

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 Canadian Transporter's Tariff and the Canadian Extraction Agreement, Canadian Shipper has granted, assigned and relinquished the Extraction Rights to Aux Sable in relation to Canadian Gas, and any sale or transfer of the Canadian Gas is required to be subject to such grant.
- D. Shipper desires to purchase or receive, from a Canadian Shipper, Canadian Gas that is subject to the pre-existing grant to Aux Sable of the Extraction Rights.

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 (i) any of its successors or assigns in respect of this Agreement, and (ii) Aux Sable Extraction LP for the purposes noted in Section 10 hereof.

“**Canadian Gas**” means any natural gas transported by a Canadian Shipper on the Canadian Pipeline from time to time, or pursuant to, or in connection with, any Transportation Arrangement.

“**Canadian Extraction Agreement**” means the extraction agreement between Canadian Shipper and Aux Sable whereby Canadian Shipper has granted, assigned and relinquished the Extraction Rights to Aux Sable.

“**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.

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

“**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 U.S. Pipeline that is purchased or otherwise received from Canadian Shipper from time to time under, or pursuant to, or in connection with, any Transportation Arrangement.

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

“Transportation Arrangement” means any agreement or arrangement under which Shipper has the right to have transported on the U.S. Pipeline natural gas that is sourced from Canada and is subject to a pre-existing grant to Aux Sable of an option to extract and take title to all NGLs in such gas, and any assignment or capacity release thereof; provided, however, that if the U.S. Transporter should in the future start providing firm or interruptible transportation service on the U.S. Pipeline on a basis that does not involve a correlative grant of NGL extraction rights to Aux Sable for Shipper's Gas that is sourced in Canada and is subject to a pre-existing grant of an extraction option 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.

2. Shipper hereby acknowledges that the Extraction Rights in relation to Shipper's Gas are subject to a pre-existing grant of such rights to Aux Sable. Shipper represents and warrants that it has done nothing to alienate, encumber or impair such grant of 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 or Aux Sable's ability to exercise those Extraction Rights. Any sale or transfer of Shipper's Gas will be subject to the pre-existing grant of Extraction Rights to Aux Sable. To the extent that Shipper is possessed of any Extraction Rights in relation to Shipper's Gas, Shipper hereby grants to Aux Sable the sole and exclusive right to extract and take title to any NGLs in Shipper's Gas.
3. If and whenever Aux Sable extracts NGLs from Shipper's Gas, it will deliver or cause to be delivered, for the account of 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 or U.S. Transporter;
or
- (b) affect, vary or alter the amounts payable by Shipper for transportation service under any Transportation Arrangement.

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 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 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 pursuant to this Agreement.

- 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 purchase or receive any natural gas on the U.S. 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 U.S. Transporter:

- (a) to make all of Shipper's Gas available to Aux Sable at the inlet to any Extraction Facilities constructed in the United States, 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.
- 6. Shipper hereby authorizes and directs U.S. 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. 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 U.S. 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. Shipper acknowledges that Aux Sable has entered into this Agreement both on its own behalf and as agent on behalf of Aux Sable Extraction LP, a Delaware limited partnership, ("ASE") with respect to rights and obligations relating to the extraction of NGLs at ASE's Extraction Facility in Channahon, Illinois, and that the term "Aux Sable" shall be construed accordingly.
11. 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.
12. 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.
13. 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.
14. 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.

15. 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.

16. This Agreement will be construed in accordance with and be subject to the laws of the State of Illinois, and the laws of the United States of America 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 Chicago. 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: