

TRANS QUÉBEC & MARITIMES PIPELINE INC.

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GENERAL TERMS AND CONDITIONS
APPLICABLE TO TS, SGT AND BGT SERVICES

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I DEFINITIONS

Except where the context expressly states another meaning, the following terms, when used in these General Terms and Conditions, in any Gas Service Contract and in any Toll Schedule into which these General Terms and Conditions are incorporated, shall be construed to have the following meanings:

1. Company: Trans Québec & Maritimes Pipeline Inc.
2. Shipper: any party which has concluded a Gas Service Contract with the Company.
3. Gas Service Contract: contract concluded with the Company whereby the Company obligates itself to receive and to deliver the gas and into which any relevant toll which is then in effect is applicable.
4. Day: a period of 24 consecutive hours, beginning and ending at 08:00 hours Standard Time, in the time zone in which deliveries are made, or at such other time as may be mutually agreed upon by Shipper and The Company. The reference date for any day shall be the calendar date upon which the 24 hour period shall commence.
5. Month: the period beginning at the time agreed upon pursuant to (4) above on the first "day" of the calendar month and ending at the same hour on the first "day" of the next succeeding calendar month.
6. Year: a period of 365 consecutive days; PROVIDED HOWEVER, that any such year which contains a date of February 29 shall consist of 366 consecutive days.
7. Contract year: a period of 12 consecutive months beginning on a first day of November.

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8. Cubic metre: the volume of gas which occupies one cubic metre when such gas is at a temperature of fifteen degrees (15°) Celsius, and at a pressure of 101.325 kilopascals absolute.
9. 10³m³: 1000 cubic metres of gas.
10. Joule (J): the work done when the point of application of a force of one (1) newton is displaced a distance of one (1) metre in the direction of the force.
11. Gross heating value: the total joules expressed in megajoules per cubic metre (MJ/m³) produced by the complete combustion at constant pressure of one (1) cubic metre of gas with air, with the gas free of water vapour and the temperature of the gas, air and products of combustion to be at standard temperature and all water formed by combustion reaction to be condensed to the liquid state.
12. Contract Demand: the maximum volume of gas specified in Gas Service Contract into which the applicable Toll Schedule is incorporated which the Company obligates itself to be ready to transport daily for Shipper into a specified delivery area.
13. Subsidiary: a company in which 50% or more of the issued share capital (having full voting rights under all circumstances) is owned or controlled directly or indirectly by another company, by one or more subsidiaries of such other company, or by such other company and one or more of its subsidiaries.
14. Abbreviations

TS-SCGM Toll Schedule - Transportation and storage
SGT-SCGM Toll Schedule - Storage gas transportation
BGT Toll Schedule – Biogas transportation
TS Contract - Transportation and storage
SGT Contract - Storage gas transportation
BGT Contract - Biogas transportation
T Contract - Transportation

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II QUALITY

1. Heating Value: The gas to be delivered hereunder shall be natural gas; provided however, that helium, natural gasoline, butane, propane and any other hydrocarbons except methane may be removed prior to delivery. In addition, the Company may subject, or permit the subjection of the natural gas to compression, cooling, cleaning and other processes. The minimum gross heating value of the gas to be received and delivered by the Company hereunder shall be 36.00 MJ/m³. The Company shall have the right to refuse to accept Shipper's gas as long as the gross heating value of such gas remains below 36.00 MJ/m³.

In the event that the gross heating value of the gas per cubic metre, when determined as provided in paragraph 2 of Article III hereof, falls below 36.00 MJ/m³, in any month, Shipper shall have the option to refuse to accept said gas so long as the gross heating value remains below 36.00 MJ/m³.

2. Freedom from Objectionable Matter: The gas to be received and delivered by the Company hereunder:
- (a) Shall be commercially free (at prevailing pressure and temperature in the Company's pipeline) from sand and other solids or liquids which will render it unmerchantable or cause injury to or interference with proper operations of the lines, regulators, meters or other appliances through which it flows; and shall not contain any substance not contained in the gas at the time the same was produced other than traces of those materials and chemicals necessary for the transportation and delivery of the gas and which do not cause it to fail to meet any of the quality specifications herein set forth.
 - (b) Shall not contain more than twenty-three (23) milligrams of hydrogen sulphide per cubic metre nor more than one hundred and fifteen (115) milligrams of total sulphur per cubic metre of gas as determined by standard methods of testing.

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- (c) Shall not contain more than two per cent (2%) by volume of carbon dioxide.
 - (d) Shall have been dehydrated, if necessary, for removal of water present therein in a vapour state, and in no event contain more than sixty-five (65) milligrams of water vapour per cubic metre of gas, at standard conditions.
 - (e) Shall not exceed a temperature of fifty degrees (50°) Celsius.
 - (f) Shall be as free of oxygen as practicable and shall not in any event contain more than four tenths of one percent (0.4%) by volume of oxygen.
3. Failure to Conform to Specifications Re Objectionable Matter: If the gas being received by the Company from Shipper or delivered by the Company to Shipper fails at any time to conform to any of the specifications set forth in paragraph 2 of this article, then Shipper or the Company shall notify the party in default of such deficiency and thereupon may at its option refuse to accept delivery or receipt pending correction by the party in default. Upon the party in default's failure promptly to remedy any deficiency in quality as specified in paragraph 2 of this article, the other party may accept delivery or receipt of such gas and may make changes necessary to bring such gas into conformity with such specifications, and the party in default shall reimburse the other party for any reasonable expense incurred by this other party in effecting such changes.

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III MEASUREMENTS

1. Unit of Gas: The unit of gas shall be a volume of 1000 cubic metres (10³m³) of gas measured according to Boyle's Law for the measurement of gas under varying pressures and on the measurement basis set out in subparagraph 2 (a) below. Where appropriate, proper corrections shall be made for the specific gravity and flowing temperatures of the gas and for deviation from Boyle's Law as provided in paragraph 2 below.

2. Determination of volume and gross heating value: The volume and the gross heating value of the gas received and delivered by the Company shall be determined as follows:
 - (a) The unit of volume, for the purpose of measurement, shall be one cubic metre of gas at a temperature of fifteen degrees (15°) Celsius and at a pressure of 101.325 kilopascals absolute.

For the purpose of measurement of gas delivered hereunder, the parties agree that the average absolute atmospheric (barometric) pressure at such delivery points shall be assumed to be constant during the term thereof, regardless of variations in actual barometric pressure from time to time, and shall be calculated based on the elevation of the measurement point. The formula used to calculate the atmospheric pressure shall be in accordance with the methodology prescribed in the Electricity and Gas Inspection Act (Canada) (R.S.C. 1985, c. E-4) as amended from time to time including all regulations and specifications promulgated pursuant to such Act.

- (b) The gross heating value of the gas per cubic metre at any delivery point shall be determined for any month by weighting volumetrically the gross heating value measured at each point where the Company receives gas into its gas transmission pipe line system ("receipt point") upstream of the delivery point.

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The gross heating value of the gas at each receipt point shall be determined by either

- (i) the use of a standard recording calorimeter installed at the receipt point, in which case the gross heating value of the gas imputed each month at such point shall be determined by weighting volumetrically the daily gross heating value, or
- (ii) tests of samples of such gas which may be spot samples or samples taken over a period of time but in any case shall be taken in such a manner and at such times to ensure that the samples taken and tested are representative of the gas received by the Company at such point.

NEVERTHELESS, for the Company's receipt points located at the points of connection with the TransCanada PipeLine Limited's ("TCPL") system, the gross heating value shall be as determined by TCPL at such point pursuant to the calculation method of TCPL as approved by the National Energy Board.

- (c) The flowing temperature of the gas shall be determined for any day by the continuous use of a recording thermometer located in accordance with the Electricity and Gas Inspection Act (Canada) (R.S.C. 1985, c. E-4) as amended from time to time including all regulations and specifications promulgated pursuant to such Act or in accordance with manufacturer's recommendation in the case of non-orifice measurement devices. The arithmetical average of the flowing gas temperature recorded each day shall be used in computing gas volumes, unless an integrating device for automatically correcting volumes for flowing temperature as described under paragraph 1 of Article VI is utilized.
- (d) The specific gravity of the gas delivered shall be determined by the use of a recording gas gravitometer of approved type. The arithmetical average of the specific gravity recorded each day shall be used in computing gas

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volumes. In the event more than one such recording gas gravitometer is installed upon the Company's pipeline, the one that most accurately records the specific gravity of the gas delivered shall be used in making such determinations.

- (e) Deviation of Gas from Boyle's Law: When gas is measured by means of an orifice meter or meters, the factor for correction for deviation from Boyle's Law shall be computed in accordance with the Electricity and Gas Inspection Act (Canada) (R.S.C. 1985, c. E-4) as amended from time to time including all regulations and specifications promulgated pursuant to such Act, using the daily arithmetical averages of temperatures, pressure, specific gravity and a representative gas analysis as required by such Act.

When gas is measured by means other than an orifice meter, the factor for correction for deviation from Boyle's Law shall be the square of the factor determined by following the above described method for use with orifice meters.

IV DELIVERY POINT

1. For the purpose of Article V hereunder, unless otherwise specified in the Gas Service Contract, the delivery point or points for all gas to be delivered by the Company to Shipper pursuant to any Gas Service Contract into which these General Terms and Conditions are incorporated shall be on the outlet side of the Company's measuring stations located at or near the point of connection between the respective facilities of the Company and of the Shipper, as specified in the Gas Service Contract.
2. If the total quantity of gas delivered at any delivery point is less than $100 \text{ } 10^3 \text{ m}^3$ during any contract year, then Shipper shall pay the Company at the end of such contract year, in addition to any amounts otherwise payable, an amount equal to:

$$(100 \text{ } 10^3 \text{ m}^3 - "X") \times "Y"$$

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100 10³m³

Where "X" is the total volume actually delivered at such delivery point during such contract year; and

"Y" is 18% of the Company's actual costs of installation of the delivery facilities at such delivery point.

V TITLE TO GAS

1. Title and indemnification: Shipper represents and warrants that it has good title to and the right to deliver the gas or cause the gas to be delivered to the Company for transportation, and such gas shall be free and clear from all liens, encumbrances and claims whatsoever. Shipper will indemnify and save harmless the Company from and against all claims of every nature and description whatsoever, including the Company's costs of disputing such claims or defending any actions in respect thereof, made against the Company by any person or persons claiming title to or any interest in the gas which Shipper delivers or causes to be delivered to the Company.
2. Transfer of the control and the custody of gas: Gas delivered to the Company by Shipper for transportation shall be deemed to be in the custody and under the control of the Company from the time such gas is accepted for transportation at the receipt points and until delivered by the Company to Shipper at the delivery points. The Company will not assume any liability for such gas once it is delivered to the installations of Shipper, nor for any reason whatsoever which could happen after such delivery. The Company will have no liability for consequential damages. Furthermore, the Company will have no liability in damages to Shipper in respect of a failure, for any reason whatsoever, other than the Company's willful default, to accept receipt of or deliver gas pursuant to the provisions of Shipper's Gas Service Contract.

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VI MEASURING EQUIPMENT

1. Measuring Station: The Company will install, maintain and operate at its own expense, at or near each delivery point, a measuring station properly equipped with a meter or meters and other necessary equipment for properly measuring the gas delivered under the Gas Service Contract.

When orifice meters are used, such meters shall be installed and maintained, and gas volumes shall be computed in accordance with the specifications prescribed in the Electricity and Gas Inspection Act (Canada) (R.S.C. 1985, c. E-4) as amended from time to time including all regulations and specifications promulgated pursuant to such Act (collectively, the « Electricity and Gas Inspection Act »).

Positive displacement and turbine meters together with auxiliary equipment shall be of a type approved for use by the Electricity and Gas Inspection Act. When positive displacement and turbine meters are used they shall be equipped with a counting device for indicating the actual volume of gas passing through the meter and gauges for properly recording the pressure and temperature relative to time of such gas. The data recorded by such a device shall be sufficient to allow the determination of delivery volumes relative to time. They may also be equipped with a device for recording flow rate and/or a device for integrating the product of the volume of gas measured multiplied by the pressure and temperature corrections and indicating the volume of gas delivered. If an integrating device is used, correction for the deviation from Boyle's Law may be built into the device; otherwise such correction shall be applied to the volume of gas indicated.

2. Check Measuring Equipment: Shipper may install, maintain and operate at its own expense, such check measuring equipment as desired, provided that such equipment shall be so installed as not to interfere with the operation of the Company's measuring equipment. Any pressure or volume control regulators installed by Shipper shall be operated so as not to interfere with the Company's measuring facilities.

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3. Rights of Parties: The measuring equipment so installed by either party together with any building erected by it for such equipment, shall be and remain its property. However, the Company and Shipper shall have the right to have representatives present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating or adjusting done in connection with the other's measuring equipment used in measuring or checking the measurement of the delivery of gas under the Gas Service Contract. The records from such measuring equipment shall remain the property of their owner, but upon request each will submit to the other its records and charts, together with calculations therefrom, for inspection and verification, subject to return within ten days after receipt thereof.
4. Care Required: All installation of equipment applying to or affecting deliveries of gas shall be made in such manner as to permit an accurate determination of the quantity of gas delivered and ready verification of the accuracy of measurement. Care shall be exercised by both parties in the installation, maintenance and operation of pressure regulating equipment so as to prevent any inaccuracy in the determination of the volume of gas delivered under the Gas Service Contract.
5. Calibration and Test of Measuring Equipment: The accuracy of measuring equipment shall be verified by the Company at reasonable intervals, and if requested, in the presence of representatives of Shipper. Nevertheless, the Company shall not be required to verify the accuracy of such equipment more frequently than once in any thirty (30) day period. In the event either party shall notify the other that it desires a special test of any measuring equipment the parties shall co-operate to secure a prompt verification of the accuracy of such equipment. The expense of any such special test, if called for by Shipper, shall be borne by Shipper if the measuring equipment, except for recording gravimeters and calorimeters, tested is found to be in error by not more than 2% and with regard to gravimeters if found to be in error by not more than 1% and with regard to recording calorimeters if found to be in error by not more than 0.5%.

If upon test:

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- (a) any measuring equipment, except for recording gravimeters and calorimeters, is found to be in error by not more than 2%,
- (b) any gravimeter is found to be in error by not more than 1%,
- (c) any recording calorimeter is found to be in error by not more than 0.5%.

then previous recordings of such equipment shall be considered accurate in computing deliveries of gas but such equipment shall be adjusted at once to record accurately.

If, for the period since the last preceding test, it is determined that:

- (a) any measuring equipment, except for gravimeters and recording calorimeters, shall be found to be inaccurate by an amount exceeding 2% at a recording corresponding to the average hourly rate of flow for such period,
- (b) any gravimeter shall be found to be inaccurate by an amount exceeding 1%,
- (c) or for recording calorimeters, the MJ content measurement is in error in any amount exceeding 0.5%,

then the previous readings of measurement equipment and/or recording calorimeters, as the case may be, shall be corrected to zero error for any period which is known definitely but in case the period is not known or agreed upon such correction shall be for a period extending over 50% of the time elapsed since the date of the last test, not exceeding a correction period of sixteen (16) days.

Notwithstanding the foregoing, when the Company and Shipper mutually agree that a measurement instrument inaccuracy occurred at a definite point in time, a volume correction shall be made even though said inaccuracy is less than the limits specified in (a), (b) and (c) above.

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6. Correction of Metering Errors - Failure of Meters: In the event a meter is out of service, or registering inaccurately, the volume of gas delivered shall be determined by the most equitable method. Such methods shall include but not be limited to:
- (a) mathematical calculations and comparisons including prevailing ratio with a parallel meter,
 - (b) the use of Shipper's check measuring equipment, or
 - (c) comparison to deliveries under similar conditions when the meter was registering accurately.
7. Preservation of Metering Records: The Company and Shipper shall each preserve for a period of at least six (6) years all test data, charts and other similar records. Microfilms of the original documents shall be considered true records.

VII BILLING

1. Monthly Billing Date: The Company shall render a bill on or before the tenth (10th) day of each month for all gas delivered and all services provided during the prior month. When information necessary for billing by the Company is in control of Shipper, Shipper shall furnish such information to the Company on or before the fifth (5th) day of the month in connection with services rendered during the prior month.
2. Right of Examination: Both the Company and Shipper shall have the right to examine at any reasonable time the books, records and charts of the other to the extent necessary to verify the accuracy of any statement, chart or computation made under or pursuant to the provisions of the Gas Service Contract.

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VIII PAYMENTS

1. Monthly Payment Date: Shipper shall pay to the Company at the address designated hereto, on or before the twentieth (20th) day of each month, for the gas delivered during the precedent month and billed by the Company in a statement for such month according to the measured deliveries, computations, prices and tolls provided in the Gas Service Contract.
2. Remedies for non-payment: Should Shipper fail to pay all of the amount of any bill as herein provided when such amount is due, the Company may charge unpaid portion of the bill an interest equal to the prime rate of interest of the Canadian Imperial Bank of Commerce on the date such payment is due, plus one percent (1%) in addition thereto and shall be payable on the date of payment. If such failure to pay continues for thirty (30) days after payment is due, the Company, in addition to any other remedy it may have under the Gas Service Contract, may suspend its deliveries of gas until such amount is paid; PROVIDED HOWEVER, that if Shipper in good faith shall dispute the amount of any such bill or part thereof and shall pay to the Company such amounts as it concedes to be correct and at any time thereafter within twenty (20) days of a demand made by the Company shall furnish good and sufficient surety bond satisfactory to the Company, guaranteeing payment to the Company of the amount ultimately found due upon such bill after a final determination which may be reached either by agreement or judgment of the courts, as may be the case, then the Company shall not be entitled to suspend further delivery of gas because of such non-payment unless and until default be made in the conditions of such bond.
3. Adjustment of Underpayment, Overpayment or Error in Billing: If it shall be found that Shipper has been overcharged or undercharged in any form whatsoever and Shipper shall have actually paid the bills containing such overcharge or undercharge, then within thirty (30) days after the final determination thereof, the Company shall refund the amount of any such overcharge with interest which is equal to the prime rate of interest of the Canadian Imperial Bank of Commerce from the time such overcharge was paid to the date of refund, plus one percent (1%) in addition thereto, and Shipper shall pay the amount of any such

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undercharge, but without interest. In the event an error is discovered in the amount billed in any statement rendered by the Company, such error shall be adjusted within thirty (30) days of the determination thereof provided that claim therefor shall have been made within sixty (60) days from the date of discovery of such error, but, in any event, within twelve (12) months from the date of payment.

4. Time of Payment Extended if Bill Delayed: If the Company presents its bill after the tenth (10th) day of the month, then the time of payment shall be extended accordingly unless Shipper is responsible for such delay.

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IX DELIVERY PRESSURE

Gas delivered by the Company to Shipper shall be at the existing pressure in the pipes of the Company, which shall not be less than a gauge pressure of 4 000 kilopascals at each of the delivery points stipulated in the Gas Service Contract.

X WARRANTY OF TITLE TO GAS

The content of this article has been abrogated.

XI FORCE MAJEURE

In the event of either Shipper or the Company being rendered unable, wholly or in part, by force majeure to perform or comply with any obligation or condition hereof or any obligation or condition in any Gas Service Contract into which these General Terms and Conditions are incorporated, such party shall give notice and full particulars of such force majeure in writing or by telegram or by telecopy to the other party as soon as possible after the occurrence of the cause relied on. The obligations of the party giving such notice, other than obligations to make payments of money then due, so far as they are affected by such force majeure, shall be suspended as long as such party is unable to comply with its obligation, and such party calling upon force majeure shall as far as possible try to remedy to the situation with all reasonable dispatch. The term "force majeure" as used herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, the necessity for making repairs to or alterations of machinery or lines of pipe, freezing of wells or lines of pipe, temporary failure of gas supply, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restraints of any governmental body or authority, civil or military, any act or omission by parties not controlled by the party having the difficulty and any other similar causes not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome.

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The settlement of strikes, lockouts or other labour disputes shall be entirely within the discretion of the party having the difficulty. Under no circumstances will lack of finances be construed to constitute force majeure.

If as a result of an occurrence of a force majeure on the pipeline system of Shipper, Shipper does not take delivery of volumes of gas that Shipper would otherwise have taken and, subsequently, the Company is able to deliver excess volumes of gas over and above its obligations during the same contract year, then the Company will offer such excess volumes of gas to such Shipper in an amount up to the volume Shipper so failed to take.

In the event of a force majeure called upon by the Company, the Company shall curtail delivery of gas to Shipper in accordance with the article XII hereof.

XII INTERRUPTION OR REDUCTION OF SERVICE

When the Company is required to interrupt or reduce service hereunder as a result of any of the causes set out in the article XI, or for any other cause, then such interruption or reduction will be apportioned among the shippers receiving services from the Company in the same proportion as each Shipper's allocable share.

XIII DELIVERIES AT MORE THAN ONE POINT FOR ONE SHIPPER

If Shipper has more than one delivery point, it shall each day designate the portion of the gas to be delivered to it on such day which it desires to receive at each delivery point and the Company shall endeavour to make deliveries in accordance with such designation; provided that the Company shall not be obliged to deliver to Shipper, at any such delivery point on any day a volume of gas in excess of Shipper's Maximum Daily Delivery Quantity.

XIV DEFAULT AND TERMINATION

If either the Company or Shipper shall fail to perform any of the covenants or obligations imposed upon it by the Gas Service Contract into which these General Terms and Conditions are incorporated, then the other party may at its option terminate said

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Contract by proceeding as follows: the party not in default shall cause a written notice to be served on the other party stating specifically the cause for terminating the Contract and declaring it to be the intention of the party giving the notice to terminate the same. Thereupon the party in default shall have thirty (30) days after the service of the aforesaid notice to remedy or remove the cause or causes stated in the notice for terminating the Contract; if within said period of thirty (30) days the party in default does so remove and remedy said cause or causes and fully indemnify the party not in default for any and all consequences of such breach, then such notice shall be withdrawn and the Contract shall continue in full force and effect. In case the party in default does not so remedy and remove the cause or causes or does not indemnify the party giving the notice for any and all consequences of such breach, within said period of thirty (30) days, then, at the option of the party giving such notice, the contract shall terminate. Any cancellation of the Contract pursuant to the provisions of this paragraph shall be without prejudice to the right of the Company to collect any amounts then due to it for gas delivered prior to the time of cancellation, and shall be without prejudice to the right of Shipper to receive any gas which it has not received but of which it has paid prior to the time of cancellation. The party not in default is not reputed to waive any remedy to which he may be entitled for violations of the Contract.

XV NON-WAIVER AND FUTURE DEFAULT

No waiver by either the Company or Shipper of any one or more defaults by the other in the performance of any provision of a Gas Service Contract shall operate or be construed as a waiver of any continuing or future default or defaults whether of a like or different character.

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XVI OPERATING INFORMATION AND ESTIMATES

Not less than eighteen (18) months prior to the commencement of the second (2nd) contract year and thereafter for each succeeding contract year, Shipper shall furnish to the Company estimates of Shipper's daily, monthly and annual requirements for gas, and estimates of Shipper's maximum daily requirements for gas at each delivery point provided in any Gas Service Contract into which these General Terms and Conditions are incorporated. Such estimates shall be for five (5) consecutive contract years in the future. The Company's obligation to deliver daily quantities of gas after the first contract year to each such delivery point shall be limited to those estimates last received in accordance with the provisions hereof.

XVII DELIVERY AREAS AND TOLL ZONES

The content of this article has been abrogated.

XVIII INCORPORATION IN TS, SGT AND BGT TOLL SCHEDULES
AND GAS SERVICE CONTRACTS

These General Terms and Conditions are incorporated in and are a part of the Company's TS, SGT and BGT Toll Schedules and applicable Gas Service Contracts.

Note: This page is the last page of the Company's General Terms and Conditions and the content of any subsequent page incorporated in the previous General Terms and Conditions of the Company has been abrogated.
