

## Macquarie Oil Services Canada Ltd.

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CANADA

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### CONFIRMATION

March 25, 2019

Ascensun Oil And Gas Ltd.  
Third Floor  
14505 Bannister Rd Se  
Calgary, AB T2X 3J3  
CANADA

#### Confirmation of Physical Crude Oil Transaction (Canada Wellhead) Transaction Ref. No: OEA19TP00001

Dear Contract Administration,

The purpose of this letter (the “**Confirmation**”) is to confirm the terms and conditions of the transaction entered into between Ascensun Oil And Gas Ltd. (“**Counterparty**”) and Macquarie Oil Services Canada Ltd. (“**Macquarie**”), each acting as principal.

This Confirmation evidences a complete binding agreement between you and us as to such terms, including the Crude Oil General Terms and Conditions Wellhead (Canada) (“**GTCs**”), which are attached hereto and incorporated herein except to the extent any term or provision of the GTCs is in conflict with any term or provision set forth in this Confirmation, in which case the Confirmation’s terms and provisions shall control.

<b>Trade Date:</b>	March 25, 2019
<b>Seller:</b>	Counterparty
<b>Buyer:</b>	Macquarie
<b>Product &amp; Quality:</b>	Typical for the applicable Crude Oil grade subject to the terms of the GTCs
<b>Quantity:</b>	As set forth in the Exhibit 1 unless otherwise agreed between the Seller and Buyer
<b>Delivery Point:</b>	At the Injection Point set forth in the Exhibit 1
<b>Term:</b>	March 1, 2019 to March 1, 2019, and continuing thereafter on a month-to-month basis until either party terminates at the end of a calendar month with respect to one or more Facilities upon not less than thirty (30) days' written notice to the other party.
<b>Price:</b>	<p>As set forth in the Exhibit 1</p> <p>As applicable, the parties will use the following currency and unit of measurement conversion rates to calculate the price:</p> <ul style="list-style-type: none"><li>- Conversion from U.S. currency to Canadian currency or Canadian currency to U.S. currency shall be based on the unweighted arithmetic mean of the applicable WM/Reuters Intraday Spot Rate as of Noon EST published on those days which the Bank of Canada publishes a daily exchange rate during the delivery month; provided, however, that if the pricing formula is based on NYMEX Light Sweet Crude Oil futures contract settlement prices published during a month other than the delivery month, conversion from U.S. currency to Canadian currency or Canadian currency to U.S. currency shall be based on the unweighted arithmetic mean of the applicable WM/Reuters Intraday Spot Rate as of Noon EST on those days which the Bank of Canada publishes a daily exchange rate during the month that such settlement prices are published.</li><li>- 1 cubic meter of heavy crude oil equals 6.2898105 US barrels.</li><li>- 1 cubic meter of light crude oil equals 6.2928700 US barrels.</li></ul>
<b>Payment:</b>	Payment shall be made in Canadian Dollars by telegraphic transfer of same day funds (unless

Macquarie Oil Services Canada Ltd. is a member of the Macquarie Group of Companies. However, Macquarie Oil Services Canada Ltd. is not an authorized deposit-taking institution for the purposes of the Australian Banking Act 1959 and Macquarie Oil Services Canada Ltd.'s obligations do not represent deposits or other liabilities of Macquarie Bank Limited. Macquarie Oil Services Canada Ltd. is not a "bank" or an "authorized foreign bank" for the purposes of the Bank Act (Canada) and is not a member of the Canada Deposit Insurance Corporation. Unless otherwise agreed in writing between Macquarie Bank Limited and a party, Macquarie Bank Limited does not guarantee or otherwise provide assurance in respect of the obligations of Macquarie Oil Services Canada Ltd.

The information in this document is confidential and is intended only for the use of the above-named addressee. If you are not the intended recipient, you are hereby notified that any dissemination, copying or use of the information is strictly prohibited. If you have received this document in error, please immediately telephone us (reverse charges) and return it to us at the above address. Any costs incurred will be reimbursed by Macquarie Oil Services Canada Ltd. Thank you.

Version 5.091214

	<p>otherwise specified below) (without any withholding, deduction, set-off or counterclaim) no later than the 25th of the month following the calendar month in which delivery is made.</p> <p>If the date for payment of any monies under the Agreement falls on a Sunday or a Monday that is not a Business Day, then payment shall be due the following Business Day. If the date for payment falls on a Saturday or a day that is not a Business Day other than a Sunday or Monday, then payment shall be due the preceding Business Day. "Business Day" means any day except Saturday, Sunday or a statutory or banking holiday observed in Calgary, Alberta.</p> <p>All bank charges at Buyer's bank shall be for Buyer's account, and all bank charges at Seller's bank shall be for Seller's account.</p>
<b>Notices:</b>	<p>Macquarie Address for Confirmations, Invoices and Settlements:  Facsimile: (713) 275-6369  Email: COGMODPhysicalTradeF@macquarie.com</p> <p>Address for all other notices or communications to Macquarie:</p> <p>Address: Macquarie Oil Services Canada Ltd.  c/o Macquarie Energy North America Trading Inc.  500 Dallas Street, Suite 3300  Houston, Texas 77002</p> <p>Attention: CGM Legal  Facsimile No.: (713) 275-8978</p> <p>Address for all notices or communications to Counterparty:  As first set forth above.</p>
<b>Additional Terms:</b>	<p>Exhibit 1, attached hereto, sets forth the oil production battery facility/ies (facility name and legal description), the injection point, estimated quantity, price and other details as agreed upon by the parties. The parties, upon mutual agreement, may amend Exhibit 1. Such amendments may include the addition or removal of production facilities.</p>

If the foregoing does not correctly set forth the terms of our agreement with respect to this Transaction, please immediately reply to Macquarie within five (5) calendar days of the date of this Confirmation via the above-provided email address or facsimile number; otherwise, this Confirmation shall be deemed binding on the parties.

Macquarie is pleased to have executed this Transaction with you.

Macquarie Oil Services Canada Ltd. adopts its confirming letterhead as its signature on this Transaction Confirmation.

## **Crude Oil General Terms and Conditions Wellhead (Canada)**

**1. Purchase and Sale.** Seller shall sell and deliver, and Buyer shall purchase and receive, Crude Oil in the quantities, for the term and at the Delivery Point specified in the Confirmation and otherwise on the terms and conditions set forth in the Confirmation and these General Terms and Conditions (“GTCs”). To the extent of any conflict between the terms of a Confirmation and these GTCs, the terms of the Confirmation shall control.

**2. Seller Representations.** Seller makes the following representations and warranties:

- a. prior to delivery and acceptance of the Crude Oil by the Buyer, the Crude Oil will be processed to such an extent that it complies with all requirements that the Buyer and its Carriers may prescribe from time to time;
- b. the Crude Oil meets any Quality agreed upon between the parties and is not contaminated by chemicals foreign to virgin crude oil, including, but not limited to, chlorinated and/or oxygenated hydrocarbons and lead;
- c. at the time title to any Crude Oil passes to Buyer hereunder, Seller shall have full right and authority to transfer such title and deliver such Crude Oil to the Buyer and receive payment therefor;
- d. Seller shall convey to Buyer good title to such Crude Oil free and clear of any liens, royalties, or encumbrances or other adverse claims of any nature whatsoever;
- e. Seller has entered into each Transaction, to which these GTCs apply, as principal, and not as advisor, agent, broker, or in any capacity, fiduciary or otherwise, with a full understanding of the material terms and risks of the same, and it is capable of assuming those risks; and
- f. the Crude Oil has been produced, handled and transported to the Delivery Point in accordance with Applicable Law.

**3. Wellhead Covenants.** In the event that Seller sells or otherwise transfers, disposes encumbers or permits the encumbrance of all or any part of the working or other interests at the facility locations set forth in Exhibit “1” to the Confirmation, Seller shall not be released from its obligations under the Agreement absent Buyer’s written consent.

**4. Title, Possession and Risk of Loss.**

- a. Title to and all risk associated with the Crude Oil (including risk of loss) passes from Seller to Buyer:
  - i. where the Delivery Point is a wellhead/lease/unit delivery location, as the Crude Oil passes the last permanent delivery flange or meter connecting the Seller’s lease/unit storage tanks or processing facilities to the Buyer’s Carrier,
  - ii. where the Delivery Point is a point other than a wellhead/lease/unit delivery location, as the Crude Oil passes the last permanent delivery flange or meter connecting the Seller’s Carrier or facility to Buyer’s Carrier, and
  - iii. where delivery is being made within a pipeline, at the Delivery Point designated in the Confirmation; provided, however, measurement will occur at the first metering station downstream of the Delivery Point, and
  - iv. where delivery is being made via in-tank transfer, at the Delivery Point at such time and day and in such tank(s) as set forth in the Confirmation or as agreed between the parties and, where applicable, confirmed by the owner/operator of such tank(s).
- b. Until such time as title and risk of loss pass from Seller to Buyer, Seller will have control and possession of the Crude Oil and be responsible for all damages or injury occurring and attributable to the Crude Oil. Buyer will have control and possession of the Crude Oil and be responsible for all damages or injury occurring and attributable to the Crude Oil upon and after acceptance of the Crude Oil by Buyer or its Carrier at the Delivery Point.

- c. The parties agree that prior to agreeing to any Transaction where the Crude Oil originates in a country different than the country where the Delivery Point is located, the parties must agree (and reflect such agreement in the Confirmation) on (i) the terms for the passing of title, possession and risk of loss or damage of any Crude Oil as between Seller and Buyer, and (ii) which party will be the exporter of record and which party will be the importer of record.

## 5. Quality & Quantity.

- a. Unless otherwise set forth in the Confirmation, the Crude Oil shall be the usual quality of the applicable grade and marketable and acceptable to the Carriers involved without exceeding one-half percent (0.5%) basic sediment and water. The Crude Oil quantity shall be determined using tank tables or mutually acceptable industry automatic measuring equipment with adjustments to volume and density to fifteen (15°) degrees Celsius and for compressibility and shrinkage as well as deductions for basic sediment and water in accordance with applicable industry standards. Each party may have a representative witness any measurements.
- b. The estimated quantity of Seller's Crude Oil to be delivered each calendar month may be set forth in the Confirmation. Seller shall provide Buyer with written notice of the quantity to be delivered in a calendar month, including any changes in the estimated quantity set forth in a Confirmation or previously agreed between the parties, ("**Nominated Quantity**") on or before the fifth (5<sup>th</sup>) Business Day of the calendar month prior to the calendar month of delivery. Seller shall be liable for any penalties or fees assessed by the applicable Carrier as a result of Seller over-delivering or under-delivering the Nominated Quantity by any amount deemed to be material by Buyer. Buyer shall also, in its sole discretion and acting in good faith, determine the price to be paid for any quantity delivered in excess of the Nominated Quantity.
- c. If, at any time, any Crude Oil delivered hereunder does not satisfy the applicable quality specifications at the Delivery Point:
- i. Buyer may, as soon as reasonably practicable after it becomes aware of same, at its sole discretion, refuse to purchase and accept delivery of such non-conforming Crude Oil until it is satisfied that the quality problems have been rectified;
  - ii. In addition, the Buyer may, without prejudice to its other remedies, exercise any combination of the following remedies:
    - (1) return any non-complying Crude Oil to Seller at Seller's sole cost and expense; and
    - (2) refuse to accept delivery of all or any part of the Crude Oil without relieving Seller of its obligations to indemnify and hold harmless Buyer with respect to any Crude Oil accepted prior to such refusal.

**6. Claims.** Subject to Sections 5, 8, 9, 10 and 11, any claim by Buyer against Seller under the Agreement as to any deficiencies in quantity or defects in quality, must be made if at all by written notice delivered to Seller within ninety (90) calendar days of the date of delivery or within ninety (90) calendar days after notification of correction of quantity or quality by the applicable Carrier, terminal or facility operator, whichever is later, and accompanied by sufficient evidence to support the claim. Any claim submitted after the ninety (90) calendar days is deemed waived.

**7. Nominations.** Nominations shall be made in accordance with the standard operating procedures of the applicable Carrier, storage operator, or loading/unloading terminal. Seller shall notify Buyer of any reduced or increased deliveries in sufficient time such that Buyer can meet the nomination deadlines of the applicable Carrier. To the extent Seller fails to provide sufficient notice, Buyer shall have the right to set off any non-performance penalties assessed by the Carrier on Buyer against future payments owed by Buyer to Seller.

**8. Force Majeure.** Except for payment due hereunder, neither party shall be liable in damages or otherwise for failure or delay in making or accepting deliveries hereunder when said failure or delay is due to "**Force Majeure**", which means any cause whatsoever beyond the reasonable control of the affected party, including, but not limited to (i) acts of God, storm, fire, flood, explosion, extreme heat or cold, electrical shortage, earthquake, release of hazardous vapours so far as

such release could not have been prevented through reasonable due diligence of the affected party, insurrections, wars, sabotage, acts of terrorism, riots, strikes, labour difficulties and action of the elements; (ii) accident or breakage to machinery or equipment, failure in obtaining, or inability to obtain on reasonable terms, transportation facilities, storage facilities, or manufacturing facilities, and/or failure of performance by any other party with whom either party hereto is contracted for the purchase of Crude Oil delivered hereunder; (iii) compliance, either voluntary or otherwise, with any request, order, directive, requisition, or a necessity of the government, including acts in furtherance of any programs or procedures administered by the International Energy Agency or of any governmental officer, agent, or representative purporting to act under authority; and (iv) any event of force majeure as defined in any applicable Carrier tariff. Failure to perform due to Force Majeure shall not extend the term of the Agreement. Settlement of strikes or labour difficulties shall be at the discretion of the party affected. Under no circumstances shall Seller be obligated to acquire Crude Oil to replace supplies lost as a result of Force Majeure. Should Seller thereafter acquire additional Crude Oil of the same grade or quality, Seller shall not be required to allocate any such Crude Oil to Buyer. Buyer will not be obligated to purchase alternate replacement Crude Oil from Seller.

**9. Apportionment.** Should a Carrier or Buyer be required by any governmental regulations or orders or by shortage or breakdown of available facilities, equipment, or capacity to apportion acceptance or delivery of Crude Oil as between parties tendering Crude oil for transportation, purchase and/or sale and such apportionment prevents Buyer from performing, in whole or in part, its obligations hereunder, the Crude Oil quantity to be delivered/accepted under the Confirmation shall be proportionately reduced, and such apportionment shall be deemed to be acceptable to Seller.

#### **10. Indemnification.**

- a. Seller shall indemnify and hold harmless Buyer from any and all claims, counterclaims, causes of action, damages, liabilities, demands, costs, losses, expenses, fines, penalties, fees (including attorney fees) arising from, related to, or connected with (i) any breach of a representation or warranty made by Seller hereunder; (ii) Seller's breach of Applicable Law in the performance of the Agreement; (iii) the Crude Oil when under the Seller's control and in its possession unless such are due to the Buyer's acts or omissions; and (iv) any personal injury or death to any person (including an employee of the Buyer) or loss of or damage to any personal or real property unless resulting from the wilful or negligent acts or omissions of the Buyer, its officers or employees, or its failure to comply with Applicable Law.
- b. Buyer shall indemnify and hold harmless Seller from any and all claims, counterclaims, causes of action, damages, liabilities, demands, costs, losses, expenses, fines, penalties, fees (including attorney fees) arising from, related to, or connected with (i) Buyer's breach of Applicable Law in the performance of the Agreement; (ii) the Crude Oil when under the Buyer's control and in its possession, unless such are due to the Seller's acts or omissions; and (iii) any personal injury or death to any person (including an employee of the Seller) or loss of or damage to any personal or real property unless resulting from the wilful or negligent acts or omissions of the Seller, its officers or employees, or its failure to comply with Applicable Law.

**11. Limitation of Liability.** Except to the extent set forth expressly herein, neither party shall be liable under or in connection with the Agreement or under any other theory of law, whether in contract, tort or otherwise, for any indirect, contingent, incidental, consequential, exemplary, special or punitive damages.

**12. Confidentiality.** Neither party shall disclose the terms set forth in the Confirmation (including Exhibit 1) to any person except (i) as required pursuant to any Applicable Law or self regulatory or accounting disclosure requirement; (ii) as may be aggregated anonymously with other information pertaining to purchases and sales of Crude Oil and furnished to the industry price source publications generally recognized in the commodities markets, but without reference to any counterparty; (iii) as may be furnished to a party's Affiliates and each of their respective auditors, legal counsel, advisors or lenders who are required to keep such information in confidence; or (iv) as necessary to a Carrier for the purpose of a party performing its obligations hereunder.

**13. Recordings.** Each party consents to the recording of telephone conversations and instant messages between the trading, marketing and other relevant personnel of the parties in connection with the Agreement. Each party represents to

the other that it has obtained the consent of, and given notice of such recording to, its relevant personnel and agrees, to the extent permitted by applicable law, that recordings may be submitted in evidence in any legal proceeding.

**14. Necessary Documents.** Upon request, each party agrees to furnish to the other party all substantiating documents incident to the Confirmation and necessary for the other party to fulfill its obligations. Notwithstanding the foregoing, the parties agree that Crude oil sold hereunder is deemed not eligible for NAFTA preferential duty treatment unless otherwise agreed upon by the parties or the Seller has provided appropriate documentation necessary to substantiate that such Crude Oil is eligible for NAFTA preferential duty treatment prior to the parties entering into the relevant Transaction.

**15. Payment.** Unless otherwise stated in the Confirmation, Buyer shall make payment to Seller in Canadian funds not later than 5:00 p.m. Mountain Standard Time on the 25<sup>th</sup> of the month for Crude Oil that Seller delivered to Buyer, and Buyer received, during the prior calendar month. Payment shall be made by wire transfer to Seller's account. If the date for payment of any monies under the Agreement falls on a Sunday or a Monday that is not a Business Day, then payment shall be due the following day. If the date for payment of any monies under the Agreement falls on a Saturday or a day that is not a Business Day other than a Sunday or Monday, then payment shall be due the preceding Business Day. Any payment hereunder not paid when due shall accrue interest calculated daily from the date due until paid at the prime interest rate, as published from time to time by the Bank of Canada, plus two (2%) per annum. Acceptance of payment made after the payment date shall not constitute a waiver of rights to interest and shall in no circumstance be considered as an agreement to provide extended credit.

If actual data is not available for an invoice issued hereunder, such invoice may be based on reasonable estimates and shall state such; provided; however, appropriate adjustments are made and set forth in the first invoice following the date actual data becomes available. Price calculations shall be rounded to two (2) decimal places. For pricing purposes, Crude Oil shall be deemed to be delivered in equal daily quantities during each month that delivery occurs. If a party, in good faith, disputes the accuracy of the amount due, such party will timely pay the amount it believes to be correct and provide written notice stating the reasons for the disputed amount, along with supporting documentation acceptable in industry practice. Any invoice dispute must be commenced by notice within twenty-four (24) months following the month to which the invoice relates; after such time the invoice will be deemed accurate and correct.

**16. Taxes.** The Price is exclusive of any applicable sales taxes, charges, duties, fees, levies or other governmental charges including, without limiting the generality of the foregoing, GST/HST, consumption tax, supply or value added tax, sales or use tax, turnover tax, retail sales tax, carbon tax, environmental levies and duties, excise duties, gross receipts tax, stamp tax, or any similar tax (collectively "**Transfer Taxes**") which may be imposed in connection with the transfer of the Crude Oil pursuant to the Agreement. Buyer shall be liable for and shall pay such Transfer Taxes in accordance with Applicable Law. Where Seller collects Transfer Taxes from Buyer, the Seller's invoice shall include information prescribed by the Input Tax Credit Information Regulations under the Excise Tax Act (Canada), and any other Applicable Law, as applicable. To the extent any Transfer Taxes are not applicable pursuant to a zero-rating provision, exemption or other relieving rule, Buyer shall provide to Seller any such certificates, documents or other evidence as reasonably required to enable Seller to substantiate the inapplicability of the Transfer Taxes. In the absence of the Buyer providing such certificates, documents or evidence to the Seller, the Buyer shall pay Transfer Taxes to the Seller. Buyer shall indemnify Seller for any Transfer Taxes, penalties, interest and all other damages and costs of any nature arising from the breach of any declarations, covenants or warranties or from any misrepresentations that may be made by Buyer in relation to a request that the Seller apply a zero-rating provision, exemption or other relieving rule. Notwithstanding any other provision of the Agreement, if any amount becomes payable (the "**Payment Amount**") by either the Buyer or Seller as a result of a breach, modification, settlement or termination of the Agreement and GST/HST is deemed to be included in the amounts payable by the payor, then the amount payable by the payor shall be increased so that, after payee remits such GST/HST to the relevant taxation authority, the Payment Amount retained by the payee is net of such GST/HST.

Seller shall be liable for any and all taxes, customs duties, assessments, levies and charges imposed by a government authority in relation to the Crude Oil prior to the delivery of the Crude Oil to Buyer. Buyer shall be liable for any and all taxes, customs duties, assessments, levies and charges imposed by a government authority in relation to the Crude Oil at

or after its delivery to Buyer. Buyer and Seller further agree to use commercially reasonable efforts to minimize the amount of Transfer Taxes, customs duties and import fees that a party may owe in relation to the purchase, sale or importation of Crude Oil under the Agreement.

**17. Netting.** If in respect of any month in which amounts are due and owing on the same day, or past due and owing under two or more Confirmations or other agreements entered into by the parties for the purchase, sale or exchange of any Crude Oil and in the same currency, the parties shall net all such amounts for settlement purposes such that the party owing the greater amount shall make a single payment of the net settlement amount to the other party; provided that no payment required to be made pursuant to the terms of any credit support document or agreement, nor any payment for quantity, quality or other claims, shall be subject to netting under this or any other provision of the Agreement. The parties shall confer and attempt in good faith to resolve any disputes relating to the determination of the net settlement amount. In the event that the parties have executed a separate netting agreement, the terms and conditions therein shall prevail.

**18. Financial Responsibility.** If, in a party's commercially reasonable opinion, the other party's ability to perform its obligations under the Agreement is or becomes impaired or in any way unsatisfactory, such party may at any time demand Performance Assurance from the other party, which shall be provided by the end of the fifth (5<sup>th</sup>) Business Day after the demand is received. All charges in respect of the Performance Assurance shall be for the providing party's account.

**19. Forward Contract.** The parties hereby agree that it is their mutual intent that the Agreement (i) be an "eligible financial contract" in respect of any proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, the *Winding-up and Restructuring Act*, R.S.C. 1985, c. W-11, as amended, and the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and (ii) be a "Forward Contract" as defined in the *U.S. Bankruptcy Code* in respect of any proceedings under the *U.S. Bankruptcy Code*.

**20. Default.** The occurrence of any of the following with respect to a party (the "**Defaulting Party**") shall constitute an "**Event of Default**" in respect of such party and such party will be considered as having materially breached the Agreement:

- a. the failure to pay when due any amount owing hereunder and such failure continues for more than three (3) Business Days following receipt of notice describing such failure;
- b. the failure to provide Performance Assurance, or any non-performance under, repudiation or rejection of, or expiration, termination or cessation of the effectiveness of, any Performance Assurance after it has been provided;
- c. the failure to perform any other material obligation hereunder or under any other Transaction and such failure continues for more than ten (10) Business Days following receipt of notice describing such failure;
- d. the party, its guarantor or other provider of credit support of that party's obligations hereunder becomes insolvent or bankrupt;
- e. the party or its guarantor or other provider of credit support institutes, or has instituted against it, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights; provided that, with respect to any proceeding instituted against it, such proceeding is not dismissed, discharged, stayed or restrained, in each case within fifteen (15) calendar days of the institution or presentation thereof; or
- f. a secured party takes possession of all or substantially all of a party's, its guarantor's or other credit support provider's assets.

Upon and during the continuance of an Event of Default with respect to a Defaulting Party, the other party (the "**Non-Defaulting Party**") shall have the right, in addition to any other remedies available hereunder or at law, to (i) withhold or refuse additional deliveries without notice, (ii) apply the proceeds from or otherwise realize upon any Performance Assurance provided by the Defaulting Party, (iii) offset any payments or deliveries due the Defaulting Party under the Agreement or any other Transaction; and (iv) on at least one (1) but no more than twenty (20) calendar days'

written notice to the Defaulting Party designate a day to be the “**Early Termination Date**”. On the Early Termination Date, all delivery obligations of the parties under each Transaction (excluding any Excluded Transaction) shall terminate (each being a “**Terminated Transaction**” and collectively being “**Termination Transactions**”), and the Non-Defaulting Party shall in good faith and in a commercially reasonable manner calculate the Close-Out Value of each Terminated Transaction. For each Excluded Transaction, the terms and condition agreed upon by the parties for such Transaction shall continue in full force and effect. The Non-Defaulting Party shall aggregate all amounts due between the parties into a single net amount (“**Termination Payment**”) by aggregating or setting off, as appropriate, (i) the Close-Out Value for each Terminated Transaction, (ii) all Unpaid Amounts due the Buyer; and (iii) all Unpaid Amounts due the Seller. The owing party shall pay the Termination Payment to the other party on or before the third (3<sup>rd</sup>) Business Day following receipt of written notice of the amount. The Defaulting Party shall also be liable to the Non-Defaulting Party for all legal and enforcement costs resulting from any Event of Default. Notwithstanding the above, payment of the Termination Amount shall not relieve either party from the obligations to settle any valid and timely submitted quantity or quality claims outstanding on the Early Termination Date, or timely submitted after the Early Termination Date. The Non-Defaulting Party shall be entitled to estimate in good faith any obligation which is not yet ascertained (including without limitation any quantity, quality or tax claim or amounts that are reasonably estimated to become due with respect to any Excluded Transaction) and to convert the currency of obligations owing in different currencies into the same currency using market rates.

**21. Assignment.** Neither party shall assign the Agreement or any rights and obligations hereunder without first obtaining the other party’s written consent. Any assignment contrary to this provision shall be null and void.

**22. No Waiver/Amendments.** No waiver by either party of any breach of any of the covenants or conditions under the Agreement shall be deemed a waiver of any succeeding breach of the same or any other covenant or condition. The Agreement cannot be modified in any way except by written agreement signed by both parties. Such written agreement may be in the form of an exchange of telexes, faxes, email or similar transmissions.

**23. General Savings.** Notwithstanding any other provision in the Agreement, the Agreement does not constitute, and shall not be construed to constitute, an agreement by either party to take or refrain from taking any action which would constitute non-compliance with or result in penalties under any laws, regulations or other official government rules or requirements applicable to such party which relate to foreign trade controls, export controls, embargoes or international boycotts of any type.

**24. Rules and Regulations.** The parties shall comply with all Applicable Law. If at any time a provision hereof violates Applicable Law, such provision shall be voided and the remainder of the Agreement shall continue in full force and effect unless terminated by a party upon written notice to the other party.

**25. Governing Law.** The Agreement and any disputes arising hereunder shall be governed by and construed in accordance with the laws of the Province of Alberta and the applicable federal laws of Canada, without giving effect to any conflict of laws rule, and each of the parties hereby irrevocably attorns to the non-exclusive jurisdiction of the Courts of Alberta for the resolution of disputes arising under or in connection with the Agreement. EACH PARTY 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 THE AGREEMENT.

**26. Counterparts.** A Confirmation may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together with the GTCs will be deemed to constitute one and the same instrument.

**27. Definitions.** For purposes of these the Agreement, the following terms shall have the meanings indicated below:

“**Affiliate**” means any legal entity controlling, controlled by or under common control with a party;

“**Agreement**” means any and all effective Confirmations and these GTCs;

“**Applicable Law**” means any law, statute, regulation, code, ordinance, license, decision, order, writ, injunction, decision, directive, judgment, policy decree and any judicial or administrative interpretations thereof, any agreement, concession or

arrangement with any governmental authority, any applicable license, permit or compliance requirement applicable to either party, and any amendments or modification to the foregoing, including all environmental laws;

**“Business Day”** means any day except Saturday, Sunday or a statutory or banking holiday observed in Calgary, Alberta;

**“Buyer”** means the party specified as Buyer in the applicable Confirmation;

**“Carrier”** means any pipeline, truck, railcar or barge delivering Crude Oil or receiving Crude Oil under a Confirmation on behalf of a Party;

**“Close-Out Value”** means, for each Terminated Transaction, the Market Value minus the Contract Value at the Early Termination Date, adjusted for (i) any brokerage fees, commissions and other similar third-party transactional costs and expenses incurred by the Non-Defaulting Party as a result of entering into new arrangements to replace a Terminated Transaction, (ii) the Non-Defaulting Party’s costs of replacing or liquidating commercially reasonable hedges or trading positions related to the Terminated Transaction, and (iii) any legal costs and fees incurred by the Non-Defaulting Party;

**“Confirmation”** means a written confirmation that contains the relevant trade details of a Transaction;

**“Contract Value”** means for each Terminated Transaction the present value of the remaining delivery obligations, taking into account any Nominated Quantity, based on the price payable under the applicable Transaction and a discount rate reasonably selected by the Non-Defaulting Party;

**“Crude Oil”** means the crude oil or condensate specified in the applicable Confirmation;

**“Defaulting Party”** shall have the meaning set forth in Section 20;

**“Delivery Point”** is the location set forth in the applicable Confirmation where delivery of Crude Oil from the Seller to the Buyer shall take place;

**“Early Termination Date”** shall have the meaning set forth in Section 20;

**“Excluded Transaction”** means, as determined by the Non-Defaulting Party, any Transaction for which a party has nominated the quantity and grade of Crude Oil to be delivered on a pipeline to the other party, but the delivery of which has not yet been made and the nomination of which may not be changed pursuant to the pipeline’s standard operating procedures;

**“Force Majeure”** shall have the meaning set forth in Section 8;

**“GST/HST”** means the goods and services tax or harmonized sales tax imposed under Part IX of the Excise Tax Act (Canada);

**“GTCs”** shall have the meaning set forth in Section 1;

**“Market Value”** means for each Terminated Transaction the present value of the remaining delivery obligations, taking into account any Nominated Quantity, based on then current market prices as determined by the Non-Defaulting Party in a commercially reasonable manner, and the Non-Defaulting Party may consider, among other things, settlement prices for futures contracts, quotations from leading dealers, bona fide third party offers and a discount rate reasonably selected by the Non-Defaulting Party in order to establish such market value;

**“NAFTA”** means the North American Free Trade Agreement between Canada, Mexico and the United States that took effect on January 1, 1994, as may be amended from time to time;

**“Nominated Quantity”** shall have the meaning set forth in Section 5;

**“Non-Defaulting Party”** shall have the meaning set forth in Section 20;

**“Payment Amount”** shall have the meaning set forth in Section 16;

**“Performance Assurance”** means sufficient security in the amount, for a term, in a format and from an issuer, all as reasonably acceptable to the party making the demand, in the form of (i) a standby irrevocable letter of credit (ii) a prepayment or (iii) a guarantee;

**“Seller”** means the party specified as Seller in the Confirmation;

**“Terminated Transaction(s)”** shall have the meaning set forth in Section 20;

**“Termination Payment”** shall have the meaning set forth in Section 20;

**“Transaction”** means any agreement in effect between the parties for the purchase, sale or exchange of crude oil or condensate that is evidenced by a Confirmation or by an oral agreement, electronic mail, instant messenger or otherwise;

**“Transfer Taxes”** shall have the meaning set forth in Section 16; and

**“Unpaid Amounts”** means any unpaid amounts due and payable under the Agreement and all Terminated Transactions, whether due prior to or after any Early Termination Date (but excluding any Close-Out Values), including but not limited to attorney fees and other expenses payable, as well as any other amounts due and payable by the Defaulting Party to the Non-Defaulting Party.