

EXTRACTION AGREEMENT

THIS EXTRACTION AGREEMENT made effective this ____ day of _____, 20__

BETWEEN:

AUX SABLE LIQUID PRODUCTS LP, a limited partnership formed under the laws of Delaware (“Aux Sable”)

- and -

[Shipper] a [status] formed under the laws of [jurisdiction] (the “Shipper”)

RECITALS:

- A. Alliance Pipeline Limited Partnership (“**Canadian Transporter**”) and Alliance Pipeline L.P. (“**U.S. Transporter**”) (together, “**Alliance**”) own a lateral and mainline pipeline system (the “**Alliance System**”) designed to transport rich natural gas from Western Canada to the Chicago area.
- B. Aux Sable has contracted with Alliance to perform heat content management services. Such contract services are provided by Aux Sable to Alliance through Aux Sable’s extraction of NGLs contained in natural gas transported on the Alliance System prior to the delivery of such gas to systems downstream of the Alliance System.
- C. Pursuant to Shipper’s Transportation Service Agreement(s) (as defined in the Tariff), Shipper grants to Aux Sable, through an agency relationship with Alliance, the exclusive option to extract and take title to all NGLs in the natural gas received by Alliance from Shipper.
- D. Aux Sable and Shipper wish to establish the terms of such grant.

NOW THEREFORE, in consideration of the premises and the respective covenants and agreements of the Parties herein contained, the sufficiency of which is expressly acknowledged, the Parties agree as follows:

- 1. In this Agreement, including the recitals, words and phrases defined in the recitals have the meanings attributed to them therein, and the following words and phrases have the following meanings:

“**Agreement**” means this Extraction Agreement.

“Aux Sable” means the Party referred to as Aux Sable, and includes any of its successors or assigns in respect of this Agreement.

“Canadian Pipeline” means the Canadian Transporter's pipeline and associated facilities used to transport natural gas from various points in British Columbia and Alberta to a point of interconnection with the U.S. pipeline owned by the U.S. Transporter at the Canadian-United States border, as the same may be modified from time to time.

“Extraction Facilities” means either:

- (a) the existing extraction and fractionation facilities located at the Alliance delivery header in Channahon, IL; or
- (b) any other extraction and fractionation facilities owned and operated by Aux Sable,

that are capable of extracting NGLs from natural gas transported on the Alliance System.

“Extraction Rights” means the sole and exclusive right to extract and take title to any NGLs;

“NGLs” means ethane, propane, normal butane, isobutane, pentanes plus and condensate, or any of them, or any mixture of any of them, and includes any other substances that may be incidentally recovered therewith on extraction from natural gas.

“Parties” means Aux Sable and the Shipper, and **“Party”** means one of the Parties.

“Shipper” means the Party referred to as Shipper, and includes any of its successors or assigns under any Transportation Arrangement.

“Shipper's Gas” means any natural gas transported on the Canadian Pipeline from time to time under, or pursuant to, or in connection with, any Transportation Arrangement. Such natural gas will continue to be termed **“Shipper's Gas”** even if such natural gas is not owned by or transported on behalf of Shipper at the time of extraction.

“Tariff” means the terms and conditions under which Canadian Transporter will transport natural gas on the Canadian Pipeline pursuant to a Transportation Arrangement, as the same may be amended or approved from time to time by the National Energy Board or any successor.

“Transportation Arrangement” means any agreement or arrangement under which Shipper has the right to have natural gas transported on the Canadian Pipeline, including without limitation, any **Transportation Service Agreement**, as defined in the Tariff, and any assignment thereof; provided, however, that if the Canadian Transporter should in the future start providing firm or interruptible transportation

service on the Canadian Pipeline on a basis that does not involve a correlative grant of NGL extraction rights to Aux Sable, the term Transportation Arrangement as used herein will not include the new agreements or arrangements under which such new service is provided.

“U.S. Pipeline” means the pipeline system owned by U.S. Transporter that transports natural gas from a point of interconnection with the Canadian Pipeline at the Canada-U.S. border to the Chicago area, as the same may be modified from time to time.

“U.S. Shipper” means, with respect to any particular Transportation Arrangement, the shipper which enters into any agreement or arrangement under which such shipper has the right to have transported on the U.S. Pipeline such natural gas as is delivered to the U.S. Pipeline.

2. Shipper hereby grants, assigns and relinquishes to Aux Sable the Extraction Rights in relation to Shipper’s Gas. Shipper represents and warrants that it has done nothing to alienate, encumber or impair its ability to grant the Extraction Rights, and covenants and agrees that it will not at any time purport to grant to any other party any right to extract NGLs from any of Shipper’s Gas, or otherwise do anything that might interfere with or adversely affect the Extraction Rights conferred on Aux Sable hereunder or Aux Sable’s ability to exercise those Extraction Rights. Any sale or transfer of Shipper’s Gas will be subject to this grant of Extraction Rights to Aux Sable.
3. If and whenever Aux Sable extracts NGLs from Shipper’s Gas, it will deliver or cause to be delivered, for the account of U.S. Shipper, a quantity of make-up gas having a heating value equal to the amount by which the heating value of Shipper’s Gas is reduced as a result of the extraction of such NGLs.

The delivery of such make-up gas will be effected at such times and in such manner as to ensure that it does not:

- (a) give rise to any energy imbalance between any of Shipper, Canadian Transporter, U.S. Shipper or U.S. Transporter; or
- (b) affect, vary or alter either the amounts payable by Shipper for transportation service under any Transportation Arrangement or the amounts payable by the U.S. Shipper for transportation service under any corresponding U.S. transportation service agreement or capacity release.

Aux Sable will be responsible for all royalties, overriding royalties, taxes, levies and other burdens applicable with respect to such make-up gas prior to or upon delivery thereof for the account of the U.S. Shipper, and Aux Sable covenants and agrees that all such make-up gas will be free from any liens, encumbrances or adverse claims of any nature whatsoever at the time of delivery thereof for the account of the U.S. Shipper.

Shipper acknowledges and agrees that the provision of make-up gas in accordance with this Section 3 will constitute full compensation for any NGLs extracted from

Shipper's Gas.

4. Nothing in this Agreement will:
 - (a) obligate Aux Sable to extract any NGLs from any of Shipper's Gas;
 - (b) prevent Aux Sable from re-injecting any NGLs extracted from Shipper's Gas;
 - (c) obligate Shipper to nominate or ship any natural gas on the Canadian Pipeline;
or
 - (d) prevent Shipper from extracting NGLs upstream or downstream of the Alliance System.

5. Aux Sable may construct additional or replacement Extraction Facilities on the Alliance System. In such case, Shipper agrees to do all such things as may be reasonably requested by Aux Sable to facilitate the exercise of Aux Sable's rights under this Agreement.

Without limitation, Shipper hereby authorizes and directs Canadian Transporter:

- (a) to make all of Shipper's Gas available to Aux Sable at the inlet to any Extraction Facilities constructed in Canada, if and to the extent permitted by the terms of the Tariff; and
- (b) to receive all residue gas delivered by Aux Sable for the account of Shipper if and to the extent permitted by the terms of the Tariff.

If and whenever Aux Sable extracts NGLs from Shipper's Gas at any Extraction Facilities constructed in Canada, the compensation contemplated in Section 3 shall be for the account of the Shipper.

6. Shipper hereby authorizes and directs Canadian Transporter to provide Aux Sable with all such information regarding Shipper's Gas as Aux Sable may from time to time reasonably request in connection with this Agreement.
7. Title to any NGLs extracted from Shipper's Gas at any Extraction Facilities will pass to Aux Sable upon extraction thereof. Shipper will be responsible for all royalties, overriding royalties, taxes, levies and other burdens applicable with respect to such NGLs prior to or upon the passing of title thereto to Aux Sable, and Shipper covenants and agrees that all such NGLs will be free from any liens, encumbrances or adverse claims of any nature whatsoever at the time title thereto passes to Aux Sable.
8. Shipper acknowledges and agrees that the Alliance System was designed and developed with the intention that the NGL extraction rights contemplated hereby be correlative with the transportation service provided under any Transportation Arrangement. Accordingly, if Shipper assigns any or all of its rights under any of its Transportation Arrangements, Shipper will:
 - (a) in the case of a temporary assignment, ensure that such assignment is made

expressly subject to the terms of this Agreement, such that the assignee's rights are subject to Aux Sable's rights hereunder; and

- (b) in the case of a permanent assignment, cause its assignee to execute and deliver to Aux Sable all such written assurances as may be reasonably requested by Aux Sable to confirm that such assignee is bound by the terms of this Agreement. Shipper will not assign any of its rights and obligations under any Transportation Arrangement except in compliance with the requirements of this Section 8, and Shipper hereby authorizes and directs Canadian Transporter to cooperate with Aux Sable in enforcing the requirements of this Section 8.
9. Aux Sable may assign any or all of its rights and corresponding obligations under this Agreement as security or otherwise. Shipper may only assign its rights and obligations under this Agreement in conjunction with a corresponding assignment of rights and obligations under its Transportation Arrangement.
 10. This Agreement will remain in full force and effect for the term of each Transportation Arrangement and a period of two (2) years after the expiry or termination of every Transportation Arrangement.
 11. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof, and may only be modified or amended by written agreement executed by both Parties.
 12. No waiver of any right under or in respect of this Agreement will be effective unless in writing, and any waiver so given will extend only to the particular right so waived and will not limit or affect any rights with respect to any other or future matter. The failure of either Party to insist upon the strict performance of any provision of this Agreement, or to take advantage of any right hereunder, will not be construed as a waiver of any such provision or right.
 13. The invalidity or unenforceability, for any reason, of any part of this Agreement will not prejudice or affect the validity or enforceability of the remainder.
 14. Each of the Parties will from time to time execute and deliver all such further documents and perform all such further acts and things as may be reasonably required to more fully assure the carrying out of the intent and purpose of this Agreement.
 15. This Agreement will be construed in accordance with and be subject to the laws of the Province of Alberta, and the laws of Canada having application therein, without recourse to any laws governing conflict of laws. Neither Party will institute any action, suit or proceeding with respect to any matter arising under or out of this Agreement other than in a Court having jurisdiction in the judicial district of Calgary, Alberta. In that regard, the Parties hereby irrevocably submit to the jurisdiction of such Court in the event of any such action, suit or other proceeding by the other Party.

IN WITNESS WHEREOF, the Parties have duly executed this Agreement effective as of the day first above written.

AUX SABLE LIQUID PRODUCTS LP,
by its Managing General Partner,
Aux Sable Liquid Products Inc.

[SHIPPER]

Per: _____

Name:

Title:

Per: _____

Name:

Title: