delivered by Seller to Buyer during the Month ("Delivered Quantity") plus (2) the total quantity of Fuel Gas delivered by Seller to TCPL ("TCPL Fuel Gas") for the Month for the purpose of transporting the Delivered Quantity to the Delivery Point plus (3) the total quantity of Fuel Gas delivered by Seller to NOVA for the Month for the purposes of transporting the Delivered Quantity and the TCPL Fuel Gas to Empress,

multiplied by
- (b) the Monthly Price for the Month.

If Seller is no longer able to provide Fuel Gas in kind to NOVA or TCPL pursuant to the tariffs of those Transporters, then the MGCC shall include all amounts billed to Seller for the Month by NOVA and TCPL (as applicable) for Fuel Gas.

5.1.3 Monthly Gas Reservation Charge (MGRC)

A "Monthly Gas Reservation Charge" or "MGRC" shall be calculated for each Month as follows:

$$\text{MGRC} = (\text{MDQ} \times \text{Days} \times \text{RF}) \times \text{MP}$$

WHERE:

"Days" = the number of Days in the applicable Month

- "RF" = (a) 2.5% when AT equals or exceeds 90% for the Month
- (b) 10% when AT is less than or equal to 50% for the Month
- (c) when AT is greater than 50% but is less than 90%, "RF" shall equal the sum of (1) 2.5% plus (2) .1875% for each full one percentage point that AT is less than 90%
- "ADT" = the total quantity of Gas purchased by Buyer during the Month divided by "Days"
- "AT" = $\frac{ADT}{MDQ} \times 100$ (with the result expressed as a percentage)
- "MP" = the Monthly Price for the Month.

The MGRC shall be payable to Seller by Buyer each Month during the Term except to the extent that any provisions of this Contract expressly excuse Buyer's payment of all or some portion of the MGRC.

5.1.4 Monthly Gas Transporter Charge (MGTC)

A "Monthly Gas Transporter Charge" or "MGTC" shall be calculated for each Month and shall equal the sum of the following:

- (a) in respect of NOVA, all commodity charges which are paid by Seller for the Month under the NOVA Service Agreements to deliver to Empress (1) the Nominated Quantities plus (2) the quantity of TCPL Fuel Gas pertaining to such Nominated Quantities (as required by TCPL to transport the Nominated Quantities from Empress to Niagara Falls), and
- (b) in respect of TCPL (when Seller is the shipper under the TCPL Service Agreement), all commodity charges which are paid by Seller for the

Month under the TCPL Service Agreement to deliver to Niagara Falls the Nominated Quantities.

5.2 Redetermination of MGRC and Monthly Price

(a) At least 6 Months prior to November 1, 2000, either Party shall be entitled to request, by written notice to the other Party ("Price Redetermination Notice"), that the Parties negotiate in good faith to establish a new Monthly Price and a new MGRC. If the Parties agree upon a new Monthly Price and MGRC, such new Monthly Price and MGRC shall be used for the purposes of this Contract during the remaining 5 Contract Years of the Term. Failure of the Parties to agree upon a new Monthly Price or MGRC for any reason whatsoever within 60 Days of the Price Redetermination Notice having been received by the addressee thereof shall entitle either Party to refer the issue to binding arbitration pursuant to Article XV and subsection 5.2(b). If:

- (i) neither Party forwards a Price Redetermination Notice to the other Party at least 6 Months prior to November 1, 2000, or
- (ii) a Price Redetermination Notice has been forwarded but neither Party has referred the issue to binding arbitration within 15 Days of the 60 Day period referred to in the preceding sentence,

then the Monthly Price and the MGRC which were initially in effect hereunder shall remain in effect for the remaining 5 Contract Years in the Term.

(b) Price Redetermination Procedure

Any redetermination pursuant to this Section 5.2 shall be for the purpose of ensuring that the prices and reservation fees payable under this Contract, for the last 5 Contract Years of the Contract, reflect prices and

reservation fees which are then being paid under gas sale contracts having similar terms and conditions (including the term of this Contract) and which serve markets similar to the types of markets currently served by Buyer using western Canadian Gas reserves. When redetermining the Monthly Price and the MGRC, the Parties shall take into account the fact that no change is to be made to the MGDC and the MGCC provisions for the last 5 Contract Years. Any arbitration conducted pursuant to this Section 5.2 shall be governed by the foregoing principles and the following:

- (i) each Party will submit to the arbitrator(s) (within 45 Days of the appointment of the arbitrator(s)) its determination of the appropriate Monthly Price and MGRC to be payable hereunder for the remaining Term of this Contract, including its reasons in support of the submitted amount by that Party. Once the arbitrator(s) has received the submissions of each Party, the arbitrator(s) shall provide each Party with a copy of the other Party's entire submission;
- (ii) the arbitrator(s) shall hear the arguments of each Party and make a decision within 30 Days of the receipt of each Party's submissions of the appropriate Monthly Price and MGRC for the remaining Term; and
- (iii) for the purposes of his decision, the arbitrator(s) shall not be entitled to propose a compromise and must select the amounts submitted by one of the Parties without alteration in any way. When making its decision, the arbitrator(s) shall take into account the fact that no change is to be made to the

MGDC and the MGCC provisions for the last 5 Contract Years.

In the event that a Party fails to submit its determination of the appropriate Monthly Price and MGRC within the above specified time period, then the arbitrator(s) shall be required to select the submission made by the other Party.

5.3 Conversions

The following conversion shall be used for the purposes of this Contract:

(a) for the purposes of converting from MMBtus to 10^3m^3 at the Niagara Falls Delivery Point, the following formulae shall be used:

(1) MMBtu times the TCPL Posted Heating Value = mcf

Where "TCPL Posted Heating Value" means the heating value as published by TCPL for the applicable Month for Niagara Falls

(2) $\text{mcf} \times 0.02832784 \text{ m}^3 \text{ per cf} = 10^3\text{m}^3$

(b) for the purpose of converting from MMBtus to gigajoules, the standard industry conversion rate of 1.054615 times the number of MMBtus shall be used.

ARTICLE VI RESERVES AND DELIVERABILITY

6.1 Reserves

Seller shall submit sufficient Alberta Gas reserves to both the ERCB and the NEB in support of its applications for a Removal Permit and Export

Licence as contemplated in Section 2.1. The submission of reserves to the ERCB and the NEB shall not be construed as a dedication of those reserves to this Contract. No reserves are being dedicated to this Contract.

6.2 Deliverability

Subject to and in accordance with the terms of this Contract, Seller warrants that it has and shall maintain throughout the Term on a rolling 36 Month basis, sufficient uncommitted Gas deliverability from its Alberta Gas reserves to meet its Gas delivery obligations under this Contract at all times.

6.3 Evaluation of Allocated Reserves by Buyer

- (a) Buyer may, at its expense and not more often than once every calendar year commencing in 1996, have a petroleum reservoir engineer ("Consultant") evaluate the Gas reserves submitted by Seller to the ERCB and the NEB pursuant to Section 6.1 for the purpose of determining whether or not these reserves are sufficient to enable Seller to perform its Gas delivery obligations hereunder for the remainder of the Term. The Consultant shall be from a reputable and recognized Canadian independent firm of petroleum consultants. Seller shall make available to the Consultant, Seller's reserve report as was provided by Seller to the ERCB and NEB in support of its Removal Permit and Export Licence applications. The Consultant shall be required to retain in confidence such report except to the extent that the Consultant is required to disclose information in its final report to Buyer. Buyer shall retain all information provided by Seller and the Consultant in confidence except to the extent Buyer is required to disclose information for the purpose of enforcing its rights under this Contract or by order of the DPU or other regulatory body having jurisdiction over Buyer. The Consultant shall provide Seller

with one copy of its report to Buyer concurrently with the delivery of the report to Buyer.

- (b) In the event that the Consultant concludes that the reserves submitted to the ERCB and NEB are insufficient to enable Seller to perform its obligations hereunder for the remainder of the Term, Seller shall be entitled to have the Consultant's conclusions reviewed by another independent firm of petroleum reservoir engineers not customarily utilized by Seller and not then being used by Seller ("Seller's Engineer"). If Seller's Engineer agrees with the Consultant's conclusions, then Seller shall forthwith submit the required additional reserves satisfactory to the ERCB and the NEB in order to maintain Seller's Removal Permit and the Export Licence in good standing.
- (c) In the event that:
 - (i) the Consultant, despite the submission of additional reserves to the ERCB and NEB, continues to reasonably conclude that Seller has insufficient reserves to satisfy its obligations under this Contract for the remainder of the Term and either (1) Seller's Engineer agrees with the Consultant's conclusions or (2) Seller did not have the Consultant's conclusions reviewed under subsection 6.3(b), or
 - (ii) the ERCB or NEB does not accept Seller's submission of additional reserves as being sufficient for the purposes of maintaining Seller's Removal Permit and Export Licence

then Buyer may, at any time within 6 Months after the later of (1) the submission of the additional reserves to the ERCB or NEB or (2) the Consultant's report being made available to Seller, terminate this Contract on 30 Days' notice to Seller. In the event that this Contract is terminated pursuant to this Section, neither Party shall have any further obligations under this Contract except for

payments due and owing at the time of such termination, Buyer's termination rights being its sole and exclusive remedy for any failure by Seller of any of its obligations under this Article VI.

6.4 Deliverability Information

Seller will, within 30 Days of Buyer's written request, furnish Buyer with a current estimate of deliverability available to Seller on a daily and seasonal basis at the Delivery Point. This estimate will be accompanied by an explanation of the basis for the availability of the supply supporting the estimates, and will include enough documentation to enable Buyer to verify in its reasonable discretion that Seller possesses the rights to and the ability to develop and deliver sufficient quantities of Gas to satisfy Seller's obligations pursuant to Section 6.2 of this Contract. Buyer may not make such request more often than once every 12 Months. Buyer will inform Seller within 90 business Days of receipt whether the report and documentation provided in response to such a request are reasonably acceptable to it. In the event Buyer reasonably requires additional documentation to satisfy such request, Seller shall provide such additional documentation.

ARTICLE VII
REMEDIES

7.1 Delivery Failure Remedies

Buyer's remedies for Seller's failure to deliver Gas hereunder shall be as provided for in Sections 7.1.1, 7.1.2, 7.1.3 and 7.1.4:

7.1.1 Purchase of Alternate Fuel

If, for any reason other than due to an event of Force Majeure or an exercise by Seller of its Suspension Rights, Seller fails to supply ("Supply Failure") any portion of the Nominated Quantity on any Day up to the MDQ

("Shortfall Quantity"), then Buyer shall have the right to obtain Gas, propane or liquefied natural gas ("Alternate Fuel") to replace the Shortfall Quantity. Buyer shall notify Seller of its proposed use of Alternate Fuel as promptly as is practical under the circumstances. Seller, shall reimburse Buyer, within 30 Days after Buyer has delivered an invoice and supporting documentation to Seller, for any incremental costs incurred by Buyer in purchasing Alternate Fuel as a direct result of Seller's unexcused non-performance. Such incremental costs shall:

- (a) when the Alternate Fuel is Gas, be for reasonable demand and commodity charges in excess of those which Buyer would have paid Seller hereunder with respect to the quantities of Alternate Fuel purchased by Buyer to replace the Shortfall Quantity,
- (b) be for reasonable miscellaneous third party charges directly related to obtaining Alternate Fuel,
- (c) be for reasonable transportation costs incurred by Buyer as a direct result of Buyer's purchase of Alternate Fuel other than Gas, and
- (d) be for penalties assessed by any Transporter for any imbalances caused by Seller (when Seller has failed to advise Buyer of any Shortfall Quantity sufficiently in advance of nomination deadlines on Buyer's First Transporter so as to reasonably permit Buyer to alter its nomination accordingly at the Delivery Point),

which Buyer incurs as a result of Seller's failure to deliver the Shortfall Quantity. For purposes of clarification, the amounts payable by Seller under Section 7.1.1 shall only be for those permitted costs incurred by Buyer and which exceed those costs which Buyer would have paid Seller hereunder if Seller had delivered the Shortfall Quantity. In addition, Buyer shall be relieved of its obligation to pay Seller that portion of the MGDC and the MGRC as shall equal a fraction, the numerator of which is the sum of (1) the nominated quantities of Gas which

Seller was unable to deliver during the applicable Month (for any reason other than due to a Force Majeure event or an exercise of Suspension Rights) and (2) the quantities not delivered by Seller after it was prepared to resume deliveries but which were not delivered by Seller pending the completion by Buyer of purchases under its Alternate Fuel arrangements, and the denominator of which is the MDQ times the number of Days in the applicable Month. Buyer shall allow Seller, at Seller's option, to resume deliveries of Gas upon Buyer's receipt of Seller's written notification that it intends to recommence deliveries of Gas, which notification shall also contain Seller's written commitment to reimburse Buyer for any undisputed costs or penalties incurred by Buyer and paid to the supplier and/or transporter of the Alternate Fuel to cancel commitments to purchase such supplies of Alternate Fuel (subject to the furnishing by Buyer of reasonable documentation with respect thereto). Buyer agrees to use reasonable efforts to consult with Seller prior to obtaining supplies of Alternate Fuel to try to reasonably determine the expected duration of the Supply Failure and use of Alternate Fuel and to use reasonable efforts to minimize the costs and expenses for which Seller is liable under this Section 7.1.1 and will, therefore, endeavor to secure supplies of Alternate Fuel on as short-term a basis as is reasonably practicable under the circumstances. Buyer shall use commercially reasonable efforts to find the lowest cost supplies of Alternate Fuel.

7.1.2 MDO Reduction and Termination Options

- (a) In this Section, "Aggregate Shortfall" means, for any Contract Year, the difference (if a positive number) between (1) the aggregate of the Nominated Quantities for the Contract Year less (2) the sum of (i) the aggregate quantity of Gas delivered by Seller during the Contract Year plus (ii) the aggregate quantity of Gas not delivered by Seller during the Contract Year due to any Force Majeure events or due to Seller having exercised its Suspension Rights.

- (b) In the event that an Aggregate Shortfall occurs for any Contract Year and such Aggregate Shortfall exceeds 2% but is less than 5% of the aggregate of the Nominated Quantities for the Contract Year, then:
- (i) Buyer shall have the right to reduce the MDQ by a quantity equal to (1) the Aggregate Shortfall divided by (2) the number of Days in such Contract Year. Buyer may exercise such right by notice in writing given to Seller within 60 Days following the end of the Contract Year in which the Aggregate Shortfall occurred. Any such reduction shall take effect on the first Day of the fourth Month following the Contract Year in which the Aggregate Shortfall occurred, and
 - (ii) Buyer shall have the right to terminate this Contract if, during the immediately subsequent Contract Year another Aggregate Shortfall occurs and such Aggregate Shortfall also exceeds 2% but is less than 5% of the aggregate of Buyer's Nominated Quantities during the subsequent Contract Year. Buyer shall have the right to exercise such termination option by written notice given to Seller within 60 Days following the end of such subsequent Contract Year. Any such termination shall take effect on the first Day of the fourth Month following the end of such subsequent Contract Year.
- (c) (i) In the event that an Aggregate Shortfall occurs for any Contract Year and such Aggregate Shortfall equals or exceeds 5% of the aggregate of the Nominated Quantities for the Contract Year, then the provisions of subsections 7.1.2(b)(i) and (ii) shall apply, mutatis mutandis, except that in the case of subsection 7.1.2.(b)(ii) Buyer

shall have the right to terminate this Contract following the Contract Year in which the Aggregate Shortfall equalled or exceeded 5% (and Buyer's termination right is not contingent on such shortfall occurring during two consecutive Contract Years).

- (ii) In addition to subsection 7.1.2(c)(i) and if at any time during any Contract Year Buyer determines that the aggregate quantity of Gas which Seller has failed to deliver to that point in time, when Seller's failure was not attributable to a Force Majeure event or Seller's exercise of its Suspension Rights, exceeds the product of the MDQ then in effect times 15, then Buyer shall have the right to terminate this Contract on 60 Days notice to Seller.

- (d) If (but only if) Buyer exercises any of the rights in subsections 7.1.2(b) and (c), then and from and after the date that the MDQ reduction or the termination (as applicable) takes effect, Seller shall not have any further obligations or liabilities of any nature or kind whatsoever in respect of the Aggregate Shortfall, the amount of the MDQ reduction or the termination of the Contract (as applicable); provided, that nothing herein shall relieve Seller from its obligations under Section 7.1.1 to reimburse Buyer for the costs associated with the purchase of Alternate Fuel in accordance with that Section from the date that Seller failed in its Gas delivery obligations up to the time that Buyer's exercise of any right under this Section takes effect.

7.1.3 MGDC and MGRC Reduction

During any period of time that Seller is unable, for any reason attributable to a Force Majeure event declared by Seller, to deliver all or any portion of the Nominated Quantity to Buyer, then Buyer shall be relieved of its obligation to pay Seller that portion of the MGDC and the MGRC as shall equal a

fraction, the numerator of which is the quantity of Gas which Seller was unable to deliver during the applicable Month due to the Seller's declared Force Majeure, and the denominator of which is the MDQ times the number of Days in the applicable Month.

7.1.4 Inability to Locate Alternate Fuel

Notwithstanding any other provision of this Contract which limits the remedies or damages available to Buyer (including, without limitation, Buyer's right to recover Alternate Fuel costs), in the event that:

- (a) Seller fails to deliver any quantity of Gas in accordance with its obligations under this Contract (when such delivery failure is not excused by any provision of this Contract including, without limitation, a Force Majeure occurrence or an exercise of Suspension Rights) ("Shortfall Amount"); and
- (b) Buyer is unable to obtain Alternate Fuel under Section 7.1.1 for the entirety of the Shortfall Amount,

Buyer shall have all rights and remedies which are available to Buyer at law in connection with Seller's breach of its obligations hereunder, for the period of time that Seller fails to deliver Gas in accordance with its obligations hereunder and during which period of time the Contract remains in effect. In addition, if a Shortfall Amount occurs for 7 consecutive Days and Buyer is unable to obtain Alternate Fuel under Section 7.1.1 for the entirety of the Shortfall Amount on each of such 7 consecutive Days, then Buyer shall have the right, on 60 Days notice given to Seller within 30 Days of such 7 consecutive Day period and not thereafter, to terminate this Contract. If Buyer elects to terminate this Contract, then from and after the date that the termination takes effect, Seller shall not have any further obligations or liabilities of any nature or kind whatsoever in

respect of the Shortfall Amount or the termination of this Contract; provided, that nothing herein shall limit the rights and remedies available to Buyer under this Section from the date that Seller failed in its delivery obligations up to the time that this Contract is terminated.

7.2 Seller's Remedies

In addition to its rights under Section 3.3, in the event of Buyer's failure to nominate for and take delivery of Gas hereunder, Seller shall have the rights provided for in Sections 7.2.1, 7.2.2 and 12.4.

7.2.1 MGDC and MGRC Payments

Buyer's obligation to pay Seller the entire MGDC pursuant to Section 5.1.1 and the MGRC pursuant to Section 5.1.3 shall not be affected by Buyer's failure to nominate and take delivery of the MDQ on any Day during the Term, regardless of the reason for such failure (including Force Majeure claimed by Buyer), except as otherwise provided in Section 7.1.3.

7.2.2 Pipeline Charges

If Buyer fails to take delivery of the entire quantity of Gas nominated by it at any time, then Buyer shall pay to Seller all penalties assessed against Seller by any Transporter for any imbalances caused by Buyer's failure.

7.3 Estimate of Force Majeure Duration

In the event of a Force Majeure, the Party declaring such Force Majeure shall use commercially reasonable efforts to estimate the length of time such Force Majeure will be in effect and immediately notify the other Party of such estimate. The Parties agree to use all commercially reasonable efforts to minimize the length of the period of time in which a Force Majeure is in effect and notify the other Party of any change in such estimate. In addition to the

Parties' other rights and remedies in this Article VII with respect to an event of Force Majeure, when a Force Majeure claimed by Seller requires Buyer to arrange for replacement Gas supplies during the period such conditions exist, Buyer shall use reasonable efforts to commit to purchase such supplies for a period consistent with the expected duration of the Force Majeure claimed by Seller. If such commitment includes payment of a reservation charge or other fixed charge for the delivery of Gas regardless of the quantity taken, Seller, at its option and when its performance is no longer affected by Force Majeure, may (i) resume deliveries and reimburse Buyer for any such reservation or other charges for the period extending beyond the condition of Force Majeure, or (ii) forego resumption of deliveries (without any obligations or liabilities whatsoever to Buyer during the period Seller foregoes resuming deliveries) and collection of the MGDC and the MGRC (to the extent of the quantities not delivered by Seller due to the Force Majeure event claimed by Seller) until Buyer's replacement Gas supply arrangements expire. Buyer shall use all commercially reasonable efforts to secure such replacement Gas supplies for as short a period of time or minimum period of time as is reasonable under the circumstances.

7.4 Limitation

The Parties waive all punitive, special, exemplary and consequential damages arising from a breach of this Contract by the other Party.

ARTICLE VIII
DELIVERY POINT; TITLE

8.1 Title

Title to all Gas purchased and sold hereunder shall pass from Seller to Buyer at the Delivery Point.

8.2 Transfer at Delivery Point

Seller shall arrange for the delivery of Gas purchased and sold hereunder to the Delivery Point and Buyer shall arrange for receipt of such Gas.

8.3 Change of Niagara Falls Delivery Point

(a) For so long as the Delivery Point is a TCPL export point, Buyer shall from time to time be entitled to request that Seller agree to change the Delivery Point to another TCPL export point. Seller shall not unreasonably withhold its consent to such change in the Delivery Point if:

- (i) the change is carried out in accordance with TCPL's requirements and procedures in effect at the time;
- (ii) Buyer agrees in writing with Seller to reimburse Seller for any amount which became payable (including ongoing payments) by Seller to TCPL as a result of the change in the Delivery Point and which would have not been payable by Seller but for the change to the Delivery Point; and
- (iii) the NEB will accommodate the new export point for the purposes of amending the Export Licence without imposing adverse conditions on Seller.

Following such change, all references in this Contract to "Niagara Falls" shall be deemed to have been automatically amended to the name of the new export Delivery Point.

(b) If Buyer wishes to change the delivery point under the TCPL Service Agreement when Buyer is the shipper under the TCPL Service Agreement, then Buyer shall first obtain Seller's approval for that change. Seller shall not unreasonably withhold its approval to such change if the

NEB will accommodate the new delivery point for the purposes of amending the Export Licence without imposing adverse conditions on Seller.

8.4 Taxes

Seller warrants the title to all Gas purchased and sold hereunder and that it has the contractual right and authority to sell such Gas. Seller will pay or cause to be paid all royalties, taxes and other charges due on production, gathering, severance or handling of the Gas prior to its delivery by Seller to or for the account of Buyer. Seller will indemnify and hold Buyer harmless against all loss, damage and expense of every character on account of adverse claims to the Gas delivered by it or of royalties, present and future taxes, payments, or other charges thereon applicable before delivery to or for the account of Buyer, and for any breach of Seller's warranties contained herein. Buyer shall pay or cause to be paid all present and future taxes or other charges attributable to the Gas at and after delivery to or for the account of Buyer, provided that, in the event Seller is required to remit such tax, Buyer shall reimburse Seller for such amount. Buyer will indemnify and hold Seller harmless against all loss, damage and expense of every character on account of taxes or other charges thereon or claims applicable thereto and which are applicable at and after delivery to or for the account of Buyer.

8.5 Possession

As between the Parties, Seller shall be deemed to be in exclusive control and possession of the Gas to be sold hereunder and responsible for any damage or injury caused thereby before the same shall have been delivered to Buyer at the Delivery Point, and Buyer shall be deemed to be in exclusive control and possession thereafter and responsible for any damage or injury caused thereby. As between the Parties, the Party deemed to be in control and

possession of the Gas shall be responsible for any loss and/or risk of loss, and agrees to indemnify and hold the other harmless from third party claims, expenses, costs or losses of any nature while the Gas is, or is deemed to be, in its control and possession.

8.6 Imbalance Penalties

Seller and Buyer shall indemnify and hold the other harmless from any imbalance penalties caused by or attributable to it and which may be imposed by any Transporter arising out of the delivery or receipt of Gas by Seller and Buyer hereunder, and shall reasonably cooperate to minimize such penalties and charges.

ARTICLE IX
MEASUREMENT, QUALITY AND PRESSURE

9.1 Measurement

Measurement and determination of the quantity of Gas delivered shall be made in accordance with the measurement procedures provided in the tariff of Buyer's First Transporter. Any measurement document Buyer or Seller may possess shall be provided to the other Party upon request by such Party.

9.2 Quality

Gas tendered for delivery to Buyer hereunder shall conform to the quality and thermal content specifications contained in the tariff of Buyer's First Transporter. If such Gas fails for reasons other than Force Majeure to conform to such quality specifications, and Seller is directly responsible, Buyer shall have no obligation to nominate for or take such Gas and shall also not be responsible to pay for the applicable portion of the MGDC and MGRC. However, if Buyer has knowingly accepted such less than pipeline quality Gas, Buyer shall pay for all charges as referenced in Article V.

9.3 Pressure

Gas tendered for delivery to Buyer hereunder shall be at a pressure sufficient to enter Buyer's First Transporter's system at the Delivery Point against the pressure prevailing therein from time to time.

ARTICLE X
BILLING AND PAYMENT

10.1 Monthly Statement

Not later than the 15th Day of each Month, Seller shall provide to Buyer an invoice ("Monthly Statement") setting forth the quantity of Gas delivered at the Delivery Point during the preceding Month, the quantity of Fuel Gas supplied to NOVA and TCPL, and the amount payable by Buyer for such Gas, and any other amounts due from Buyer to Seller hereunder including, without limitation, payments for the MGDC, the MGCC, the MGRC and the MGTC, less any amounts, due from Seller to Buyer under subsections 12.4(a) and 12.4(c). The Monthly Statement shall clearly state and itemize all charges, including the daily quantity and unit price. Buyer shall not be obligated to pay for quantities in excess of the amount nominated by it from time to time, unless specifically agreed to in advance by Buyer and Seller. In the event of a delivery by Seller in excess of the quantity nominated by Buyer, Buyer agrees to (i) promptly notify Seller of the amount and use reasonable efforts to work to resolve such imbalance, and (ii) use reasonable efforts to adjust its nomination in the immediately subsequent Months, to the extent permitted by Buyer's Transporters, to remedy such imbalance, so long as Seller holds Buyer harmless from any reasonable costs it incurs in doing so. In the event an imbalance cannot be corrected under clauses (i) or (ii), above, after reasonable efforts by the Parties to do so, Buyer shall pay over to Seller any "cash out" or similar amounts it receives from Buyer's First Transporter with respect to such over delivery. The detail in the Monthly Statement should also include a detailed cost calculation

which shows all relevant costs, including applicable indices, and demand and commodity rates, determinants and total costs.

10.2 Payment Default

Buyer shall make payment to Seller by the 25th Day of the Month or 10 Days from the date of receipt of the Monthly Statement, whichever is later. Payment shall be made in Dollars by wire transfer of funds, unless otherwise agreed by the Parties. Any amounts in the Monthly Statement and which are expressed in Canadian dollars shall be converted to Dollars in accordance with Section 10.5. In the event Buyer fails to forward any amount described in a Monthly Statement, Interest shall accrue on the unpaid portion from the date the original unpaid amount was due until the same is paid. If the failure to pay undisputed amounts continues for 5 Days, Seller, in addition to all other remedies available, shall have the right on 3 Days' written notice to suspend its obligation to deliver Gas under this Contract unless the failure is cured within the 3 Day period. If the failure is not cured within 5 Days following the suspension of deliveries, Seller, in addition to all other remedies available, may terminate this Contract on 10 Days' prior written notice to Buyer. Buyer shall have similar rights to cause the suspension of nominations and the termination of this Contract if Seller fails to pay any undisputed amounts payable under this Contract to Buyer from time to time.

10.3 Errors

In the event an error is discovered by either Party, or a reallocation of amounts received at the Delivery Point occurs, the Party discovering the charge shall notify the other Party in writing within 20 Days of such discovery. If such charge results in an additional payment by Buyer or a refund by Seller, such payment or refund shall be made within 10 Days of receipt of the written notification. In the event of an error directly attributable to one Party, the other

civil disturbances, explosions, breakage, accidents to machinery or lines of pipe, freezing of or damage to wells or delivery facilities, well blowouts, curtailment of firm transportation whether or not the Transporter has claimed force majeure, inability to obtain or unavoidable delay in obtaining material or equipment, and any other cause of the kind herein enumerated or of a similar nature, not reasonably within the control of the Party claiming suspension and which by the exercise of due diligence such Party is unable to prevent or overcome. Notwithstanding the foregoing, the following shall not be events of Force Majeure: (1) insufficiency of deliverability to Buyer's First Transporter other than as a result of the occurrence of any of the events specifically enumerated in this Section 11.1; (2) lack of funds of either Buyer or Seller; and (3) insufficient, lack of or loss of markets or Gas purchasers at any time or from time to time.

11.2 Notice of Force Majeure

In the event of either Party being rendered unable, wholly or in part, by Force Majeure to carry out its obligations (other than the obligations set forth hereinbelow), it is agreed that on such Party's giving notice and full particulars of such Force Majeure in writing to the other Party as soon as practicable and in any event within two (2) business Days after the occurrence of the cause relied on, the obligations of both Parties, so far as they are affected by such Force Majeure, shall be suspended during such period of Force Majeure, but for no longer period (subject to Section 7.4), and such cause shall so far as possible be remedied with all reasonable dispatch. Buyer shall reduce its Nominated Quantity to reflect any Force Majeure event declared by either Party.

11.3 Termination Option

Either Party shall have the right to terminate this Contract, upon 30 Days' prior notice, due to a Force Majeure condition claim by the other Party which lasts for 90 consecutive Days.

11.4 Resumption of Performance

As soon as possible after a Force Majeure event shall have been remedied, the Party claiming Force Majeure shall likewise give notice to the effect that the same has been remedied and that the Party has resumed, or is then in a position to resume, the performance of such covenants or obligations.

ARTICLE XII
TCPL SERVICE AGREEMENT

12.1 Buyer's Option to Acquire

Buyer shall have the right, by written notice given to Seller at any time up to and including June 30, 1995, to request that Seller assign the TCPL Service Agreement to Buyer. Upon receipt of such notice, Seller shall assign the TCPL Service Agreement to Buyer effective as of November 1, 1995 (or such later date as is the effective commencement date for the TCPL Service Agreement ("Service Effective Date")) provided that:

- (a) Buyer first obtains written assurances from TCPL addressed to Seller confirming that TCPL will completely and permanently release Seller from any and all obligations whatsoever connected with the TCPL Service Agreement from and after the Service Effective Date if the assignment of the TCPL Service Agreement is made to Buyer. Buyer shall use all commercially reasonable efforts to obtain such a release ("Release"); or
- (b) if Buyer cannot obtain a Release from TCPL, after using all commercially reasonable efforts, it shall first provide Seller with an unconditional and unlimited indemnification agreement (in form and substance acceptable to Seller acting reasonably) which indemnifies and saves Seller harmless from and against any and all claims and demands of any nature or kind whatsoever arising from or in any way pertaining to the TCPL Service Agreement from and after the Service Effective Date ("Indemnity").

- (A) all commodity charges which pertain to the volumes of Gas shipped by Seller during the Month when using the Released Capacity; and
- (B) all demand charges which Seller agreed to pay pursuant to subsection 12.4(a)(ii); and
- (C) all Fuel Gas required by TCPL in respect of the Released Capacity used by Seller.

When Seller utilizes the Released Capacity, the Parties recognize that Seller will be invoiced by TCPL for the full demand charges which are attributable to the Released Capacity used by Seller. Buyer shall be responsible for such demand charges to the extent they were not agreed to be paid by Seller pursuant to subsection 12.4(a)(ii) and Seller shall include such excess demand charge amounts in the appropriate Monthly Statement in order that Seller is reimbursed for such excess demand charges by Buyer. Any excess amounts due hereunder from Seller to Buyer shall be reflected in subsequent Monthly Statements as provided for in Section 10.1.

- (b) If at any time during the Term, TCPL implements an automated capacity release system which provides for the posting of purchases and sales of capacity and the prices offered to be paid therefor, then Buyer and Seller agree to amend subsection 12.4(a) to incorporate such automated capacity release system.
- (c) (i) If Seller is the shipper under the TCPL Service Agreement, then on each Day during the Term that the Nominated Quantity is less than the MDQ, Seller shall have the exclusive and unconditional right (but not the obligation) to use that portion of the capacity under the

TCPL Service Agreement which is equal to the portion of MDQ not nominated by Buyer for that Day (such portion being the "Ready Capacity") for any purpose whatsoever. Seller shall have the right to use the Ready Capacity in priority to any other person (including Buyer).

(ii) On the 25th Day of each Month, Seller shall pay to Buyer, in respect of the total Ready Capacity used by Seller during the preceding Month, the product of:

(A) the difference between:

(1) the Niagara Price for the preceding Month less (i) the TCPL commodity toll in effect for the preceding Month to transport one MMBtu from Empress to Niagara Falls and (ii) the value of TCPL Fuel Gas for the preceding Month determined as the product of the Monthly Price for such Month times the quantity of Gas (express in MMBtus) required as Fuel Gas to transport one MMBtu from Empress to Niagara Falls, and

(2) the Monthly Price for the preceding Month

times

(B) the aggregate quantity of gas shipped by Seller when using the Ready Capacity during the preceding Month.

(iii) Seller shall make each payment under subsection 12.4(c)(ii) by setting off in the Monthly Statement the amount owed by Seller under this paragraph against the amount of the MGDC which

would otherwise be payable by Buyer to Seller for such Month as provided for in Section 10.1.

12.5 Re-Assignment of TCPL Service Agreement

- (a) Buyer shall give Seller not less than 60 Days notice (including full particulars) prior to assigning, releasing back to TCPL, or allowing to expire, all or any portion of the TCPL Service Agreement. Seller shall have an option, for 30 Days after receiving such notice, to elect by notice to Buyer to take an assignment of such portion of the TCPL Service Agreement as Buyer intends to assign, release or allow to expire. If Seller elects to take such assignment, Buyer shall assign such transportation service to Seller within 30 Days of receiving Seller's election. In the case of a proposed assignment by Buyer to a third party for valuable consideration, Seller shall be required to match the consideration which the third party had agreed to pay Buyer. If Buyer fails to provide notice to Seller at any time when Buyer is required to do so pursuant to the terms of this subsection, then Buyer shall not be liable to Seller for such failure if Buyer did not act in bad faith in failing to notify Seller.

- (b) In the event Buyer elects, at any time, to reduce the MDQ pursuant to Section 3.5 or to terminate the Contract pursuant to Section 13.1, Seller shall have the option of requiring Buyer to assign to Seller, without consideration, either (1) that portion of the TCPL Service Agreement as is equal to the amount by which Buyer has elected to reduce the MDQ (in the event of an MDQ reduction under Section 3.5) or (2) all or any portion of the TCPL Service Agreement as selected by Seller (in the event of a termination under Section 13.1). Seller shall notify Buyer of its election within 90 Days of receiving Buyer's MDQ reduction notice under Section 3.5 or Buyer's termination notice under Section 13.1(as applicable) and if Seller elects to take such assignment, Buyer shall assign such portion of

12.6 Assignment of TCPL Service Agreement
in Event of Early Termination

In the event that Buyer terminates this Contract at any time prior to the normal expiration of the Term, other than pursuant to Section 13.1, and at the time of such termination Seller is the shipper under the TCPL Service Agreement, then Seller shall, if so requested by Buyer within 10 Days of Buyer notifying Seller of its election to terminate and not thereafter, transfer and assign the TCPL Service Agreement to Buyer effective upon the effective date of such termination. Seller's obligation to make such assignment is subject to (1) any required TCPL approvals for such assignment, and (2) the satisfaction of one of the conditions in subsections 12.1(a) and (b) which shall apply, mutatis mutandis.

ARTICLE XIII
LAWS AND REGULATORY BODIES

13.1 Subject to Laws

This Contract and the rights and obligations of the Parties hereunder are subject to all applicable present and future laws, rules, regulations and orders of any regulatory or legislative body or duly constituted authority having jurisdiction over Seller, Buyer, or any Transporter. Without limiting the generality of the foregoing, in the event that the DPU at any time during the Term disallows Buyer from recovering in its retail rates a portion of the charges payable by it hereunder and such disallowance occurs despite Buyer's good faith efforts to prevent the disallowance, then Buyer shall have the right, within 30 Days of receiving the DPU's decision and not thereafter, to terminate this Contract on 90 Days prior notice to Seller. In the event of any such termination, Buyer and Seller shall thereafter have no further rights and obligations hereunder, except with respect to the payment of amounts due and owing at the time of such termination and except for any other rights and obligations which have accrued to the time of termination.

ARTICLE XIV
TRANSFER AND ASSIGNMENT

14.1 Assignment

Any corporation which shall succeed by purchase, merger, or consolidation to the properties, substantially as an entirety, of Buyer or Seller, as the case may be, shall be entitled to the rights and shall be subject to the obligations, of its predecessor in title under this Contract. Seller or Buyer may, without relieving itself of its obligations under this Contract, assign any of its rights and obligations hereunder to a corporation with which it is affiliated at the time of such assignment. Otherwise, no assignment hereunder shall be made by Seller or Buyer without the written consent of the other having first been obtained, which consent shall not be unreasonably withheld. It is agreed, however, that the provisions of this Article shall not in any way prevent either Party to this Contract from pledging or mortgaging its rights hereunder as security for its indebtedness. Notwithstanding the foregoing, no assignment of this Contract may be made by Seller if approval is required for such assignment from any regulatory authorities having jurisdiction over Buyer and such regulatory authority fails or refuses to approve such assignment after Buyer has used all reasonable efforts to obtain the approval.

ARTICLE XV
ARBITRATION

15.1 Arbitration Procedure

- (a) All disputes or other matters arising out of or in connection with this Contract which the Parties have specifically agreed in this Contract shall be settled by arbitration, shall be referred to and resolved by arbitration pursuant to the terms of this Article. In addition, any other disputes which the Parties elect to have determined by arbitration shall be referred to and resolved by arbitration pursuant to the terms of this Article.

- (b) Arbitrations shall be alternated between Vancouver, British Columbia and Boston, Massachusetts. When the first issue is referred to arbitration by a Party under this Contract, then the other Party shall choose the location of the first arbitration, being either Vancouver or Boston. The second arbitration shall be held at the location which was not selected for the first arbitration and thereafter, arbitrations shall be scheduled alternatively between these two locations.
- (c) Arbitrations to be conducted in Vancouver shall be conducted pursuant to the Rules of the British Columbia International Commercial Arbitration Centre. The arbitration shall be held in Vancouver, British Columbia and be administered by the British Columbia International Commercial Arbitration Centre ("Centre") in accordance with its "Procedures for Cases Under the BCICAC Rules".
- (d) Arbitrations to be conducted in Boston shall be conducted pursuant to the rules of the American Arbitration Association ("AAA").
- (e) Unless both Parties agree to appoint a single arbitrator, then the Parties shall each appoint their own arbitrator and the two arbitrators so selected shall appoint the third arbitrator. If a Party fails to appoint its own arbitrator within 10 Days of the first Party having appointed its arbitrator or if the two arbitrators do not appoint the third arbitrator within 10 Days of their respective appointments, then either Party shall be entitled to apply to either the Centre or the Boston Chapter of the AAA, as applicable to the particular arbitration, to have the second or third arbitrator, as applicable, appointed. Each arbitrator shall be qualified by education or experience to settle the dispute or other matter in issue.

- (f) Subject to the foregoing, the laws of the State of New York or Alberta (whichever are in effect under Section 16.5) shall continue to govern this Contract.
- (g) The decision of the single arbitrator or the majority of the arbitrators, as applicable, shall be final and binding on the Parties.

ARTICLE XVI
MISCELLANEOUS PROVISIONS

16.1 Waiver

No waiver by Buyer or Seller of any default of the other under this Contract shall operate as a waiver of any or all of such Party's rights with respect to all prior or subsequent obligations of the other Party.

16.2 Access to Records

The Parties shall have reasonable access to each other's accounts, books, and records to verify the accuracy of any statement, charge or calculation made pursuant to this Contract or any other matter reasonably relating to this Contract for a period of 2 years following the statement, charge, calculation or matter.

16.3 Headings

The headings used throughout this Contract are inserted for reference purposes only and are not to be considered or taken into account in construing the terms or provisions of any Article or Section hereof, nor to be deemed in any way to qualify, modify or explain the effect of any such provisions or terms.

16.4 Notices

Except as provided for in subsection 3.2(b), every notice, statement or other communication provided for in this Contract shall be in writing directed by prepaid courier, hand delivery or telephone facsimile to the Party to whom given, made or delivered at such Party's address as follows:

Seller:

Notices: Renaissance Energy Ltd.
3000, 425 First Street S.W.
Calgary, Alberta, Canada
T2P 3L8

Attn: Vice-President, Marketing
Phone: (403) 750-1400
Fax: (403) 750-1811

Billing and Payments:

Wire Transfer Information specified on Invoice

Gas Operations: Attn: Gas Supply Operations
Phone: (403) 750-1364
Fax: (403) 750-1811

Buyer:

Notices: Bay State Gas Company
300 Friberg Parkway
Westborough, MA 01581-5039

Attn: A.D. Aguiar
Phone: 508-836-7254
Fax: 508-836-7072

Billing and Payments:

Bay State Gas Company
Ravenwood Drive
Ludlow, MA 01056

Attn: Linda Heishman
Phone: 413-583-8342
Fax: 413-583-8349

Gas Operations (Regular Business Hours):

Attn: Laurie Scarboro
Phone: 508-836-7255
Fax: 508-836-7072

Gas Dispatch (Non-Regular Business Hours):

Phone: 413-583-8346
Fax: 413-583-8349

Either Party may change its address for service from time to time by giving written notice of such change to the other Party. Any notice, statement, or other communication made, given or delivered hereunder by prepaid overnight courier shall be deemed to have been effectively delivered to the addressee thereof at the end of the next business Day after the date of forwarding by prepaid overnight courier. If any such notice, statement, or other communication is delivered by electronic telecommunication to the designated representative of the addressee during the normal business hours of the addressee, it shall be deemed to have been received by the addressee within 2 hours of its delivery to the addressee, and if delivered after the close of business of the addressee on the Day that the transmission has been made to said designated representative, it shall be deemed to have been received 2 hours following the start of the following business Day of the addressee.

16.5 Choice of Laws

Until such time as Buyer elects to take an assignment of the TCPL Service Agreement pursuant to Section 12.1, this Contract shall be construed in accordance with the laws of the State of New York, excluding any conflicts of law, rule or principle that might otherwise refer construction or interpretation of this Contract to the substantive law of another jurisdiction, and the Courts having jurisdiction in the State of New York shall have exclusive jurisdiction in relation to any legal proceedings arising in connection with this Contract. Concurrently with Buyer electing to take an assignment of the TCPL Service Agreement, this Contract shall thereafter (including in respect of matters arising prior to such time) be construed in accordance with the laws of the Province of Alberta, excluding any conflicts of law, rule or principle that might otherwise refer construction or interpretation of this Contract to the substantive law of another jurisdiction, and the Courts having jurisdiction in the Province of Alberta shall have exclusive jurisdiction in relation to any legal proceedings arising in connection with this Contract.

16.6 Further Assurances

Each Party shall perform the acts and execute and deliver the documents and give the assurances reasonably necessary to give effect to this Contract.

16.7 Entire Agreement

This Contract supersedes and replaces any oral or written communications heretofore made by and between the Parties relating to the subject matter hereof including, without limitation, the Precedent Agreement made as of September 10, 1993, and this Contract constitutes the entire agreement.

16.8 Conflicts

Any schedule or exhibit to this Contract is incorporated herein by reference. If any provision of a schedule or exhibit conflicts with a provision in the body hereof, the latter shall prevail.

16.9 Time

Time shall be of the essence in this Contract.

16.10 Gender

Whenever the singular or masculine or neuter is used in this Contract, the same shall be construed as meaning the plural or feminine or body politic or corporate and vice versa, as the context so requires.

16.11 "Hereof Etc."

"Hereof", "herein", "hereunder" and similar expressions refer to this Contract and not to any particular Article, Section, subsection, paragraph, exhibit or schedule.

16.12 Severability

Every provision of this Contract is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Contract.

16.13 Inurement

This Contract shall be binding upon the Parties, their successors, and assigns, and shall inure to the benefit of the Parties and their successors, transferees and assigns.

16.14 Confidentiality

The terms and conditions of this Contract shall be kept confidential by Buyer and Seller, except to the extent information must be described in order to nominate transportation, in order to allow for routine audit procedures, to comply with reporting obligations under applicable federal, provincial or state laws in connection with obtaining any necessary federal, provincial or state regulatory approvals required hereunder, or by consent of the other Party.

IN WITNESS WHEREOF, the Parties hereto have, by their duly authorized officers, executed this Contract in multiple originals effective the date first hereinabove written.

BAY STATE GAS COMPANY
("Buyer")

By: Thomas A. Sacco
Title: VICE PRESIDENT

Witness: Antonio D. Reginas

RENAISSANCE ENERGY LTD.
("Seller")

By: [Signature]
Title: MAX MUSELIUS
VICE PRESIDENT - MARKETING

Witness: P.M. Cradock

This is the execution page to a Gas Purchase Contract made as of the 6th day of April, 1994 between Renaissance Energy Ltd. and Bay State Gas Company.