



MERCURIA

COMMODITIES CANADA CORPORATION

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15-162-NG

Mercuria Commodities Canada Corporation
Vintage Towers II
326-11th Avenue South West, Suite 600
Calgary, AB T2R 0C5

Chloe Cromarty
Compliance Manager
Phone: (832) 209-2336
ccromarty@mercuria.com

October 21, 2015

VIA FedEx and Email

Ms. Larine A. Moore
U.S. Department of Energy
Office of Natural Gas Regulatory Activities
Forrestal Building, (FE-34)
1000 Independence Avenue, SW
Washington, DC 20585

**RE: *Application of Mercuria Commodities Canada Corporation for Long-Term
Authorization to Export Natural Gas to Canada***

Dear Ms. Moore :

Pursuant to Section 3 of the Natural Gas Act, 15 U.S.C. § 717b, DOE Delegation Order Nos. 0204-111 and 2404-127, and the Regulations of the Department of Energy set forth in 10 C.F.R. Part 590, Mercuria Commodities Canada Corporation hereby submits an original and three (3) copies of its Application for Long-Term Authorization to Export Natural Gas to Canada. In connection with this request, a check in the amount of \$50.00 is enclosed.

Please contact the undersigned if you have any questions regarding this filing.

Respectfully Submitted,

/s/ Chloe Cromarty

Chloe Cromarty
Compliance Manager
Mercuria Energy America, Inc.

UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

MERCURIA COMMODITIES)
CANADA CORPORATION)

FE DOCKET No. _____

**APPLICATION OF MERCURIA COMMODITIES
CANADA CORPORATION FOR LONG-TERM AUTHORIZATION
TO EXPORT NATURAL GAS TO CANADA**

I. INTRODUCTION

Pursuant to Section 3 of the Natural Gas Act (NGA), 15 U.S.C. § 717b, DOE Delegation Order Nos. 0204-111 and 2404-127, and the Regulations of the Department of Energy set forth in 10 C.F.R. Part 590, Mercuria Commodities Canada Corporation (MCCC) hereby applies to the United States Department of Energy for Long-Term Authorization to Export Natural Gas to Canada. MCCC requests authorization to export up to 320,000 Mcf (which is the equivalent of 320,000 MMBtu) of natural gas per day, plus applicable fuel, to Canada beginning on the date DOE issues its order granting the requested authority and extending through October 31, 2022, and authorization to export up to 120,000 Mcf (which is the equivalent of 120,000 MMBtu) of natural gas per day, plus applicable fuel, to Canada beginning on November 1, 2022 and extending through October 31, 2023. In support of this Application, MCCC respectfully submits the following:

II. COMMUNICATION

Correspondence and communications regarding this application should be addressed to the following:

Chloe Cromarty
Compliance Manager
Mercuria Commodities Canada Corporation
Vintage Towers II
326-11th Avenue South West, Suite 600
Calgary, AB T2R 0C5
(832) 209-2336
ccromarty@mercuria.com

Gregory Johnston
General Counsel
Mercuria Commodities Canada Corporation
Vintage Towers II
326-11th Avenue South West, Suite 600
Calgary, AB T2R 0C5
(403) 532-2010
gjohnston@mercuria.com

III. APPLICANT

The exact legal name of the applicant is Mercuria Commodities Canada Corporation, which is an Alberta corporation with its principal place of business at Suite 600 Vintage Towers II, 326-11th Avenue South West, Calgary, AB, Canada T2R 0C5. MCCC is a wholly-owned subsidiary of Mercuria Energy Group Ltd.

IV. BACKGROUND

On October 11, 2012, J.P. Morgan Commodities Canada Corporation (JPMCCC) filed an application with the Department of Energy under Section 3 of the Natural Gas Act for long-term authorization to export up to 320,000 thousand cubic feet (Mcf) (the equivalent of 320,000 million (MM) Btu per day of natural gas plus applicable fuel, to Canada beginning on November 1, 2012, and extending through October 31, 2022, and authorization to export up to 120,000 Mcf of natural gas per day, plus applicable fuel, for the period November 1, 2022 to October 31, 2023. JPMCCC requested authorization to permit JPMCCC to export natural gas from the United States into Canada at Niagara Falls, New York at the interconnection between National Fuel Gas Supply Corporation (NFGS) and TransCanada Pipelines Limited (TCPL). JPMCCC entered into a gas purchase contract with Statoil Natural Gas LLC (SNG) (Statoil Contract)¹ for the underlying supply of gas to support JPMCCC's request for long-term export authorization. The Statoil Contract commenced November 1, 2012 and would continue through October 31, 2023. Under the Statoil Contract, SNG would provide JPMCCC with up to 320,000 MMBtu of natural gas per day, plus the energy content of the gas per day required as fuel gas by TCPL, at Niagara Falls for ten years, beginning November 1, 2012 and ending October 31, 2022. For the eleventh (11th) year of the delivery period, from November 1, 2022 through October 31, 2023, the Statoil Contract provides that SNG would provide JPMCCC with up to 120,000 MMBtu of natural gas per day, plus applicable fuel, at Niagara Falls. JPMCCC made long-term arrangements with TCPL beginning November 1, 2012 for transportation from the point of export at Niagara Falls to downstream delivery points on TCPL's pipeline system in Ontario and Quebec, Canada. On February 27, 2013, the Department of Energy Office of Fossil Energy granted JPMCCC the authorization requested in the Application in DOE Order No. 3246 under FE Docket No. 12-151-NG (2013) (the Authorization).

Pursuant to a transaction consummated on October 1, 2014 (the Transaction), 100 percent of the equity and ownership interests in JPMCCC were transferred to Mercuria Energy Group Holding SA, and JPMCCC was then amalgamated with Mercuria Energy Canada Inc. to form MCCC on October 3, 2014 (the Amalgamation). The articles and certificate of amalgamation as respectively filed with and issued by Industry Canada are included as Appendix 1 with this submission for your reference. As part of the Transaction, MCCC acquired the Statoil Contract. Accordingly, MCCC is requesting the same long-term authorization that DOE previously granted to JPMCCC pursuant to the Authorization.

On March 2, 2015, pursuant to the Amalgamation, MCCC submitted a request for DOE to vacate the Authorization (March 2 Request). On April 30, 2015, the DOE granted MCCC's March 2 Request, by email, effective February 19, 2015.

¹ The Redacted Statoil Contract and Contract Confirmation are attached hereto as Appendix 3.

V. REPORTING REQUIREMENTS

MCCC notes that all export activity undertaken pursuant to the Statoil Contract since the Amalgamation has been reported to DOE by one of MCCC's affiliates, Mercuria Energy Gas Trading, LLC (MEGT). MEGT was granted blanket authorization to [import and] export natural gas on August 21, 2014 in DOE Order No. 3476 under FE Docket No. 14-103-NG. Upon receiving the requested long-term authorization, MCCC will commence reporting all export activity undertaken pursuant to the Statoil Contract.

VI. CONCLUSION

Wherefore, for the foregoing reasons, MCCC respectfully requests authorization to export up to 320,000 Mcf (which is the equivalent of 320,000 MMBtu) of natural gas per day, plus applicable fuel, to Canada beginning on the date of the order granting the requested authorization, and extending through October 31, 2022, and authorization to export up to 120,000 Mcf (which is the equivalent of 120,000 MMBtu) of natural gas per day, plus applicable fuel, to Canada beginning on November 1, 2022 and extending through October 31, 2023, as proposed in this application.

Respectfully Submitted,

/s/ Chloe Cromarty

Chloe Cromarty

Compliance Manager

Mercuria Commodities Canada Corporation

Vintage Towers II

326 – 11th Avenue South West, Suite 600

Calgary, AB, Canada T2R 0C5

APPENDIX 1

Articles and Certificate Of Amalgamation



2014-10-03

Corporations Canada
9th Floor, Jean Edmonds Towers South
365 Laurier Avenue West
Ottawa, Ontario K1A 0C8

Corporations Canada
9e étage, Tour Jean-Edmonds sud
365 avenue Laurier ouest
Ottawa (Ontario) K1A 0C8

DENTONS CANADA LLP
Monique Day
1420 - 99 BANK STREET
OTTAWA ON K1P 1H4
Canada

Corporation Number: **897042-4**
Numéro de société :

Request Received: **2014-10-03**
Date de réception de la demande :

Request ID: **7245563**
Numéro de la demande :

Your Reference:
Votre référence :

Please find enclosed the **Certificate of Amalgamation** issued under the *Canada Business Corporations Act* (CBCA) and related documents for **Mercuria Commodities Canada Corporation**. Please ensure that these documents are kept with the corporate records.

Note: It is mandatory for certain legal elements to be written with a period (Ltd., Inc., Corp. and S.A.R.F.). If the articles you submitted did not include the period, it has been added and is reflected in the attached certificate.

The issuance of this certificate will be listed in Corporations Canada's online Monthly Transactions report. You can access the report on the Corporations Canada website.

Please ensure that the corporation is aware of its ongoing reporting obligations by referring to the pamphlet, *Keeping Your Corporation in Good Standing* (enclosed or available on our website).

Also enclosed is additional information about protecting a corporate name.

If you require additional information, please contact Corporations Canada.

Vous trouverez ci-joint le **certificat de fusion** ainsi que les documents connexes émis en vertu de la *Loi canadienne sur les sociétés par actions* (LCSA) relativement à **Mercuria Commodities Canada Corporation**. Veuillez vous assurer de les conserver avec les livres de la société.

Note : Certains éléments juridiques s'écrivent obligatoirement avec un point (Ltd., Inc., Corp. et S.A.R.F.). Si le point n'était pas inclus dans les statuts que vous avez soumis, il a été ajouté et il apparaît dans le certificat ci-joint.

L'émission de ce certificat sera rapportée dans notre prochain rapport mensuel de transactions. Vous pouvez consulter le rapport dans le site Web de Corporations Canada.

Veuillez vous assurer que la société est informée de ses obligations de déclaration. Vous pouvez consulter la brochure *Maintenir votre société en conformité*, ci-jointe ou disponible en ligne, pour connaître les obligations de déclaration de la société.

De plus vous trouverez ci-joint de l'information concernant la protection de la dénomination sociale.

Si vous avez besoin de plus d'information, veuillez communiquer avec Corporations Canada.



Corporation Information Sheet

Canada Business Corporations Act (CBCA)

Fiche de renseignements concernant la société

Loi canadienne sur les sociétés par actions (LCSA)

Mercuria Commodities Canada Corporation

Corporation Number	897042-4	Numéro de société
Corporation Key Required for changes of address or directors online	75053354	Clé de société Requise pour mettre à jour en ligne l'adresse du siège social ou l'information concernant les administrateurs
Anniversary Date Required to file annual return	10-03 (mm-dd/mm-jj)	Date anniversaire Requise pour le dépôt du rapport annuel
Annual Return Filing Period Starting in 2015	10-03 to/au 12-02 (mm-dd/mm-jj)	Période pour déposer le rapport annuel Débutant en 2015

Reporting Obligations

A corporation can be dissolved if it defaults in filing a document required by the CBCA. To understand the corporation's reporting obligations, consult *Keeping Your Corporation in Good Standing* (enclosed or available on our website).

Corporate Name

Where a name has been approved, be aware that the corporation assumes full responsibility for any risk of confusion with existing business names and trademarks (including those set out in the NUANS® search report). The corporation may be required to change its name in the event that representations are made to Corporations Canada and it is established that confusion is likely to occur. Also note that any name granted is subject to the laws of the jurisdiction where the corporation carries on business. For additional information, consult *Protecting Your Corporate Name* (enclosed or available on our website).

Obligations de déclaration

Une société peut être dissoute si elle omet de déposer un document requis par la LCSA. Pour connaître les obligations de déclaration de la société veuillez consulter *Maintenir votre société en conformité*, ci-jointe ou disponible dans notre site Web.

Dénomination sociale

En dépit du fait que Corporations Canada ait approuvé la dénomination sociale, il faut savoir que la société assume toute responsabilité de risque de confusion avec toutes dénominations commerciales, marques de commerce existantes (y compris celles qui sont citées dans le rapport de recherche NUANS®). La société devra peut-être changer sa dénomination advenant le cas où des représentations soient faites auprès de Corporations Canada établissant qu'il existe une probabilité de confusion. Il faut aussi noter que toute dénomination octroyée est assujettie aux lois de l'autorité législative où la société mène ses activités. Pour obtenir de l'information supplémentaire, veuillez consulter le document *Protection de la dénomination sociale* ci-joint ou disponible dans notre site Web.



Certificate of Amalgamation

Canada Business Corporations Act

Certificat de fusion

Loi canadienne sur les sociétés par actions

Mercuria Commodities Canada Corporation

Corporate name / Dénomination sociale

897042-4

Corporation number / Numéro de société

I HEREBY CERTIFY that the above-named corporation resulted from an amalgamation, under section 185 of the *Canada Business Corporations Act*, of the corporations set out in the attached articles of amalgamation.

JE CERTIFIE que la société susmentionnée est issue d'une fusion, en vertu de l'article 185 de la *Loi canadienne sur les sociétés par actions*, des sociétés dont les dénominations apparaissent dans les statuts de fusion ci-joints.

Virginie Ethier

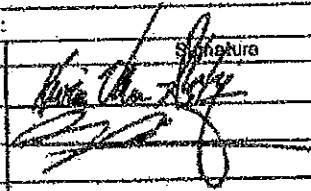
Director / Directeur

2014-10-03

Date of Amalgamation (YYYY-MM-DD)

Date de fusion (AAAA-MM-JJ)

**Canada Business Corporations Act (CBCA)
FORM 9
ARTICLES OF AMALGAMATION
(Section 185)**

1 - Corporate name of the amalgamated corporation			
Mercuria Commodities Canada Corporation			
2 - The province or territory in Canada where the registered office is situated (do not indicate the full address)			
Alberta			
3 - The clauses and any maximum number of shares that the corporation is authorized to issue			
an unlimited number of Class A Common shares			
4 - Restrictions, if any, on share transfers			
See attached schedule			
5 - Minimum and maximum number of directors (for a fixed number of directors, please indicate the same number in both boxes)			
Minimum number <input type="text" value="3"/>		Maximum number <input type="text" value="9"/>	
6 - Restrictions, if any, on the business the corporation may carry on			
None			
7 - Other provisions, if any			
See attached schedule			
8 - The amalgamation has been approved pursuant to that section or subsection of the Act which is indicated as follows:			
<input checked="" type="radio"/> 183 - Long form : approved by special resolution of shareholders.	<input type="radio"/> 184(1) - Vertical short-form : approved by resolution of directors	<input type="radio"/> 184(2) - Horizontal short-form : approved by resolution of directors	
9 - Declaration			
I hereby certify that I am a director or an authorized officer of the following corporation:			
Name of the amalgamating corporations		Corporation number	Signature
Mercuria Energy Canada Inc.		9823038	
I.P. Morgan Commodities Canada Corporation		4510305	
Note: Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding \$5,000 or to imprisonment for a term not exceeding six months or to both (subsection 290(1) of the CBCA).			

Schedule/Annexe
Restrictions on Share Transfers/Restriction sur le transfert d'actions

No shares shall be transferred without:

- (a) the consent of the board of directors by resolution passed at a meeting of the directors or by consent in writing of all of the directors; or
- (b) the consent of the shareholders by resolution passed at a meeting of the shareholders entitled to vote thereat, or by consent in writing of all of the shareholders entitled to vote.

Schedule/Annexe
Other Provisions/Autres dispositions

- (a) The number of shareholders of the corporation exclusive of persons who are in its employment and exclusive of persons who, having formerly been in the employment of the corporation, were, while in that employment, and have continued after the termination of that employment to be shareholders of the corporation, is limited to not more than fifty, two or more persons who are the joint registered owners of one or more shares being counted as one shareholder.
- (b) Any invitation to the public to subscribe for securities of the corporation is prohibited.
- (c) Each holder of a fractional share issued by the Corporation is entitled to exercise voting rights and to receive a dividend in respect of each such fractional share to the extent of such fraction.
- (d) The Corporation has a lien on each share registered in the name of a shareholder or his legal representative for a debt of that shareholder to the Corporation.

Canada Business Corporations Act (CBCA)

FORM 2

**INITIAL REGISTERED OFFICE ADDRESS AND FIRST BOARD OF DIRECTORS
(Sections 19 and 106)**

To be filed with Articles of Incorporation, Amalgamation or Continuance

1 - Corporate name

Mercuria Commodities Canada Corporation

2 - Address of registered office (must be a street address, a P.O. Box is not acceptable)

Number and street name: Vintage Towers II, 326 - 11th Avenue SW, Suite 600

City: Calgary

Province / Territory: Alberta

Postal Code: T2R 0C5

3 - Additional address

Care of:

Number and street name:

City:

Province / Territory:

Postal Code:

4 - Members of the board of directors

FIRST AND LAST NAME	ADDRESS (must be a street address, a P.O. Box is not acceptable)	CANADIAN RESIDENT (Yes/No)
Christopher Morad	20 East Greenway Plaza, Suite 650 Houston, TX, United States of America 77046	No
Kevin Van Alstyne	326 - 11th Avenue SW, Suite 600, Calgary, AB, Canada T2R 0C5	Yes
Greg Johnston	326 - 11th Avenue SW, Suite 600, Calgary, AB, Canada T2R 0C5	Yes

5 - Declaration:

I hereby certify that I am an incorporator of the new corporation, or that I am a director or an authorized officer of the corporation continuing into or amalgamating under the CBCA.

Signature:

Print name: Greg Johnston

Telephone number: 403-532-2010

Note: Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding \$5000 or to imprisonment for a term not exceeding six months or both (subsection 250(1) of the CBCA).

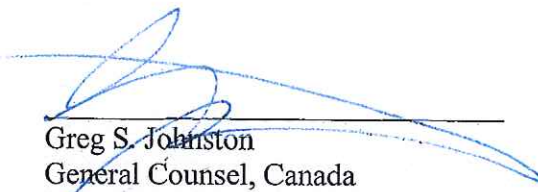
APPENDIX 2

Opinion of Counsel

OPINION OF COUNSEL

Pursuant to the Department of Energy's administrative procedures, 10 C.F.R. § 590.202(c), I am hereby providing my legal opinion with respect to the corporate power of Mercuria Commodities Canada Corporation (MCCC) to export natural gas to Canada. I have examined MCCC's Articles of Incorporation and By-Laws, and other documents deemed relevant for this opinion. Based on my review of the foregoing, it is my opinion that the proposed export of natural gas as described in the Application is legal, proper, and within the corporate powers and authority of MCCC.

Dated at Calgary, Alberta, Canada, this 21st day of October, 2015.



Greg S. Johnston
General Counsel, Canada
Mercuria Commodities Canada Corporation

Appendix 3

Base Contract for Sale and Purchase of Natural Gas (Redacted) And Transaction Confirmation

Base Contract for Sale and Purchase of Natural Gas

This Base Contract is entered into as of the following date: January 13, 2011. The parties to this Base Contract are the following:

Statoll Natural Gas LLC

Duns Number: _____
Contract Number: NAESB Standard 6.3.1
U.S. Federal Tax ID Number: _____
Canadian GST Number: N/A

Notices:

1055 Washington Boulevard, 7th Floor
Stamford, CT 06901
Attn: Contract Administrator -- Natural Gas
Phone: (203) 978-6926 Fax: (203) 978-6952

A duplicate of Notices involving Events of Defaults, Early Termination or Accelerated Payment should also be sent to:

Confirmations:

1055 Washington Boulevard, 7th Floor
Stamford, CT 06901
Attn: Contract Administrator -- Natural Gas
Phone: (203) 978-6926 Fax: (203) 978-6952

Invoices and Payments:

1055 Washington Boulevard, 7th Floor
Stamford, CT 06901
Attn: Gas Settlements / Accounts Payable
Phone: (203) 978-6900 Fax: (203) 978-6952

Wire Transfer or ACH Numbers (if applicable):

BANK: _____
ABA: _____
ACCT: _____
Other Details: _____

and J.P. Morgan Commodities Canada Corporation

Duns Number: _____
Contract Number: NAESB Standard 6.3.1
U.S. Federal Tax ID Number: _____
Canadian GST Number: _____

Notices:

Suite 600, 326 -- 11th Avenue S.W.
Calgary, Alberta T2R 0C5
Attn: Legal Department
Phone: (403) 532-2009 Fax: (403) 532-2096

A duplicate of Notices involving Events of Default, Early Termination or Accelerated Payment should also be sent to:

J.P. Morgan Ventures Energy Corporation
Attention: Energy Legal Dept. -- Derivatives Practice Group
270 Park Avenue, 40th Floor
New York, New York 10017-2070

Confirmations:

4 New York Plaza, Floor 16
New York, NY 10004-2413
Attn: Mary Joyce Dumont
Phone: (212) 623-5665 Fax: (212) 383-6600

Invoices and Payments:

4 New York Plaza, Floor 16
New York, NY 10004-2413
Email: NA.Energy.Settlements.Physical@jpmorgan.com
Phone: (212) 623-8224 Fax: (917) 546-2438

Wire Transfer or ACH Numbers (if applicable):

If by wire transfer of Canadian Dollar funds:

Pay to: _____
SWIFT: _____
F/O: _____
SWIFT: _____
Account No: _____

If by wire transfer of U.S. Dollar funds, to:

Pay to: _____
SWIFT: _____
ABA: _____
F/O: _____
Account No: _____
SWIFT: _____
F/F/C: _____
SWIFT: _____
Account No: _____

This Base Contract incorporates by reference for all purposes the General Terms and Conditions for Sale and Purchase of Natural Gas published by the North American Energy Standards Board. The parties hereby agree to the following provisions offered in said General Terms and Conditions. In the event the parties fail to check a box, the specified default provision shall apply. Select only one box from each section:

Section 1.2 <input checked="" type="checkbox"/> Oral (default) Transaction <input type="checkbox"/> Written Procedure	Section 7.2 <input checked="" type="checkbox"/> 25 th Day of Month following Month of Payment Date delivery (default) <input type="checkbox"/> _____ Day of Month following Month of delivery
Section 2.5 <input checked="" type="checkbox"/> 2 Business Days after receipt (default) Confirm <input type="checkbox"/> _____ Business Days after receipt Deadline	Section 7.2 <input checked="" type="checkbox"/> Wire transfer (default) Method of <input type="checkbox"/> Automated Clearinghouse Credit (ACH) Payment <input type="checkbox"/> Check

Section 2.6 Confirming Party	<input checked="" type="checkbox"/> Seller (default) <input type="checkbox"/> Buyer <input type="checkbox"/> _____	Section 7.7 Netting	<input checked="" type="checkbox"/> Netting applies (default) <input type="checkbox"/> Netting does not apply
Section 3.2 Performance Obligation	<input checked="" type="checkbox"/> Cover Standard (default) <input type="checkbox"/> Spot Price Standard	Section 10.3.1 Early Termination Damages	<input checked="" type="checkbox"/> Early Termination Damages Apply (default) <input type="checkbox"/> Early Termination Damages Do Not Apply
<i>Note: The following Spot Price Publication applies to both of the immediately preceding.</i>		Section 10.3.2 Other Agreement Setoffs	<input checked="" type="checkbox"/> Other Agreement Setoffs Apply (default) <input type="checkbox"/> Other Agreement Setoffs Do Not Apply
Section 2.26 Spot Price Publication	<input checked="" type="checkbox"/> Gas Daily Midpoint (default) <input type="checkbox"/> _____	Section 14.5 Choice Of Law	<input checked="" type="checkbox"/> New York
Section 6 Taxes	<input checked="" type="checkbox"/> Buyer Pays At and After Delivery Point (default) <input type="checkbox"/> Seller Pays Before and At Delivery Point	Section 14.10 Confidentiality	<input checked="" type="checkbox"/> Confidentiality applies (default) <input type="checkbox"/> Confidentiality does not apply
<input checked="" type="checkbox"/> Addendum(s): Canadian Addendum Number of sheets attached: Four <input checked="" type="checkbox"/> Special Provisions Number of sheets attached: Six			

IN WITNESS WHEREOF, the parties hereto have executed this Base Contract in duplicate.

StatOil Natural Gas LLC
 Party Name

J.P. Morgan Commodities Canada Corporation
 Party Name

By: _____
 Name: _____
 Title: _____

By: _____
 Name: _____
 Title: _____

General Terms and Conditions

Base Contract for Sale and Purchase of Natural Gas

SECTION 1. PURPOSE AND PROCEDURES

1.1. These General Terms and Conditions are intended to facilitate purchase and sale transactions of Gas on a Firm or interruptible basis. "Buyer" refers to the party receiving Gas and "Seller" refers to the party delivering Gas. The entire agreement between the parties shall be the Contract as defined in Section 2.7.

The parties have selected either the "Oral Transaction Procedure" or the "Written Transaction Procedure" as indicated on the Base Contract.

Oral Transaction Procedure:

1.2. The parties will use the following Transaction Confirmation procedure. Any Gas purchase and sale transaction may be effectuated in an EDI transmission or telephone conversation with the offer and acceptance constituting the agreement of the parties. The parties shall be legally bound from the time they so agree to transaction terms and may each rely thereon. Any such transaction shall be considered a "writing" and to have been "signed". Notwithstanding the foregoing sentence, the parties agree that Confirming Party shall, and the other party may, confirm a telephonic transaction by sending the other party a Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means within three Business Days of a transaction covered by this Section 1.2 (Oral Transaction Procedure) provided that the failure to send a Transaction Confirmation shall not invalidate the oral agreement of the parties. Confirming Party adopts its confirming letterhead, or the like, as its signature on any Transaction Confirmation as the identification and authentication of Confirming Party. If the Transaction Confirmation contains any provisions other than those relating to the commercial terms of the transaction (i.e., price, quantity, performance obligation, delivery point, period of delivery and/or transportation conditions), which modify or supplement the Base Contract or General Terms and Conditions of this Contract (e.g., arbitration or additional representations and warranties), such provisions shall not be deemed to be accepted pursuant to Section 1.3 but must be expressly agreed to by both parties; provided that the foregoing shall not invalidate any transaction agreed to by the parties.

Written Transaction Procedure:

1.2. The parties will use the following Transaction Confirmation procedure. Should the parties come to an agreement regarding a Gas purchase and sale transaction for a particular Delivery Period, the Confirming Party shall, and the other party may, record that agreement on a Transaction Confirmation and communicate such Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means, to the other party by the close of the Business Day following the date of agreement. The parties acknowledge that their agreement will not be binding until the exchange of nonconflicting Transaction Confirmations or the passage of the Confirm Deadline without objection from the receiving party, as provided in Section 1.3.

1.3. If a sending party's Transaction Confirmation is materially different from the receiving party's understanding of the agreement referred to in Section 1.2, such receiving party shall notify the sending party via facsimile, EDI or mutually agreeable electronic means by the Confirm Deadline, unless such receiving party has previously sent a Transaction Confirmation to the sending party. The failure of the receiving party to so notify the sending party in writing by the Confirm Deadline constitutes the receiving party's agreement to the terms of the transaction described in the sending party's Transaction Confirmation. If there are any material differences between timely sent Transaction Confirmations governing the same transaction, then neither Transaction Confirmation shall be binding until or unless such differences are resolved including the use of any evidence that clearly resolves the differences in the Transaction Confirmations. In the event of a conflict among the terms of (i) a binding Transaction Confirmation pursuant to Section 1.2, (ii) the oral agreement of the parties which may be evidenced by a recorded conversation, where the parties have selected the Oral Transaction Procedure of the Base Contract, (iii) the Base Contract, and (iv) these General Terms and Conditions, the terms of the documents shall govern in the priority listed in this sentence.

1.4. The parties agree that each party may electronically record all telephone conversations with respect to this Contract between their respective employees, without any special or further notice to the other party. Each party shall obtain any necessary consent of its agents and employees to such recording. Where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, the parties agree not to contest the validity or enforceability of telephonic recordings entered into in accordance with the requirements of this Base Contract. However, nothing herein shall be construed as a waiver of any objection to the admissibility of such evidence.

SECTION 2. DEFINITIONS

The terms set forth below shall have the meaning ascribed to them below. Other terms are also defined elsewhere in the Contract and shall have the meanings ascribed to them herein.

2.1. "Alternative Damages" shall mean such damages, expressed in dollars or dollars per MMBtu, as the parties shall agree upon in the Transaction Confirmation, in the event either Seller or Buyer fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer.

2.2. "Base Contract" shall mean a contract executed by the parties that incorporates these General Terms and Conditions by reference; that specifies the agreed selections of provisions contained herein; and that sets forth other information required herein and any Special Provisions and addendum(s) as identified on page one.

2.3. "British thermal unit" or "Btu" shall mean the International BTU, which is also called the Btu (IT).

- 2.4. "Business Day" shall mean any day except Saturday, Sunday or Federal Reserve Bank holidays.
- 2.5. "Confirm Deadline" shall mean 5:00 p.m. in the receiving party's time zone on the second Business Day following the Day a Transaction Confirmation is received or, if applicable, on the Business Day agreed to by the parties in the Base Contract; provided, if the Transaction Confirmation is time stamped after 5:00 p.m. in the receiving party's time zone, it shall be deemed received at the opening of the next Business Day.
- 2.6. "Confirming Party" shall mean the party designated in the Base Contract to prepare and forward Transaction Confirmations to the other party.
- 2.7. "Contract" shall mean the legally-binding relationship established by (i) the Base Contract, (ii) any and all binding Transaction Confirmations and (iii) where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, any and all transactions that the parties have entered into through an EDI transmission or by telephone, but that have not been confirmed in a binding Transaction Confirmation.
- 2.8. "Contract Price" shall mean the amount expressed in U.S. Dollars per MMBtu to be paid by Buyer to Seller for the purchase of Gas as agreed to by the parties in a transaction.
- 2.9. "Contract Quantity" shall mean the quantity of Gas to be delivered and taken as agreed to by the parties in a transaction.
- 2.10. "Cover Standard", as referred to in Section 3.2, shall mean that if there is an unexcused failure to take or deliver any quantity of Gas pursuant to this Contract, then the performing party shall use commercially reasonable efforts to (i) if Buyer is the performing party, obtain Gas, (or an alternate fuel if elected by Buyer and replacement Gas is not available), or (ii) if Seller is the performing party, sell Gas, in either case, at a price reasonable for the delivery or production area, as applicable, consistent with: the amount of notice provided by the nonperforming party; the immediacy of the Buyer's Gas consumption needs or Seller's Gas sales requirements, as applicable; the quantities involved; and the anticipated length of failure by the nonperforming party.
- 2.11. "Credit Support Obligation(s)" shall mean any obligation(s) to provide or establish credit support for, or on behalf of, a party to this Contract such as an irrevocable standby letter of credit, a margin agreement, a prepayment, a security interest in an asset, a performance bond, guaranty, or other good and sufficient security of a continuing nature.
- 2.12. "Day" shall mean a period of 24 consecutive hours, coextensive with a "day" as defined by the Receiving Transporter in a particular transaction.
- 2.13. "Delivery Period" shall be the period during which deliveries are to be made as agreed to by the parties in a transaction.
- 2.14. "Delivery Point(s)" shall mean such point(s) as are agreed to by the parties in a transaction.
- 2.15. "EDI" shall mean an electronic data interchange pursuant to an agreement entered into by the parties, specifically relating to the communication of Transaction Confirmations under this Contract.
- 2.16. "EFP" shall mean the purchase, sale or exchange of natural Gas as the "physical" side of an exchange for physical transaction involving gas futures contracts. EFP shall incorporate the meaning and remedies of "Firm", provided that a party's excuse for nonperformance of its obligations to deliver or receive Gas will be governed by the rules of the relevant futures exchange regulated under the Commodity Exchange Act.
- 2.17. "Firm" shall mean that either party may interrupt its performance without liability only to the extent that such performance is prevented for reasons of Force Majeure; provided, however, that during Force Majeure interruptions, the party invoking Force Majeure may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by the Transporter.
- 2.18. "Gas" shall mean any mixture of hydrocarbons and noncombustible gases in a gaseous state consisting primarily of methane.
- 2.19. "Imbalance Charges" shall mean any fees, penalties, costs or charges (in cash or in kind) assessed by a Transporter for failure to satisfy the Transporter's balance and/or nomination requirements.
- 2.20. "Interruptible" shall mean that either party may interrupt its performance at any time for any reason, whether or not caused by an event of Force Majeure, with no liability, except such interrupting party may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by Transporter.
- 2.21. "MMBtu" shall mean one million British thermal units, which is equivalent to one dekatherm.
- 2.22. "Month" shall mean the period beginning on the first Day of the calendar month and ending immediately prior to the commencement of the first Day of the next calendar month.
- 2.23. "Payment Date" shall mean a date, as indicated on the Base Contract, on or before which payment is due Seller for Gas received by Buyer in the previous Month.
- 2.24. "Receiving Transporter" shall mean the Transporter receiving Gas at a Delivery Point, or absent such receiving Transporter, the Transporter delivering Gas at a Delivery Point.
- 2.25. "Scheduled Gas" shall mean the quantity of Gas confirmed by Transporter(s) for movement, transportation or management.
- 2.26. "Spot Price" as referred to in Section 3.2 shall mean the price listed in the publication indicated on the Base Contract, under the listing applicable to the geographic location closest in proximity to the Delivery Point(s) for the relevant Day; provided, if there is no single price published for such location for such Day, but there is published a range of prices, then the Spot Price shall be the average

of such high and low prices. If no price or range of prices is published for such Day, then the Spot Price shall be the average of the following: (i) the price (determined as stated above) for the first Day for which a price or range of prices is published that next precedes the relevant Day; and (ii) the price (determined as stated above) for the first Day for which a price or range of prices is published that next follows the relevant Day.

2.27. "Transaction Confirmation" shall mean a document, similar to the form of Exhibit A, setting forth the terms of a transaction formed pursuant to Section 1 for a particular Delivery Period.

2.28. "Termination Option" shall mean the option of either party to terminate a transaction in the event that the other party fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer for a designated number of days during a period as specified on the applicable Transaction Confirmation.

2.29. "Transporter(s)" shall mean all Gas gathering or pipeline companies, or local distribution companies, acting in the capacity of a transporter, transporting Gas for Seller or Buyer upstream or downstream, respectively, of the Delivery Point pursuant to a particular transaction.

SECTION 3. PERFORMANCE OBLIGATION

3.1. Seller agrees to sell and deliver, and Buyer agrees to receive and purchase, the Contract Quantity for a particular transaction in accordance with the terms of the Contract. Sales and purchases will be on a Firm or Interruptible basis, as agreed to by the parties in a transaction.

The parties have selected either the "Cover Standard" or the "Spot Price Standard" as indicated on the Base Contract.

Cover Standard:

3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the positive difference, if any, between the purchase price paid by Buyer utilizing the Cover Standard and the Contract Price, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually delivered by Seller for such Day(s); or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in the amount equal to the positive difference, if any, between the Contract Price and the price received by Seller utilizing the Cover Standard for the resale of such Gas, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually taken by Buyer for such Day(s); or (iii) in the event that Buyer has used commercially reasonable efforts to replace the Gas or Seller has used commercially reasonable efforts to sell the Gas to a third party, and no such replacement or sale is available, then the sole and exclusive remedy of the performing party shall be any unfavorable difference between the Contract Price and the Spot Price, adjusted for such transportation to the applicable Delivery Point, multiplied by the difference between the Contract Quantity and the quantity actually delivered by Seller and received by Buyer for such Day(s). Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.

Spot Price Standard:

3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the Contract Price from the Spot Price; or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the applicable Spot Price from the Contract Price. Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.

3.3. Notwithstanding Section 3.2, the parties may agree to Alternative Damages in a Transaction Confirmation executed in writing by both parties.

3.4. In addition to Sections 3.2 and 3.3, the parties may provide for a Termination Option in a Transaction Confirmation executed in writing by both parties. The Transaction Confirmation containing the Termination Option will designate the length of nonperformance triggering the Termination Option and the procedures for exercise thereof, how damages for nonperformance will be compensated, and how liquidation costs will be calculated.

SECTION 4. TRANSPORTATION, NOMINATIONS, AND IMBALANCES

4.1. Seller shall have the sole responsibility for transporting the Gas to the Delivery Point(s). Buyer shall have the sole responsibility for transporting the Gas from the Delivery Point(s).

4.2. The parties shall coordinate their nomination activities, giving sufficient time to meet the deadlines of the affected Transporter(s). Each party shall give the other party timely prior Notice, sufficient to meet the requirements of all Transporter(s) involved in the transaction, of the quantities of Gas to be delivered and purchased each Day. Should either party become aware that actual deliveries at the Delivery Point(s) are greater or lesser than the Scheduled Gas, such party shall promptly notify the other party.

4.3. The parties shall use commercially reasonable efforts to avoid imposition of any Imbalance Charges. If Buyer or Seller receives an invoice from a Transporter that includes Imbalance Charges, the parties shall determine the validity as well as the cause of such Imbalance Charges. If the Imbalance Charges were incurred as a result of Buyer's receipt of quantities of Gas greater than or less than the Scheduled Gas, then Buyer shall pay for such Imbalance Charges or reimburse Seller for such Imbalance Charges paid by Seller. If the Imbalance Charges were incurred as a result of Seller's delivery of quantities of Gas greater than or less than the Scheduled Gas, then Seller shall pay for such Imbalance Charges or reimburse Buyer for such Imbalance Charges paid by Buyer.

SECTION 5. QUALITY AND MEASUREMENT

All Gas delivered by Seller shall meet the pressure, quality and heat content requirements of the Receiving Transporter. The unit of quantity measurement for purposes of this Contract shall be one MMBtu dry. Measurement of Gas quantities hereunder shall be in accordance with the established procedures of the Receiving Transporter.

SECTION 6. TAXES

The parties have selected either "Buyer Pays At and After Delivery Point" or "Seller Pays Before and At Delivery Point" as indicated on the Base Contract.

Buyer Pays At and After Delivery Point:

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas at the Delivery Point(s) and all Taxes after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

Seller Pays Before and At Delivery Point:

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s) and all Taxes at the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

SECTION 7. BILLING, PAYMENT, AND AUDIT

7.1. Seller shall invoice Buyer for Gas delivered and received in the preceding Month and for any other applicable charges, providing supporting documentation acceptable in industry practice to support the amount charged. If the actual quantity delivered is not known by the billing date, billing will be prepared based on the quantity of Scheduled Gas. The invoiced quantity will then be adjusted to the actual quantity on the following Month's billing or as soon thereafter as actual delivery information is available.

7.2. Buyer shall remit the amount due under Section 7.1 in the manner specified in the Base Contract, in immediately available funds, on or before the later of the Payment Date or 10 Days after receipt of the invoice by Buyer; provided that if the Payment Date is not a Business Day, payment is due on the next Business Day following that date. In the event any payments are due Buyer hereunder, payment to Buyer shall be made in accordance with this Section 7.2.

7.3. In the event payments become due pursuant to Sections 3.2 or 3.3, the performing party may submit an invoice to the nonperforming party for an accelerated payment setting forth the basis upon which the invoiced amount was calculated. Payment from the nonperforming party will be due five Business Days after receipt of invoice.

7.4. If the invoiced party, in good faith, disputes the amount of any such invoice or any part thereof, such invoiced party will pay such amount as it concedes to be correct; provided, however, if the invoiced party disputes the amount due, it must provide supporting documentation acceptable in industry practice to support the amount paid or disputed. In the event the parties are unable to resolve such dispute, either party may pursue any remedy available at law or in equity to enforce its rights pursuant to this Section.

7.5. If the invoiced party fails to remit the full amount payable when due, interest on the unpaid portion shall accrue from the date due until the date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

7.6. A party shall have the right, at its own expense, upon reasonable Notice and at reasonable times, to examine and audit and to obtain copies of the relevant portion of the books, records, and telephone recordings of the other party only to the extent reasonably necessary to verify the accuracy of any statement, charge, payment, or computation made under the Contract. This right to examine, audit, and to obtain copies shall not be available with respect to proprietary information not directly relevant to transactions under this Contract. All invoices and billings shall be conclusively presumed final and accurate and all associated claims for under- or overpayments shall be deemed waived unless such invoices or billings are objected to in writing, with adequate explanation and/or documentation, within two years after the Month of Gas delivery. All retroactive adjustments under Section 7 shall be paid in full by the party owing payment within 30 Days of Notice and substantiation of such inaccuracy.

7.7. Unless the parties have elected on the Base Contract not to make this Section 7.7 applicable to this Contract, the parties shall net all undisputed amounts due and owing, and/or past due, arising under the Contract, such that the party owing the greater amount shall make a single payment of the net amount to the other party in accordance with Section 7; provided that no payment required to be made pursuant to the terms of any Credit Support Obligation or pursuant to Section 7.3 shall be subject to netting under this Section. If the parties have executed a separate netting agreement, the terms and conditions therein shall prevail to the extent inconsistent herewith.

SECTION 8. TITLE, WARRANTY, AND INDEMNITY

8.1. Unless otherwise specifically agreed, title to the Gas shall pass from Seller to Buyer at the Delivery Point(s). Seller shall have responsibility for and assume any liability with respect to the Gas prior to its delivery to Buyer at the specified Delivery Point(s). Buyer shall have responsibility for and any liability with respect to said Gas after its delivery to Buyer at the Delivery Point(s).

8.2. Seller warrants that it will have the right to convey and will transfer good and merchantable title to all Gas sold hereunder and delivered by it to Buyer, free and clear of all liens, encumbrances, and claims. EXCEPT AS PROVIDED IN THIS SECTION 8.2 AND IN SECTION 14.8, ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY PARTICULAR PURPOSE, ARE DISCLAIMED.

8.3. Seller agrees to indemnify Buyer and save it harmless from all losses, liabilities or claims including reasonable attorneys' fees and costs of court ("Claims"), from any and all persons, arising from or out of claims of title, personal injury or property damage from said Gas or other charges thereon which attach before title passes to Buyer. Buyer agrees to indemnify Seller and save it harmless from all Claims, from any and all persons, arising from or out of claims regarding payment, personal injury or property damage from said Gas or other charges thereon which attach after title passes to Buyer.

8.4. Notwithstanding the other provisions of this Section 8, as between Seller and Buyer, Seller will be liable for all Claims to the extent that such arise from the failure of Gas delivered by Seller to meet the quality requirements of Section 5.

SECTION 9. NOTICES

9.1. All Transaction Confirmations, invoices, payments and other communications made pursuant to the Base Contract ("Notices") shall be made to the addresses specified in writing by the respective parties from time to time.

9.2. All Notices required hereunder may be sent by facsimile or mutually acceptable electronic means, a nationally recognized overnight courier service, first class mail or hand delivered.

9.3. Notice shall be given when received on a Business Day by the addressee. In the absence of proof of the actual receipt date, the following presumptions will apply. Notices sent by facsimile shall be deemed to have been received upon the sending party's receipt of its facsimile machine's confirmation of successful transmission. If the day on which such facsimile is received is not a Business Day or is after five p.m. on a Business Day, then such facsimile shall be deemed to have been received on the next following Business Day. Notice by overnight mail or courier shall be deemed to have been received on the next Business Day after it was sent or such earlier time as is confirmed by the receiving party. Notice via first class mail shall be considered delivered five Business Days after mailing.

SECTION 10. FINANCIAL RESPONSIBILITY

10.1. If either party ("X") has reasonable grounds for insecurity regarding the performance of any obligation under this Contract (whether or not then due) by the other party ("Y") (including, without limitation, the occurrence of a material change in the creditworthiness of Y), X may demand Adequate Assurance of Performance. "Adequate Assurance of Performance" shall mean sufficient security in the form, amount and for the term reasonably acceptable to X, including, but not limited to, a standby irrevocable letter of credit, a prepayment, a security interest in an asset or a performance bond or guaranty (including the issuer of any such security).

10.2. In the event (each an "Event of Default") either party (the "Defaulting Party") or its guarantor shall: (i) make an assignment or any general arrangement for the benefit of creditors; (ii) file a petition or otherwise commence, authorize, or acquiesce in the commencement of a proceeding or case under any bankruptcy or similar law for the protection of creditors or have such petition filed or proceeding commenced against it; (iii) otherwise become bankrupt or insolvent (however evidenced); (iv) be unable to pay its debts as they fall due; (v) have a receiver, provisional liquidator, conservator, custodian, trustee or other similar official appointed with respect to it or substantially all of its assets; (vi) fail to perform any obligation to the other party with respect to any Credit Support Obligations relating to the Contract; (vii) fail to give Adequate Assurance of Performance under Section 10.1 within 48 hours but at least one Business Day of a written request by the other party; or (viii) not have paid any amount due the other party hereunder on or before the second Business Day following written Notice that such payment is due; then the other party (the "Non-Defaulting Party") shall have the right, at its sole election, to immediately withhold and/or suspend deliveries or payments upon Notice and/or to terminate and liquidate the transactions under the Contract, in the manner provided in Section 10.3, in addition to any and all other remedies available hereunder.

10.3. If an Event of Default has occurred and is continuing, the Non-Defaulting Party shall have the right, by Notice to the Defaulting Party, to designate a Day, no earlier than the Day such Notice is given and no later than 20 Days after such Notice is given, as an early termination date (the "Early Termination Date") for the liquidation and termination pursuant to Section 10.3.1 of all transactions under the Contract, each a "Terminated Transaction". On the Early Termination Date, all transactions will terminate, other than those transactions, if any, that may not be liquidated and terminated under applicable law or that are, in the reasonable opinion of the Non-Defaulting Party, commercially impracticable to liquidate and terminate ("Excluded Transactions"), which Excluded Transactions must be liquidated and terminated as soon thereafter as is reasonably practicable, and upon termination shall be a Terminated Transaction and be valued consistent with Section 10.3.1 below. With respect to each Excluded Transaction, its actual termination date shall be the Early Termination Date for purposes of Section 10.3.1.

The parties have selected either "Early Termination Damages Apply" or "Early Termination Damages Do Not Apply" as indicated on the Base Contract.

Early Termination Damages Apply:

10.3.1. As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, (i) the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract and (ii) the Market Value, as defined below, of each Terminated Transaction. The Non-Defaulting Party shall (x) liquidate and accelerate each Terminated Transaction at its Market Value, so that each amount equal to the difference between such Market Value and the Contract Value, as defined below, of such Terminated Transaction(s) shall be due to the Buyer under the Terminated Transaction(s) if such Market Value exceeds the Contract Value and to the Seller if the opposite is the case; and (y) where appropriate, discount each amount then due under clause (x) above to present value in a commercially reasonable manner as of the Early Termination Date (to take account of the period between the date of liquidation and the date on which such amount would have otherwise been due pursuant to the relevant Terminated Transactions).

For purposes of this Section 10.3.1, "Contract Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the Contract Price, and "Market Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the market price for a similar transaction at the Delivery Point determined by the Non-Defaulting Party in a commercially reasonable manner. To ascertain the Market Value, the Non-Defaulting Party may consider, among other valuations, any or all of the settlement prices of NYMEX Gas futures contracts, quotations from leading dealers in energy swap contracts or physical gas trading markets, similar sales or purchases and any other bona fide third-party offers, all adjusted for the length of the term and differences in transportation costs. A party shall not be required to enter into a replacement transaction(s) in order to determine the Market Value. Any extension(s) of the term of a transaction to which parties are not bound as of the Early Termination Date (including but not limited to "evergreen provisions") shall not be considered in determining Contract Values and Market Values. For the avoidance of doubt, any option pursuant to which one party has the right to extend the term of a transaction shall be considered in determining Contract Values and Market Values. The rate of interest used in calculating net present value shall be determined by the Non-Defaulting Party in a commercially reasonable manner.

Early Termination Damages Do Not Apply:

10.3.1. As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract.

The parties have selected either "Other Agreement Setoffs Apply" or "Other Agreement Setoffs Do Not Apply" as indicated on the Base Contract.

Other Agreement Setoffs Apply:

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the Defaulting Party, the Non-Defaulting Party may setoff (i) any Net Settlement Amount owed to the Non-Defaulting Party against any margin or other collateral held by it in connection with any Credit Support Obligation relating to the Contract; or (ii) any Net Settlement Amount payable to the Defaulting Party against any amount(s) payable by the Defaulting Party to the Non-Defaulting Party under any other agreement or arrangement between the parties.

Other Agreement Setoffs Do Not Apply:

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the Defaulting Party, the Non-Defaulting Party may setoff any Net Settlement Amount owed to the Non-Defaulting Party against any margin or other collateral held by it in connection with any Credit Support Obligation relating to the Contract.

10.3.3. If any obligation that is to be included in any netting, aggregation or setoff pursuant to Section 10.3.2 is unascertained, the Non-Defaulting Party may in good faith estimate that obligation and net, aggregate or setoff, as applicable, in respect of the estimate, subject to the Non-Defaulting Party accounting to the Defaulting Party when the obligation is ascertained. Any amount not then due which is included in any netting, aggregation or setoff pursuant to Section 10.3.2 shall be discounted to net present value in a commercially reasonable manner determined by the Non-Defaulting Party.

10.4. As soon as practicable after a liquidation, Notice shall be given by the Non-Defaulting Party to the Defaulting Party of the Net Settlement Amount, and whether the Net Settlement Amount is due to or due from the Non-Defaulting Party. The Notice shall include a written statement explaining in reasonable detail the calculation of such amount, provided that failure to give such Notice shall not affect the validity or enforceability of the liquidation or give rise to any claim by the Defaulting Party against the Non-Defaulting Party. The Net Settlement Amount shall be paid by the close of business on the second Business Day following such Notice, which date shall not be earlier than the Early Termination Date. Interest on any unpaid portion of the Net Settlement Amount shall accrue from the date due until the

date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

10.5. The parties agree that the transactions hereunder constitute a "forward contract" within the meaning of the United States Bankruptcy Code and that Buyer and Seller are each "forward contract merchants" within the meaning of the United States Bankruptcy Code.

10.6. The Non-Defaulting Party's remedies under this Section 10 are the sole and exclusive remedies of the Non-Defaulting Party with respect to the occurrence of any Early Termination Date. Each party reserves to itself all other rights, setoffs, counterclaims and other defenses that it is or may be entitled to arising from the Contract.

10.7. With respect to this Section 10, if the parties have executed a separate netting agreement with close-out netting provisions, the terms and conditions therein shall prevail to the extent inconsistent herewith.

SECTION 11. FORCE MAJEURE

11.1. Except with regard to a party's obligation to make payment(s) due under Section 7, Section 10.4, and Imbalance Charges under Section 4, neither party shall be liable to the other for failure to perform a Firm obligation, to the extent such failure was caused by Force Majeure. The term "Force Majeure" as employed herein means any cause not reasonably within the control of the party claiming suspension, as further defined in Section 11.2.

11.2. Force Majeure shall include, but not be limited to, the following: (i) physical events such as acts of God, landslides, lightning, earthquakes, fires, storms or storm warnings, such as hurricanes, which result in evacuation of the affected area, floods, washouts, explosions, breakage or accident or necessity of repairs to machinery or equipment or lines of pipe; (ii) weather related events affecting an entire geographic region, such as low temperatures which cause freezing or failure of wells or lines of pipe; (iii) interruption and/or curtailment of Firm transportation and/or storage by Transporters; (iv) acts of others such as strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections or wars; and (v) governmental actions such as necessity for compliance with any court order, law, statute, ordinance, regulation, or policy having the effect of law promulgated by a governmental authority having jurisdiction. Seller and Buyer shall make reasonable efforts to avoid the adverse impacts of a Force Majeure and to resolve the event or occurrence once it has occurred in order to resume performance.

11.3. Neither party shall be entitled to the benefit of the provisions of Force Majeure to the extent performance is affected by any or all of the following circumstances: (i) the curtailment of interruptible or secondary Firm transportation unless primary, in-path, Firm transportation is also curtailed; (ii) the party claiming excuse failed to remedy the condition and to resume the performance of such covenants or obligations with reasonable dispatch; or (iii) economic hardship, to include, without limitation, Seller's ability to sell Gas at a higher or more advantageous price than the Contract Price, Buyer's ability to purchase Gas at a lower or more advantageous price than the Contract Price, or a regulatory agency disallowing, in whole or in part, the pass through of costs resulting from this Agreement; (iv) the loss of Buyer's market(s) or Buyer's inability to use or resell Gas purchased hereunder, except, in either case, as provided in Section 11.2; or (v) the loss or failure of Seller's gas supply or depletion of reserves, except, in either case, as provided in Section 11.2. The party claiming Force Majeure shall not be excused from its responsibility for Imbalance Charges.

11.4. Notwithstanding anything to the contrary herein, the parties agree that the settlement of strikes, lockouts or other industrial disturbances shall be within the sole discretion of the party experiencing such disturbance.

11.5. The party whose performance is prevented by Force Majeure must provide Notice to the other party. Initial Notice may be given orally; however, written Notice with reasonably full particulars of the event or occurrence is required as soon as reasonably possible. Upon providing written Notice of Force Majeure to the other party, the affected party will be relieved of its obligation, from the onset of the Force Majeure event, to make or accept delivery of Gas, as applicable, to the extent and for the duration of Force Majeure, and neither party shall be deemed to have failed in such obligations to the other during such occurrence or event.

11.6. Notwithstanding Sections 11.2 and 11.3, the parties may agree to alternative Force Majeure provisions in a Transaction Confirmation executed in writing by both parties.

SECTION 12. TERM

This Contract may be terminated on 30 Day's written Notice, but shall remain in effect until the expiration of the latest Delivery Period of any transaction(s). The rights of either party pursuant to Section 7.6 and Section 10, the obligations to make payment hereunder, and the obligation of either party to indemnify the other, pursuant hereto shall survive the termination of the Base Contract or any transaction.

SECTION 13. LIMITATIONS

FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY. A PARTY'S LIABILITY HEREUNDER SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN OR IN A TRANSACTION, A PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY. SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE.

TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

SECTION 14. MISCELLANEOUS

14.1. This Contract shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, and heirs of the respective parties hereto, and the covenants, conditions, rights and obligations of this Contract shall run for the full term of this Contract. No assignment of this Contract, in whole or in part, will be made without the prior written consent of the non-assigning party (and shall not relieve the assigning party from liability hereunder), which consent will not be unreasonably withheld or delayed; provided, either party may (i) transfer, sell, pledge, encumber, or assign this Contract or the accounts, revenues, or proceeds hereof in connection with any financing or other financial arrangements, or (ii) transfer its interest to any parent or affiliate by assignment, merger or otherwise without the prior approval of the other party. Upon any such assignment, transfer and assumption, the transferor shall remain principally liable for and shall not be relieved of or discharged from any obligations hereunder.

14.2. If any provision in this Contract is determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Contract.

14.3. No waiver of any breach of this Contract shall be held to be a waiver of any other or subsequent breach.

14.4. This Contract sets forth all understandings between the parties respecting each transaction subject hereto, and any prior contracts, understandings and representations, whether oral or written, relating to such transactions are merged into and superseded by this Contract and any effective transaction(s). This Contract may be amended only by a writing executed by both parties.

14.5. The interpretation and performance of this Contract shall be governed by the laws of the jurisdiction as indicated on the Base Contract, excluding, however, any conflict of laws rule which would apply the law of another jurisdiction.

14.6. This Contract and all provisions herein will be subject to all applicable and valid statutes, rules, orders and regulations of any governmental authority having jurisdiction over the parties, their facilities, or Gas supply, this Contract or transaction or any provisions thereof.

14.7. There is no third party beneficiary to this Contract.

14.8. Each party to this Contract represents and warrants that it has full and complete authority to enter into and perform this Contract. Each person who executes this Contract on behalf of either party represents and warrants that it has full and complete authority to do so and that such party will be bound thereby.

14.9. The headings and subheadings contained in this Contract are used solely for convenience and do not constitute a part of this Contract between the parties and shall not be used to construe or interpret the provisions of this Contract.

14.10. Unless the parties have elected on the Base Contract not to make this Section 14.10 applicable to this Contract, neither party shall disclose directly or indirectly without the prior written consent of the other party the terms of any transaction to a third party (other than the employees, lenders, royalty owners, counsel, accountants and other agents of the party, or prospective purchasers of all or substantially all of a party's assets or of any rights under this Contract, provided such persons shall have agreed to keep such terms confidential) except (i) in order to comply with any applicable law, order, regulation, or exchange rule, (ii) to the extent necessary for the enforcement of this Contract, (iii) to the extent necessary to implement any transaction, or (iv) to the extent such information is delivered to such third party for the sole purpose of calculating a published index. Each party shall notify the other party of any proceeding of which it is aware which may result in disclosure of the terms of any transaction (other than as permitted hereunder) and use reasonable efforts to prevent or limit the disclosure. The existence of this Contract is not subject to this confidentiality obligation. Subject to Section 13, the parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with this confidentiality obligation. The terms of any transaction hereunder shall be kept confidential by the parties hereto for one year from the expiration of the transaction.

In the event that disclosure is required by a governmental body or applicable law, the party subject to such requirement may disclose the material terms of this Contract to the extent so required, but shall promptly notify the other party, prior to disclosure, and shall cooperate (consistent with the disclosing party's legal obligations) with the other party's efforts to obtain protective orders or similar restraints with respect to such disclosure at the expense of the other party.

14.11 The parties may agree to dispute resolution procedures in Special Provisions attached to the Base Contract or in a Transaction Confirmation executed in writing by both parties.

DISCLAIMER: The purposes of this Contract are to facilitate trade, avoid misunderstandings and make more definite the terms of contracts of purchase and sale of natural gas. Further, NAESB does not mandate the use of this Contract by any party. NAESB DISCLAIMS AND EXCLUDES, AND ANY USER OF THIS CONTRACT ACKNOWLEDGES AND AGREES TO NAESB'S DISCLAIMER OF, ANY AND ALL WARRANTIES, CONDITIONS OR REPRESENTATIONS, EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THIS CONTRACT OR ANY PART THEREOF, INCLUDING ANY AND ALL IMPLIED WARRANTIES OR CONDITIONS OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY, OR FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE (WHETHER OR NOT NAESB KNOWS, HAS REASON TO KNOW, HAS BEEN ADVISED, OR IS OTHERWISE IN FACT AWARE OF ANY SUCH PURPOSE), WHETHER ALLEGED TO ARISE BY LAW, BY REASON OF CUSTOM OR USAGE IN THE TRADE, OR BY COURSE OF DEALING. EACH USER OF THIS CONTRACT ALSO AGREES THAT UNDER NO CIRCUMSTANCES WILL NAESB BE LIABLE FOR ANY DIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES ARISING OUT OF ANY USE OF THIS CONTRACT.

**TRANSACTION CONFIRMATION
FOR IMMEDIATE DELIVERY**

EXHIBIT A

Letterhead/Logo	Date: _____ Transaction Confirmation #: _____			
This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated _____. The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of receipt unless otherwise specified in the Base Contract.				
SELLER: _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No. _____ Transporter: _____ Transporter Contract Number: _____	BUYER: _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No. _____ Transporter: _____ Transporter Contract Number: _____			
Contract Price: \$ _____/MMBtu or _____				
Delivery Period: Begin: _____ End: _____				
Performance Obligation and Contract Quantity: (Select One) <table style="width:100%; border: none;"> <tr> <td style="width:33%; vertical-align: top;"> Firm (Fixed Quantity): _____ MMBtus/day <input type="checkbox"/> EFP </td> <td style="width:33%; vertical-align: top;"> Firm (Variable Quantity): _____ MMBtus/day Minimum _____ MMBtus/day Maximum subject to Section 4.2, at election of <input type="checkbox"/> Buyer or <input type="checkbox"/> Seller </td> <td style="width:33%; vertical-align: top;"> Interruptible: Up to _____ MMBtus/day </td> </tr> </table>		Firm (Fixed Quantity): _____ MMBtus/day <input type="checkbox"/> EFP	Firm (Variable Quantity): _____ MMBtus/day Minimum _____ MMBtus/day Maximum subject to Section 4.2, at election of <input type="checkbox"/> Buyer or <input type="checkbox"/> Seller	Interruptible: Up to _____ MMBtus/day
Firm (Fixed Quantity): _____ MMBtus/day <input type="checkbox"/> EFP	Firm (Variable Quantity): _____ MMBtus/day Minimum _____ MMBtus/day Maximum subject to Section 4.2, at election of <input type="checkbox"/> Buyer or <input type="checkbox"/> Seller	Interruptible: Up to _____ MMBtus/day		
Delivery Point(s): _____ (If a pooling point is used, list a specific geographic and pipeline location):				
Special Conditions:				
Seller: _____ By: _____ Title: _____ Date: _____	Buyer: _____ By: _____ Title: _____ Date: _____			

**Special Provisions To The Base Contract For Sale And Purchase Of Natural Gas
Between
Statoil Natural Gas LLC
And
J. P. Morgan Commodities Canada Corporation ("JPMCCC")
Dated January 13, 2011**

The parties agree to incorporate the following provisions to the above referenced Contract:

Section 1- Purpose and Procedures

- Section 1.2. - Section 1.2 is hereby amended by the deletion of the sixth sentence thereof.
- Section 1.3. - Section 1.3 is hereby amended by the deletion of the third sentence thereof and the substitution of the following therefore: "If there are any material differences between timely sent Transaction Confirmations governing the same transaction, then the oral agreement reached under Section 1.2 shall be controlling and satisfy the statute of frauds, howsoever evidenced by the parties." In addition, Section 1.3 is amended by deleting the fourth sentence and replacing it with "In the event of a conflict among the terms of (i) a binding Transaction Confirmation pursuant to Section 1.2, (ii) the oral agreement, or electronic agreement formed on an electronic trading system ("ETS") of the parties which may be evidenced by a recorded conversation or electronic confirmation from an ETS, where the parties have selected the Oral Transaction Procedure of the Base Contract, (iii) the Base Contract, and (iv) the General Terms and Conditions, the terms of the documents shall govern in the priority listed in this sentence."; and
- Section 1.3 - At the end of the first sentence, delete the words "unless such receiving party has previously sent a Transaction Confirmation to the sending party."
- Section 1.4 - Add the words "To the extent required by law," to the beginning of the second sentence.

Section 2-Definitions

- Section 2.1 – Delete in its entire and replace with the following:

"2.1 'Alternative Damages' shall mean such damages, expressed in United States dollars or United States dollars per MMBtu, or Canadian dollars or Canadian dollars per GJ, as the parties shall agree upon in the Transaction Confirmation, in the event either Seller or Buyer fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer."
- Section 2.4 - Delete in its entirety and replace it with the following:

"2.4 'Business Day' shall mean any day other than a Saturday or Sunday and on which banks are generally open for business in Calgary, Alberta, Toronto, Ontario, and New York, New York."
- Section 2.7 – Delete in its entirety and replace with the following:

"2.7 'Contract' shall mean the legally binding relationship established by (i) the Base Contract, (ii) any and all binding Transaction Confirmations, (iii) where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, any and all transactions that the parties have entered into through an EDI transmission or by telephone, but that have not been confirmed in a binding Transaction Confirmation, and (iv) any designated collateral, Credit Support Obligations, margin or netting agreement or similar agreement(s) between the parties and the items comprising (i), (ii), (iii) and (iv) shall form a single integrated agreement between the parties."

- Section 2.8 – Delete in its entirety and replace with the following:

"2.8 'Contract Price' shall mean, the amount expressed in United States Dollars per MMBtu or Canadian Dollars per GJ to be paid by Buyer to Seller for the purchase of Gas as agreed to by the parties in a transaction."

- Section 2.11 - Amend definition "Credit Support Obligation(s)" after the word "Contract" to include "reasonably acceptable to the party requesting credit support" and after the word "asset," delete "a performance bond,".
- Add the following definition(s) to Section 2:

"Call Option" means that the buyer of the Call Option shall have the Option to purchase Gas from the seller of the Call Option pursuant to the terms of the transaction.

"Costs" means any brokerage fees, commissions, and other transactional costs and expenses reasonably incurred by the Non-Defaulting Party either as a result of terminating any hedges or other risk management contracts and/or entering into new arrangements to replace the early terminated transactions, and reasonable, external legal costs incurred by the Non-Defaulting Party.

"Gains" means, with respect to a party, an amount equal to the present value of the economic benefit, if any, (exclusive of Costs) to it resulting from the termination of its obligations with respect to a Terminated Transaction, determined in a commercially reasonable manner plus any amounts owed to the party for deliveries of Gas whether invoiced or not. The Non-Defaulting Party will determine its Gains as of the relevant Early Termination Date, or, if that is not reasonably practicable, as of the earliest date thereafter that is reasonably practicable.

"GJ" shall mean 1 gigajoule; 1 gigajoule = 1,000,000,000 Joules. The standard conversion factor between MMBtu's and GJ's is 1.055056 GJ's per MMBtu.

"Guarantor" means, with respect to "JPMCCC", "JP Morgan Chase & Co." and with respect to Statoil Natural Gas LLC, not applicable.

"Indebtedness Cross Default" shall mean with respect to a party, that it or its Guarantor, if any, experiences a default, or similar condition or event however therein defined, under one or more agreements or instruments, individually or collectively, relating to indebtedness (such indebtedness to include any obligation whether present or future, contingent or otherwise, as principal or surety or otherwise) for the payment or repayment of borrowed money in an aggregate amount greater than the Threshold Amount with respect to such party or its Guarantor, if any, which results in such indebtedness becoming immediately due and payable.

"Joule" shall mean the joule specified in the SI system of units.

"Letter of Credit" shall mean an irrevocable, non-transferable, standby letter of credit, issued by a major U.S. commercial bank or the U.S. branch office of a foreign bank, with a credit rating of at least "A-" by S&P and A3 by Moody's or equivalent. The form of the Letter of Credit and its issuer shall be reasonably acceptable to the party in whose favor the Letter of Credit is issued.

"Losses" means, with respect to a party, an amount equal to the present value of the economic loss, if any, (exclusive of Costs) to it resulting from the termination of its obligations with respect to a Terminated Transaction, determined in a commercially reasonable manner plus any amounts owed by the party for Gas deliveries whether invoiced or not. The Non-Defaulting Party will determine its Losses as of the relevant Early Termination Date, or, if that is not reasonably practicable, as of the earliest date thereafter that is reasonably practicable.

"Moody's" means Moody's Investors Service, Inc. or any division, affiliate, or successor thereof.

"Option" shall mean the right (but not the obligation unless exercised) to purchase or sell, as the case may be, Gas pursuant to the terms of the Call Option or the Put Option, as applicable.

"Put Option" means that the buyer of the Put Option shall have the Option to sell Gas to the seller of the Put Option pursuant to the terms of the transaction.

"Ratings Event" means the senior unsecured debt or issuer rating of Statoil ASA shall fall below BBB- by S&P or Baa3 by Moody's.

"S&P" means Standard & Poor's, a division of The McGraw-Hill Companies, Inc., or any division, affiliate or any successor thereof.

"Specified Transactions" means (a) any transaction (including an agreement with respect thereto) now existing or hereafter entered into between one party to this Agreement and the other party to this Agreement which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross currency rate swap, transaction, currency option, forward purchase or sale of a commodity or any other similar transaction (including any option with respect to any of these transactions) or (b) any combination of these transactions.

"Termination Currency" shall mean one of the currencies in which payments are required to be made pursuant to a Transaction Confirmation in respect of a Terminated Transaction selected by the Non-Defaulting Party or, if the currency so selected is not freely available, the Termination Currency shall be U.S. Dollars.

"Termination Currency Equivalent" shall mean, in respect of any amount denominated in a currency other than the Termination Currency (the "Other Currency"), the amount in the Termination Currency that the Non-Defaulting Party would be required to pay, on the Early Termination Date, to purchase such amount of Other Currency for spot delivery, as determined by the Non-Defaulting Party in a commercially reasonable manner.

"Threshold Amount" means, with respect to JPMCCC, 3% of the shareholders' equity of JPMorgan Chase & Co. and, with respect to Statoil Natural Gas LLC, XXXXXX. For purposes of the above, shareholders' equity shall be determined by reference to the audited consolidated balance sheet for the relevant party's most recently completed fiscal year. Such balance sheet shall be prepared in accordance with relevant generally accepted accounting principles

"Transactional Cross Default" means with respect to a party, that it shall be in default, however defined therein, under any Specified Transaction.

Section 5 – Quality and Measurement

- Section 5 – Delete in its entire and replace it with the following:

"5. All Gas delivered by Seller shall meet the pressure, quality and heat content requirements of the Receiving Transporter. The unit of quantity measurement for purposes of this Contract shall be one MMBtu dry or one GJ, as agreed to by the parties in a transaction. Measurement of Gas quantities hereunder shall be in accordance with the established procedures of the Receiving Transporter, and conversions between GJ's and MMBtu's shall be at the conversion factor set forth in the definition of "GJ."

Section 6 – Taxes

Section 6 - Add the following to Section 6:

"Sections 6.2, 6.3 and 6.4 apply if the Delivery Point is in Canada.

6.2 The Contract Price does not include any amounts payable by Buyer for the goods and services tax ("GST") imposed pursuant to the *Excise Tax Act* (Canada) ("ETA") or any provincial or federal/provincial harmonized sales tax or any similar or replacement value added or sales or use tax enacted under successor legislation. Notwithstanding whether the parties have selected "Buyer Pays At and After Delivery Point" or "Seller Pays Before and At Delivery Point" as indicated on the Base Contract, Buyer will pay to Seller the amount of any such tax payable for the purchase of Gas in addition to all other amounts payable under the Contract. Seller will hold any such tax paid by Buyer and will remit same as required by law. Buyer and Seller will provide each other with the information required to make such remittance or claim any corresponding input tax credits, including GST registration numbers.

6.3 Where Buyer indicates to Seller that Gas will be exported from Canada, the following shall apply:

6.3.1 Where Buyer is not registered for GST under the ETA and Buyer indicates to Seller that Gas will be exported from Canada, Buyer may request Seller treat such Gas as "zero-rated" Gas for export within the meaning of the ETA for billing purposes. If Seller, in its sole discretion, agrees to so treat such Gas, then Buyer hereby declares, represents and warrants to Seller that Buyer will: (i) export such Gas as soon as is reasonably possible after Seller delivers such Gas to Buyer (or after such Gas is delivered to Buyer after a zero-rated storage service under the ETA) having regard to the circumstances surrounding the export and, where applicable, normal business practice; (ii) not acquire such Gas for consumption or use in Canada (other than as fuel or compressor gas to transport such Gas by pipeline) or for supply in Canada (other than to supply natural gas liquids or ethane the consideration for which is deemed by the ETA to be nil) before export of such Gas; (iii) ensure that, after such Gas is delivered and before export, such Gas is not further processed, transformed or altered in Canada (except to the extent reasonably necessary or incidental to its transportation and other than to recover natural gas liquids or ethane from such Gas at a straddle plant); (iv) maintain on file, and provide to Seller, if required, or to the Canada Customs and Revenue Agency, evidence satisfactory to the Minister of National Revenue of the export of such Gas by Buyer; and/or (v) comply with all other requirements prescribed by the ETA for a zero-rated export of such Gas.

6.3.2 Where Buyer is registered for GST under the ETA and Buyer indicates to Seller that Gas will be exported from Canada, Buyer may request Seller treat such Gas as "zero-rated" Gas for export within the meaning of the ETA for billing purposes, and Buyer hereby declares, represents and warrants to Seller that Buyer intends to export such Gas by means of pipeline or other conduit in circumstances described in Section 6.3.1 (i) to (iii).

6.3.3 Without limiting the generality of Sections 8.1 and 8.2, Buyer indemnifies Seller for any GST, penalties and interest and all other damages and costs of any nature arising from breach of the declarations, representations and warranties contained in Section 6.3.1 or 6.3.2, or otherwise from application of GST to Gas declared, represented and warranted by Buyer to be acquired for export from Canada.

6.4 In the event that any amount becomes payable pursuant to the Contract as a result of a breach, modification or termination of the Contract, the amount payable shall be increased by any applicable Taxes or GST remittable by the recipient in respect of that amount."

Section 7 - Billing, Payment and Audit

- Section 7.4 and 7.5 - Delete in their entirety and replace with the following:

"7.4. If the invoiced party, in good faith, disputes the amount of any such invoice or any part thereof, such invoiced party will pay the undisputed amount. Moreover, the invoiced party must provide supporting documentation acceptable in industry practice to explain the nature of the dispute and justify the disputed

amount. Interest shall accrue on the disputed amount, only if the original invoice is determined to be correct, and shall be calculated from the date the payment was originally due. In the event the parties are unable to resolve such dispute, either party may pursue any remedy available at law or in equity to enforce its rights pursuant to this Section. Interest shall accrue from the date payment was originally due until the date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by the *Wall Street Journal* ("Interest Rate"); or (ii) the maximum applicable lawful interest rate.

7.5 If the invoiced party fails to remit the full amount payable when due, and there's no good faith billing dispute, then interest on the unpaid portion which is not in dispute, shall accrue from the date due until the date of payment at a rate equal to the lower of: (i) if the amount payable is in United States currency, the Interest Rate, plus two percent per annum; or, if the amount payable is in Canadian currency, the per annum rate of interest identified from time to time as the prime lending rate charged to its most credit worthy customers for Canadian currency commercial loans by The Toronto Dominion Bank, Main Branch, Calgary, Alberta, Canada, plus two percent per annum; or (ii) the maximum applicable lawful interest rate."

- Section 7.7 – Delete it in entirety and replace it with the following:

"7.7 Unless the parties have elected on the Base Contract not to make this Section 7.7 applicable to this Contract, the parties shall net all undisputed amounts due and owing, and/or past due, in the same currency, arising under the Contract such that the party owing the greater amount shall make a single payment of the net amount to the other party in accordance with Section 7; provided that no payment required to be made pursuant to the terms of any Credit Support Obligation or pursuant to Section 7.3 shall be subject to netting under this Section. If the parties have executed a separate netting agreement, the terms and conditions therein shall prevail to the extent inconsistent herewith."

- Section 7.8 - Add a new section as follows:

"7.8 Unless otherwise agreed to by the parties in a Transaction Confirmation, the premium amount for the purchase of an Option shall be paid by Option Buyer within one (1) Business Day following receipt of an invoice from Option Seller, and no earlier than two business days following the trade date. Payments upon exercise of an Option, payment for the product underlying such Option shall be due in accordance with Section 7.2."

- Section 7.9 – Add a new section as follows:

"7.9 For each transaction, all associated payments shall be made in the currency of the Contract Price for such transaction."

Section 10 – Financial Responsibility

- Section 10.2 - Delete in its entirety and replace with the following:

10.2 In the event (each an "Event of Default") (X) either party (the "Defaulting Party") or its Guarantor shall: (i) make an assignment or any general arrangement for the benefit of creditors; (ii) file a petition or otherwise commence, authorize, or acquiesce in the commencement of a proceeding or case under any bankruptcy or similar law for the protection of creditors or have such petition filed or proceeding commenced against it; (iii) otherwise become bankrupt or insolvent (however evidenced); (iv) be unable to pay its debts as they fall due; (v) have a receiver, provisional liquidator, conservator, custodian, trustee or other similar official appointed with respect to it or substantially all of its assets; (vi) fail to perform any obligation to the other party with respect to any Credit Support Obligations relating to the Contract; (vii) fail to give Adequate Assurance of Performance under Section 10.1 within 48 hours but at least one Business Day of a written request by the other party; (viii) not have paid any amount due the other party hereunder on or before the second Business Day following written Notice that such payment is due,

(ix) experience a Transactional Cross Default; or (x) experience an Indebtedness Cross Default; or (Y) with respect to the Defaulting Party or its Guarantor, as applicable, (i) any representation or warranty made by such Defaulting Party or its Guarantor herein, or under any guaranty, shall prove to have been false or misleading in any material respect when made or deemed to be repeated, (ii) such Guarantor's guaranty shall fail to be in full force and effect during the term of this Contract other than with respect to any termination or expiration pursuant to its terms, or (iii) such Guarantor repudiates, disaffirms, disclaims, or rejects, in whole or in part, or challenge the validity of any guaranty; or (Z) Statoil Natural Gas LLC shall have the occurrence of (in which case Statoil Natural Gas LLC shall be the Defaulting Party) a (i) Change of Control, (ii) Ratings Event, or (iii) XXXXXX, then the other party (the "Non-Defaulting Party") shall have the right, at its sole election, to immediately withhold and/or suspend deliveries or payments upon Notice and/or to terminate and liquidate the transactions under the Contract, in the manner provided in Section 10.3, in addition to any and all other remedies available hereunder.

Section 10.3.4 – add a new section as follows:

"10.3.4 The Non-Defaulting Party shall use the Termination Currency Equivalent of any amount denominated in a currency other than the Termination Currency in performing any netting, aggregation or setoff required or permitted by Section 10.3.1 or 10.3.2."

- Section 10.4 – Delete in Section 10.4 and replace it with the following:

"10.4. As soon as practicable after a liquidation, Notice shall be given by the Non-Defaulting Party to the Defaulting Party of the Net Settlement Amount, and whether the Net Settlement Amount is due to or due from the Non-Defaulting Party. The Notice shall include a written statement explaining in reasonable detail the calculation of such amount, provided that failure to give such Notice shall not affect the validity or enforceability of the liquidation or give rise to any claim by the Defaulting Party against the Non-Defaulting Party. The Net Settlement Amount shall be paid, in the Termination Currency, by the close of business on the second Business Day following such Notice, which date shall not be earlier than the Early Termination Date. Interest on any unpaid portion of the Net Settlement Amount shall accrue from the date due until the date of payment at a rate equal to the lower of: (i) if the amount payable is in United States currency, the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or, if the amount payable is in Canadian currency, the per annum rate of interest identified from time to time as the prime lending rate charged to its most credit worthy customers for Canadian currency commercial loans by The Toronto Dominion Bank, Main Branch, Calgary, Alberta, Canada, plus two percent per annum; or (ii) the maximum applicable lawful interest rate."

- Section 10.5. The following sentence shall be added at the end of Section 10.5:

"The parties also agree that the transactions hereunder constitute an 'eligible financial contract' within the meaning of the *Bankruptcy and Insolvency Act* (Canada) and the *Companies Creditors Arrangements Act* (Canada), and similar Canadian legislation."

- Section 10.8. The following provision is added as Section 10.8:

"10.8 Upon request, each party shall deliver to the other party documentation reasonably requested to evidence the authority and power of such party and/or its Guarantor, as the case may be, to enter into this Base Contract or any guaranty, as the case may be, which may include, without limitation, certified resolutions and a certification of the signature and authority of the individual(s) executing this Contract or such guaranty, as the case may be and to the extent applicable and requested certificates, documents or other evidence sufficient to confirm the sales tax exempt status of such party for each jurisdiction in which the purchase, sale and/or delivery of any physical commodity takes place under this Contract, such that the other party will bear no obligation in relation to such purchase, sale and/or delivery for charging, collecting or remitting sales, use or other excise taxes to any local, municipal, state or federal taxing authority or agency. Additionally, if requested by either party (the "Petitioning Party"), the other party or its Guarantor, if

applicable (the "Petitioned Party") shall deliver (a) a copy of the annual report containing audited consolidated financial statements for such fiscal year for the Petitioned Party ("Annual Reports") and (b) a copy of a quarterly report containing unaudited consolidated financial statements for such fiscal quarter for the Petitioned Party ("Quarterly Reports")."

Section 14 – Miscellaneous

- Section 14.5 - Delete in its entirety and replace with the following:

"14.5 The interpretation and performance of this Contract shall be governed by the laws of the jurisdiction as indicated on the Base Contract. With respect to any and all disputes arising out of or in connection with this Contract, including without limitation, its formation, validity, interpretation, execution, termination or breach, each party irrevocably: (i) submits to the exclusive jurisdiction of the United States District Court for the Southern District of New York located in the Borough of Manhattan, New York, or, if such court declines to exercise or does not have jurisdiction, in a New York State court in the Borough of Manhattan; (ii) agrees and consents to service of process by certified mail, delivered to the party at the address indicated in the Contract; (iii) waives any objection, with respect to such proceedings, that such court does not have jurisdiction over such party; (iv) waives any objection to the venue of any proceedings in any such court and waives any claim that such proceedings have been brought in an inconvenient forum; and (v) waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any proceedings relating to this Contract. Nothing in the Contract precludes either party from bringing proceedings in any other jurisdiction to enforce any judgment obtained in any proceedings referred to in this paragraph, nor will bringing of such enforcement proceedings in any one or more jurisdictions preclude the bringing of enforcement proceedings in any other jurisdiction."

- Section 14.8. Section 14.8 is hereby amended by inserting at the end thereof the following:

"14.8 Each party will be deemed to represent to the other party on the date on which it enters into a transaction or Transaction Confirmation that (absent a written agreement between the Parties that expressly imposes affirmative obligations to the contrary for that transaction or Transaction Confirmation):

(i) **Non-Reliance.** It is acting for its own account, and it has made its own independent decisions to enter into that transaction and Transaction Confirmation and as to whether that transaction and Transaction Confirmation is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that transaction or Transaction Confirmation; it being understood that information and explanations related to the terms and conditions of a transaction and Transaction Confirmation shall not be considered investment advice or a recommendation to enter into that transaction or Transaction Confirmation. No communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of that transaction or Transaction Confirmation.

(ii) **Assessment and Understanding.** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts the terms, conditions and risks of that transaction and Transaction Confirmation. It is also capable of assuming, and assumes, the risks of that transaction and Transaction Confirmation.

(iii) **Status of Parties.** The other party is not acting as a fiduciary for or an adviser to it in respect of that transaction or Transaction Confirmation. Each party understands and acknowledges that the other party may, either in connection with entering into a transaction or from time to time thereafter, engage in open market transactions that are designed to hedge or reduce the risks incurred by it in connection with such transaction and that the effect of such open market transactions may be to affect or reduce the value of such transaction.

(iv) **Eligible Contract Participant.** It is an "eligible contract participant" as such term is defined in Section 1(a)(12) of the Commodities Exchange Act, as amended."

- Section 14.10. Section 14.10 is hereby amended by: (a) inserting the words "or as is disclosed to regulators or examiners" immediately after "exchange rule" in the fifth line of the first paragraph; and (b) inserting immediately after "shall promptly notify" and before "the other party" in the first line of the second paragraph thereof the phrase, "if permissible".
- The following new Section 14.12 is added:

"14.12 If a Market Disruption Event has occurred then the parties shall negotiate in good faith to agree on a replacement price for the Floating Price (or on a method for determining a replacement price for the Floating Price) for the affected Day, and if the parties have not so agreed on or before the second Business Day following the affected Day then the replacement price for the Floating Price shall be determined within the next two following Business Days with each party obtaining, in good faith and from non-affiliated market participants in the relevant market, two quotes for prices of Gas for the affected Day of a similar quality and quantity in the geographical location closest in proximity to the Delivery Point and averaging the four quotes. If either party fails to provide two quotes then the average of the other party's two quotes shall determine the replacement price for the Floating Price. "Floating Price" means the price or a factor of the price agreed to in the transaction as being based upon a specified index. "Market Disruption Event" means, with respect to an index specified for a transaction, any of the following events: (a) the failure of the index to announce or publish information necessary for determining the Floating Price; (b) the failure of trading to commence or the permanent discontinuation or material suspension of trading on the exchange or market acting as the index; (c) the temporary or permanent discontinuance or unavailability of the index; (d) the temporary or permanent closing of any exchange acting as the index; or (e) both parties agree that a material change in the formula for or the method of determining the Floating Price has occurred. For the purposes of the calculation of a replacement price for the Floating Price, all numbers shall be rounded to three decimal places. If the fourth decimal number is five or greater, then the third decimal number shall be increased by one and if the fourth decimal number is less than five, then the third decimal number shall remain unchanged."

- The following new Section 14.13 is added:

"14.13 Each party represents and warrants to the other with respect to itself, or any guarantor of it, or any provider of credit support for its Credit Support Obligations, that (i) with respect to such party, it has all necessary corporate (or analogous) and other requisite authorizations to execute, deliver and perform this Contract and each and every transaction, and (ii) with respect to any such guarantor or provider of credit support, it has all necessary corporate (or analogous) and other requisite authorizations to execute, deliver and perform under such guarantee or credit support, as applicable. The foregoing representation and warranty is given on the date of this Contract and is deemed to be given and repeated on each and every date the parties enter into a transaction or a party provides to the other such guarantee or credit support."

- The following new Section 14.14 is added:

"14.14 The parties represent and warrant to comply with, and to use reasonable endeavours to procure that relevant third parties used for fulfilling the parties' respective obligations under this Contract comply with, all laws, rules, regulations, decrees or official governmental orders prohibiting bribery, corruption and money laundering applicable to any of the parties or their ultimate parent companies.

All financial settlements, billings and reports in connection with this Contract shall properly reflect the facts related to any activities and transactions handled for the account of the other party. The data may be relied upon as being complete and accurate in any further recordings and reporting made by the parties or any of their representatives, for whatever purpose."

- Delete Exhibit A ("Transaction Confirmation") and replace it with Exhibit A attached hereto.

IN WITNESS WHEREOF, this Contract was executed and effective as of the date first above written.

STATOIL NATURAL GAS LLC

**J.P. MORGAN COMMODITIES CANADA
CORPORATION**

Per: _____
Name: _____
Title: _____

Per: _____
Name: _____
Title: _____

**TRANSACTION CONFIRMATION
FOR IMMEDIATE DELIVERY**

EXHIBIT A

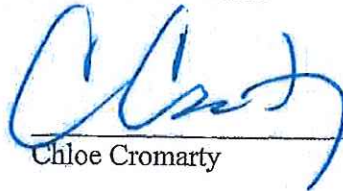
Letterhead/Logo	Date: _____ Transaction Confirmation #: _____			
This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated _____.				
The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of receipt unless otherwise specified in the Base Contract.				
SELLER: _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No. _____ Transporter: _____ Transporter Contract Number: _____	BUYER: _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No. _____ Transporter: _____ Transporter Contract Number: _____			
Contract Price: U.S. \$ _____ /MMBtu or Canadian \$ _____ /GJ or _____				
Delivery Period: Begin: _____, _____ End: _____, _____				
Performance Obligation and Contract Quantity: (Select One) Units: <input type="checkbox"/> MMBtu or <input type="checkbox"/> GJ or <input type="checkbox"/> Other _____ <table style="width:100%;"> <tr> <td style="width:33%; vertical-align: top;"> Firm (Fixed Quantity): _____ Units/day <input type="checkbox"/> EFP </td> <td style="width:33%; vertical-align: top;"> Firm (Variable Quantity): _____ Units/day Minimum _____ Units/day Maximum subject to Section 4.2, at election of <input type="checkbox"/> Buyer or <input type="checkbox"/> Seller </td> <td style="width:33%; vertical-align: top;"> Interruptible: Up to _____ Units/day </td> </tr> </table>		Firm (Fixed Quantity): _____ Units/day <input type="checkbox"/> EFP	Firm (Variable Quantity): _____ Units/day Minimum _____ Units/day Maximum subject to Section 4.2, at election of <input type="checkbox"/> Buyer or <input type="checkbox"/> Seller	Interruptible: Up to _____ Units/day
Firm (Fixed Quantity): _____ Units/day <input type="checkbox"/> EFP	Firm (Variable Quantity): _____ Units/day Minimum _____ Units/day Maximum subject to Section 4.2, at election of <input type="checkbox"/> Buyer or <input type="checkbox"/> Seller	Interruptible: Up to _____ Units/day		
Delivery Point(s): _____ (If a pooling point is used, list a specific geographic and pipeline location):				
Canadian Export Zero Rating (Section 6.3): <input type="checkbox"/> No (default) <input type="checkbox"/> Yes				
Special Conditions: 				
Seller: _____ By: _____ Title: _____ Date: _____	Buyer: _____ By: _____ Title: _____ Date: _____			

Appendix 4

Verification

VERIFICATION

I, Chloe Cromarty, being duly sworn on her oath, do hereby affirm that I am Compliance Manager for Mercuria Commodities Canada Corporation and have authority to file the foregoing document; and that I have examined the statements contained therein and that all such statements are true and correct to the best of my knowledge, information and belief.



Chloe Cromarty

Subscribed and sworn before me this 21st day of October, 2015.



Greg S. Johnston
General Counsel, Canada
Mercuria Commodities Canada Corporation