

Crude Oil Logistics Committee (COLC)

Supply Forecasting and
Notice of Shipment (NOS) Verification Procedures

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1.0 Executive Summary

The original Crude Oil Logistics Committee (COLC) Procedures (the “Procedures”), were developed in early 1996 to provide an industry-wide standard process for monthly supply forecasting and initial nomination of clean marketable crude oil and condensate. Forecast and nominated volumes are to represent only those volumes available for consignment or delivery.

To ensure supply forecasting, nomination, verification and other associated processes address current crude and condensate logistical needs, the COLC Procedures, as accepted by the COLC General Membership, may be revised from time to time, as required.

The COLC Procedures do not supersede tariff agreements between Facilities and their customers, however, there is an expectation that Industry stakeholders will adhere to these Procedures.

While the COLC, a forum of Industry stakeholders who contributed to the development of these Procedures, does not have the authority to enforce the COLC Procedures or control compliance, these COLC Procedures provide a basis on which enforcement may be introduced by a governing body.

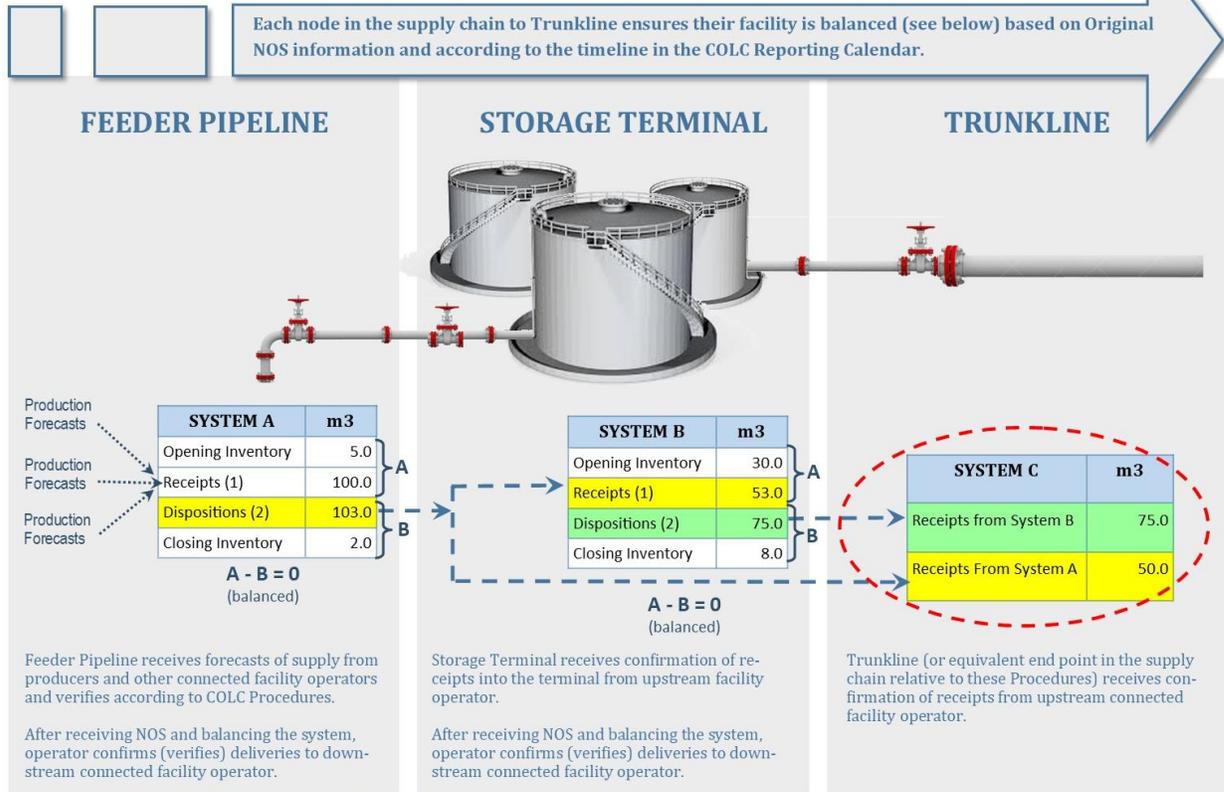
The procedures contained herein intend to ensure forecast and nominated volumes represent only those volumes available for delivery; as such they:

- clarify stakeholder responsibilities
- require verification of production forecasts (reasonableness)
- require confirmation of upstream and downstream transfers between facilities (no volume gaps/overlaps between systems)
- require balanced Notices of Shipment (no volume gaps/overlaps)
- require industry oversight through statistical reporting to COLC (indicator of participation/compliance, performance/results, change, etc.)

Any questions or concerns pertaining to these COLC Procedures or the method in which they are to be applied, shall be directed to the COLC Administrative Office at info@colcomm.com. Contact information is available on the COLC website at www.colcomm.com.

The following diagram is a high-level example of the supply chain from Feeder Pipeline to Storage Terminal to Trunkline. It does not cover all possible scenarios (there may be many pipelines/facilities in the supply chain) but the overarching methodology is the same.

**COLC Forecasting and Notice of Shipment (NOS) Supply Verification Procedures
SUPPLY AND DISPOSITION RECONCILIATION—FACILITIES**



(1) Receipts = volumes collected (production, transfers from other Shippers, etc.)
 (2) Dispositions = volumes dispersed (transfers to other Shippers, deliveries, etc.)

2.0 The COLC

2.1 Role

The COLC was created as a decision-making body for the effective and efficient management of western Canadian crude oil and segregated condensate logistical systems to which these Procedures and the COLC Reporting Calendar are related.

2.2 Reporting Standards and Confidentiality

In keeping with these Procedures, the COLC Administrative Manager accepts information from the COLC’s various members and provides appropriate information to its General Membership. Any information received by the COLC that cannot be published to the COLC General Membership must be identified by the COLC member as confidential. The COLC Administrative Manager undertakes not to release such confidential information except to the appropriate regulatory agency responsible for dealing with such information or to an appropriate judicial authority having jurisdiction. The owner of the information will be made aware of the request before such confidential information will be released to either or both of these agencies/authorities.

The COLC Administrative Manager will hold all confidential information it receives from any stakeholder in strict confidence and will sign a confidentiality agreement (see attached example, Appendix 12.7) with any stakeholder that is expected to provide information to the COLC Administrative Manager under these procedures. All material received by the COLC Administrative Manager will be held for a period of one (1) year from the date it is received at which time any paper copies of the confidential information shall be destroyed or any electronic copies shall be deleted.

2.3 Administrative Manager Responsibilities

It is the responsibility of the COLC Administrative Manager to:

1. After close of NOS month, gather, tabulate, compile and follow up on Original and final Notice of Shipment information (by Crude Type) received from Facility Operators. Information gathered includes:
 - Receipts (conventional and non-conventional production, transfers from other facilities, i.e.: pipelines, Storage Terminals, other)
 - Deliveries (including transfers to other Facilities)
2. After close of NOS month, publish to the COLC General Membership (sourced from information provided by each Facility Operator) the following information:
 - Original and final NOS and actual receipt volumes by Facility aggregated by Crude Grade (receipts to include all sources of supply; production, Facility transfers, inventory draws, etc.).
 - Original and final NOS and actual delivery volumes aggregated by Crude Grade (Trunkline deliveries identified individually, all other deliveries shown under appropriate Facility category; i.e.: refineries, etc.).
 - Trunkline Transfer report which summarizes the Original NOS and actual delivery volumes as well as transfers between Trunklines and Storage Terminals.
3. Track supply forecasting and NOS performance (by Crude Type) to identify patterns (such as recurring over-nominations).
4. Follow up with Facility Operators that are not complying with the Supply Forecasting and NOS Verification Procedures as described within this document.

Timing: Activities listed above that are identified in the COLC Reporting Calendar shall be completed in accordance with the dates/times shown therein.

3.0 The Supply Forecasting and Notice of Shipment Verification Process

3.1 Supply to Delivery Verification Process Overviews

The following process flow diagrams can be found in the appendix:

- Supply Forecasting Process (Form A to Form C) – Appendix 12.1
- Notice of Shipment to Delivery Verification Process – Appendix 12.2

3.2 Supply to Verification Timeline

Industry deadlines for completion of specific activities contained in this document are contained in the “Crude Oil Logistics Committee–Reporting Calendar” which can be found on the COLC website.

4.0 Stakeholder Responsibilities

4.1 Production Facility Operators Responsibilities (all)

It is the responsibility of the Production Facility Operator to:

1. Prepare and submit forecasts of production (Form A/Transfer Form A) to the downstream Delivery Point
2. Monitor production against forecast in the production month
3. Prepare and submit revised forecasts (Form A and B) when production or Shipper split deviates or is expected to deviate from forecast

(see Section 5.0 Forecast of Supply for details about preparing Form As, Bs, etc.)

Timing: Activities listed above that are identified in the COLC Reporting Calendar shall be completed in accordance with the dates/times shown therein.

4.2 Gathering Pipeline and Upstream Feeder Pipeline Responsibilities

Note: Gathering Pipeline or Upstream Feeder Pipeline Operator responsibilities include operational Storage/Truck Terminal movements that comprise part of the Gathering Pipeline’s System.

It is the responsibility of the Gathering Pipeline or Upstream Feeder Pipeline Operator to:

1. Receive and process Transfer Form A forecasts of supply per Section 5.2 of these Procedures
 - Check that a deviation code (and supporting detail) is provided where Transfer Form A forecast exceeds historical calculation (no deviation code defaults the forecast to historical calculation)

- Follow up with Producers/operators on any inconsistencies
- 2. Create and issue a Form C to Shippers per Section 7.1 and 7.2 of these Procedures
- 3. Create and issue a Transfer Form A (per Section 5.2) to the downstream connected Facility Operator
- 4. Receive and process NOSs (follow up and resolve errors/discrepancies/other)
- 5. Ensure overall Gathering System or Upstream Feeder Pipeline NOSs are balanced for the month before confirming deliveries (verification) with downstream
- 6. Work with Shippers and downstream Facility Operator to resolve any imbalances between the interconnected facilities
- 7. Address any Gathering/Upstream Feeder Pipeline capacity constraints (see Section 9.1) prior to confirming deliveries (verification) to the downstream Facility Operator
- 8. Verify deliveries (by Shipper) to downstream Facility Operator
- 9. Monitor receipts from supply points during the production month and follow up on deviations
- 10. Provide Original and final NOS and actual receipt and delivery volume information by Crude Type to COLC Administrative Manager (template to be provided by COLC Administrative Manager).

Timing: Activities listed above that are identified in the COLC Reporting Calendar shall be completed in accordance with the dates/times shown therein.

4.3 Feeder Pipeline Operator Responsibilities

Note: Feeder Pipeline Operator responsibilities include operational Storage/Truck Terminal movements that comprise part of the Feeder Pipeline's System.

It is the responsibility of the Feeder Pipeline Operator to:

1. Receive and process Form A forecasts of supply per Section 5.0 of these Procedures
 - Check that a deviation code (and supporting detail) is provided where Form A forecast exceeds historical calculation (no deviation code defaults the forecast to historical calculation)
 - Follow up with Producers/operators on any inconsistencies
2. Create and issue a Form C to Shippers per Section 7.1 and 7.2 of these Procedures.
3. Receive and process NOSs (follow up and resolve errors/discrepancies/other)
4. Ensure overall Feeder Pipeline NOSs are balanced for the month before confirming deliveries (verification) with downstream
5. Work with Shippers and downstream Facility Operator to resolve any imbalances between the interconnected facilities
6. Address any Feeder Pipeline Capacity constraints (see Section 9.1) prior to confirming deliveries to the downstream Facility Operator
7. Verify deliveries (by Shipper) to downstream Facility Operator
8. Monitor receipts from supply points during the production month and follow up on deviations

9. Provide Original and final NOS and actual receipt and delivery volume information by Crude Type COLC Administrative Manager (template to be provided by COLC Administrative Manager).

Timing: Activities listed above that are identified in the COLC Reporting Calendar shall be completed in accordance with the dates/times shown therein.

4.4 Shipper Responsibilities

It is the responsibility of a Shipper to:

1. Provide (and maintain) properly balanced NOSs (per Section 8.0) to the appropriate Facility Operator/s including (but not limited to) ensuring:
 - Trade volumes with counterparties (Shipper transfers) have been confirmed prior to submitting NOSs (ensuring *Shipper Transfers are in agreement is critical to the downstream verification process because of tight timelines*)
Note: A Shipper transfer discrepancy not resolved by the Shipper will result in the pipeline or terminal defaulting to the lower transfer volume
 - Dispositions reflect deliveries to intended Delivery Points
2. Allow Pipelines and other Facility Operators to provide non-Shipper specific, aggregated, post-production month receipt and delivery information to the COLC Administrative Manager, (as identified in Section 2.3 of these Procedures)
3. Provide properly balanced NOSs and subsequent revisions (including post apportionment NOS) to the pipeline/terminal operator per the COLC Reporting Calendar deadlines or the pipeline/terminal operator's rules and regulations, as the case may be.

Timing: Activities listed above that are identified in the COLC Reporting Calendar shall be completed in accordance with the dates/times shown therein.

5.0 Forecast of Supply

5.1 Form A

The Form A (see Appendix for sample form) is a forecast of total supply, by Shipper, from a supply point. It is prepared by the Operator of the supply Facility and provided to the downstream Delivery Point Operator (Terminal, Pipeline, Custom Treater, etc.).

To complete the Form A, the Facility Operator will need to:

- Obtain a forecast of production for the Facility for the forecast month (production plus any volumes received into the Facility from other supply points)
- Factor any changes to ownership of production (including Crown share if applicable) into the Shipper breakdown reflected on the Form A
- Complete the fields on the Form A form
- Provide explanations on the Form A for unusual operational activities (unratable production,

turnarounds, etc.)

- Provide the appropriate Deviation Code and enough explanation to adequately substantiate the forecast where the supply forecast is greater than the calculated 3-month historical Capability (see Section 6.0 of these Procedures) calculated by the downstream Facility Operator.

If required, the Operator of the Facility may be required to provide more detail:

- For new well production, a detailed list of wells affected including LSD of the well, its license number, the spud date, the expected first date of production and the forecast of its production level for the month being forecast
 - For field or tank inventory reductions, a detailed list of inventory sites involved, including the LSD of each inventory source and the Working Capacity of the tank.
- Submit the Form A to the appropriate downstream Delivery Point operator

Note: In the event a Form A is not filed with the downstream delivery Facility by the required deadline, the operator of the receiving Facility will attempt to obtain the required Form A. If no Form A is received and volume is expected from that Facility, the downstream delivery Facility Operator may revert to the system calculated Capability for the Facility and its Shippers.

Form A - Revisions

When the forecast of supply volume changes, or is expected to change, or the Shipper breakdown (ownership) changes, the Operator of the Facility will create a revised Form A (including deviation code as applicable) and provide it to the downstream operator. Requirements of Revised Form A's are the same as all Form A's. However, a Form A Revision also triggers the requirement for the Operator of the supply Facility to prepare a Form B (see Section 5.3 following).

Form A revisions are reviewed by the receiving downstream Delivery Point Operator who will advise the party providing the revised Form A if the supply is being accepted to the reforecast level. See Section 7.2 Producer Feedback Report.

5.2 Transfer Form A (or Equivalent)

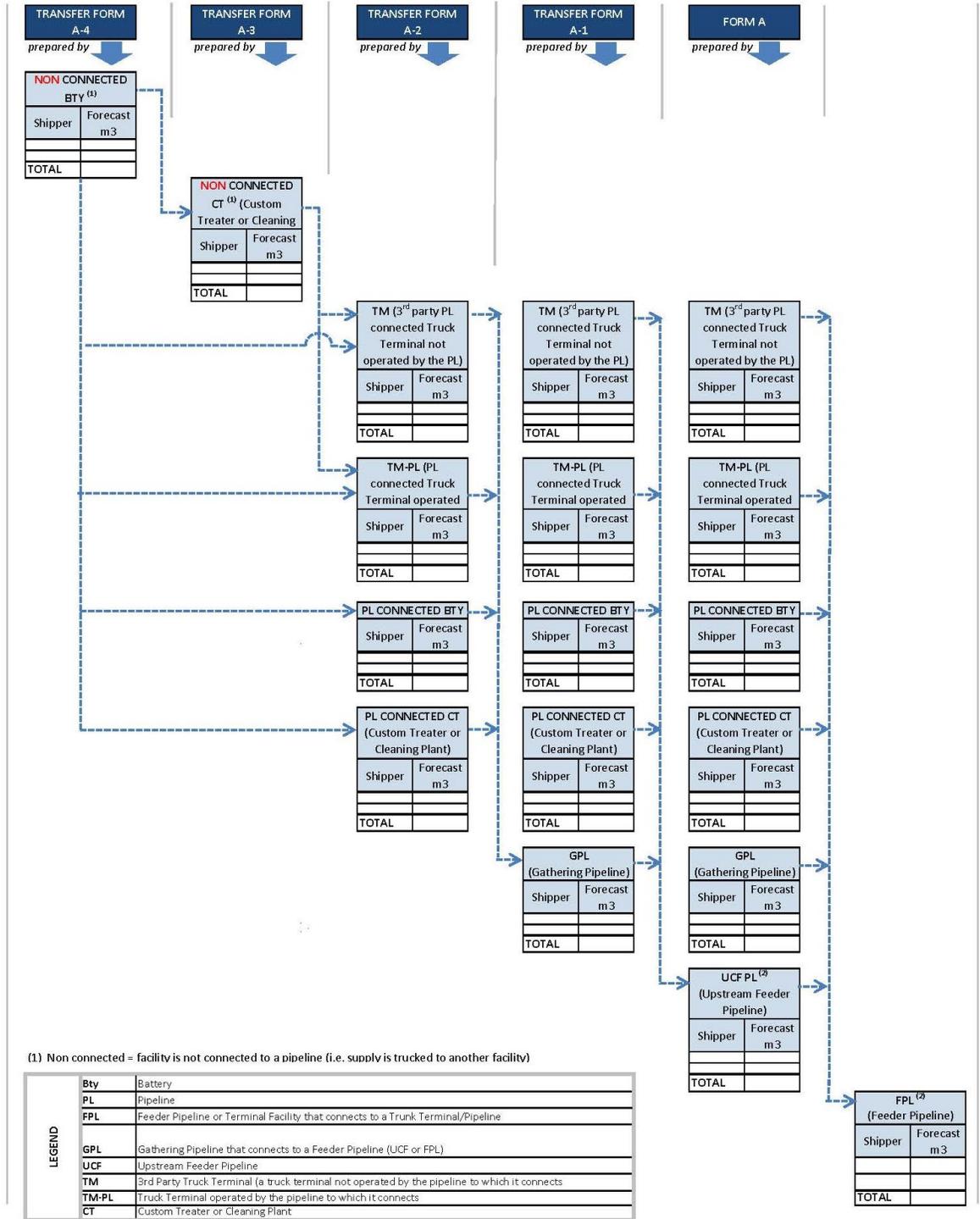
A Transfer Form A is a Form A (same requirements). The distinction between a Form A and a Transfer Form A is due to logistical and timing requirements in the supply forecasting chain (see following illustration).

COLC Supply Forecasting and Notice of Shipment (NOS) Verification Procedures

Form A (Supply Forecasting) Process

Updated: Jan 4, 2021

NOTE: A Transfer Form A-4, A-3, A-2 or A-1 is simply a Form A. The distinction between a Form A and a Transfer Form A is being made because of the timing requirement for forecasts in the supply forecasting chain (see COLC Reporting Calendar for the specific Transfer Form A/Form A dates).



5.3 Form B

A Form B (see Appendix, Item 12.4, for sample form) is created by the Operator of the Supply Facility whenever they revise their Form A. The Form B is issued by the Operator of the Supply Facility to each individual Shipper listed on the revised Form A. It is a notification of revised supply forecast after original Forecasts have been processed for a forecast month.

When revised forecasts trigger a Form B the Delivery Point will advise the Operator submitting the revised forecast if the supply can be accepted to the reforecast level. See Section 7.2 Producer Feedback Report.

Timing: Activities in this section that are identified in the COLC Reporting Calendar shall be completed in accordance with the dates/times shown therein.

6.0 Determining Historical Capability

Capability, as used here, is a volume determination based on a Facility’s proven performance (history) as opposed to a Facility’s theoretical Capacity to supply or deliver.

6.1 Battery, Cleaning Plant/Custom Treater and Truck Terminal Capability Calculation

Capability for each of these connected or non-pipeline connected Facilities shall be determined by the receiving downstream Facility using the last three full months of known receipts into the pipeline.

The three months to be used shall be the three months ending two full months before the beginning of the month being forecasted (e.g. for March forecast, the three months of actuals to be used shall be October, November and December). Using these last three full months of known pipeline receipts, the downstream Facility Operator shall determine, the sum of:

- the highest month's average in m³/d, and
- the average m³/d of all the three months.

This sum is then divided by two to determine the Capability for the next forecasting month.

Example:

Last three months of known receipts from a Pipeline-Connected Battery, Truck Terminal or Cleaning Plant:

- Month 1 - 1 000 m³/d }
- Month 2 - 1 200 m³/d } - Average 1 066.7 m³/d
- Month 3 - 1 000 m³/d }
- Three month Average ----- 1 066.7 m³/d
- Highest Month's Volume --- 1 200.0 m³/d
- Total ----- 2 266.7 m³/d /2 = 1 133.4 m³/d

1 133.4 m³/d is the highest Capability to which the pipeline or non- Pipeline-Connected Battery, Truck Terminal or Cleaning Plant shall forecast without being required to provide detailed information to the downstream Facility in support of a Capability increase. Increases to capabilities in these cases shall be decided upon by the downstream Facility Operator.

It is the responsibility of the downstream Facility Operator to monitor closely the performance of receipts from the upstream facilities as their own Capability is partly based on the performance of the facilities from which they receive.

Where Form A's indicate Capability increases, the downstream connected Facility Operator will review requests for increases on a best-efforts basis and determine if the request should be accepted.

7.0 Shipper Supply Forecast

7.1 Form C

After all Form A's have been received (per the COLC Reporting Calendar) and processed by the Operator of the receiving Facility, a Form C is prepared by the receiving Facility Operator and provided to each respective Shipper. The Form C lists the verified volumes available by Facility for the Shipper for the forecast month. This information is to be used by Shipper on their Notice of Shipment ("Receipts") and is called the Adjusted Forecast of Supply.

The Form C to the Shipper/s, may include an apportionment factor if determined to be applicable and appropriate by the Operator of the receiving Facility. However, if apportionment is required, each receiving facilities' apportionment factor will be calculated and applied according to each individual system's rules and regulations.

Where the Form A volume is not being accepted to the Form A forecast level (for Capacity constraint/apportionment/other reasons), the Receiving Facility Operator will inform the Form A Operator of required reductions to their Form A forecast (see 7.2 Producer Feedback Report).

The Form C should display for each Form A Facility:

1. The Original Verified Forecast
2. The Apportionment Factor (set to 1.0 if Facility apportionment not applicable at Form C stage)
3. Adjusted Forecast (= Apportionment Factor x Verified Forecast)
4. The result of the above three
5. The source (basis) of the supply data (which should be indicated beside each Battery):
 - "A" based on Form A forecast volume

"H" based on historical formula calculation

"U" based on verification by upstream Gathering Pipeline or other Facility

7.2 Producer Feedback Report (or Equivalent)

The Pipeline, Terminal, or Cleaning Plant will advise Facility Operators who provided a Form A if the Form A forecast of supply cannot be accepted at the level submitted on the Form A.

This communication to the Facility Operator providing the Form A is essential if the supply is being restricted or adjusted for any reason (apportionment or otherwise) by the receiving Facility Operator.

Adjusted Form A information should be sent to the Form A supply facility at the same time the Form C is issued to Shippers as well as any time the Form A information has not been accepted as provided (for example, if apportionment on a Pipeline, Terminal or other facility is required after receipt and assessment of Original Notice of Shipment information).

Each Facility Operator chooses its own format for communicating this information to the supply point Facility Operator.

Timing: Activities in this section shall be completed in accordance with the dates/times shown in the COLC Reporting Calendar.

8.0 Notice of Shipment (NOS)

8.1 Initial NOS

Shippers shall provide each Facility through which it ships, an Initial Notice of Shipment.

The format for a NOS may vary from system to system as prescribed by individual system's procedures or Rules and Regulations, but each Shipper's NOS should include:

- a. Opening Inventory
Must equal closing inventory from previous month NOS
- b. Receipts and Facility Transfers In (Supply Forecasts)
Adjusted Forecast of Supply from Form C, or Form B, or equivalent
- c. Shipper Transfers From
Corresponding transfers between shippers must balance. Failing a balance between corresponding transfers, the facility operator will attempt to resolve the imbalance with the shippers. If unable to resolve the imbalance, the facility operator will set the transfer to the lower of the two parties stated volumes and notify the affected shippers. The adjusted information will be used to verify volumes to the downstream facility operator.

- d. Shipper Transfers To
(Same comment as Shipper Transfers From)
- e. Facility Transfers Out/Deliveries
- f. Closing Inventory

Shippers shall designate one or more swing dispositions. Any change in shippers total available supply shall be reflected in the shipper's disposition to the designated swing disposition(s). If the shipper has not designated a swing disposition, the facility or pipeline shall prorate any change in total supply over all the indicated disposition points.

Each Shipper's NOS is balanced when total available supply (a+b+c) equals total Dispositions (d+e+f) and when all available supply (inventory and new supply) has a confirmed Delivery Point (to inventory, a downstream Delivery Point, other).

An example Notice of Shipment Form can be found in the Appendix (12.5).

8.2 NOS Revisions

Post-Apportionment NOS Revisions

A balanced post apportionment revised NOS reflecting apportioned volumes must be provided to pipelines and terminals by the deadline on the COLC Reporting Calendar or that prescribed by each respective pipeline/terminal, as the case may be.

In-Month NOS Revisions

NOS Revisions, regardless of the reason for revising, and are still subject to the same requirements, checks and verifications as exist in the original Notice of Shipment process.

Timing: Activities in this section shall be completed in accordance with the dates/times shown in the COLC Reporting Calendar.

9.0 Restrictions to Initial NOS Supply Volumes

9.1 Gathering Pipeline, Feeder Pipeline, or Storage Terminal Apportionment

Prior to verification of NOS deliveries to downstream Trunkline/s, upstream connected facilities may, due to Capacity or other limitations, be required to apportion NOS volumes.

Depending upon the circumstance and Facility, this could happen at the Form C stage (if all the supply information is available) or at the Notice of Shipment stage. Apportionment will be applied as prescribed within individual Pipeline/Terminal 's contracts and/or rules and regulations.

Where NOS volumes are required to be reduced, the Pipeline/Terminal Operator shall advise the affected Producers, Facility Operators, and Shippers of volumes to be reduced and Shippers will be required to submit revised NOSs. These changes must be made before delivery verification to downstream facilities and Trunklines can be completed.

10.0 Verification of Initial Supply to Upstream and Downstream Facilities

After verifying the available supply and Capacity available to fulfil each Shippers' Initial Notice of Shipment delivery requirements, each Facility Operator connected to a downstream Facility Operator shall confirm volume and Shipper information with the upstream and downstream Facility Operators.

11.0 Definitions

Terms defined below are as used specifically in these Procedures.

Battery

Location from which clean marketable quality crude oil or segregated condensate is delivered to a pipeline or clean oil Truck Terminal for furtherance to market.

Battery

Operator using equipment to separate, measure and store products coming from a well.

Capability

Determined by the receiving Facility or pipeline using the last three full months of known receipts into the Facility or pipeline. The three months to be used shall be the three months ending two full months before the beginning of the month being forecasted. See detailed explanation and example in Section 5.

Capacity (Operating)

Maximum theoretical throughput a pipeline can sustain when averaged over a defined period of time (typically a month), taking into consideration operating variables and current temporary limitations to system Capacity. May have commercial significance, i.e.: monthly nominations, contractual obligations. Operating Capacity may be reassessed for the defined period of time as a result of unknown or unplanned events which make Operating Capacity somewhat dynamic.

Capacity (Design or Nameplate)

The maximum theoretical rate at which product can flow through a line.

Capacity (Pipeline)

The maximum rate crude oil or segregated condensate can flow through the pipeline after considering allowances for planned maintenance, unplanned maintenance, line fill, storage along the pipeline, and expected carry-over volume.

Capacity (Tank)

The maximum amount (volume) that can be contained in a tank

Cleaning Plant or Treater

Third party operated plant that removes water and other contaminants from crude oil or segregated condensate. Called Custom Treater in Alberta.

COLC (Crude Oil Logistics Committee)

A decision-making body which consists of Producers, Shippers, pipelines, terminals, industry associations, government regulators and departments.

COLC Administrative Manager

Third party contracted by the COLC Executive on behalf of the COLC General Membership to conduct Administrative support including reporting, verification of supply and nomination volumes, chairing General Membership meetings.

COLC Executive

The COLC shall be directed by an Executive consisting of four elected representatives: Executive Chair, Education / Awareness Sub-committee Chair, Operations Sub-committee Chair, and Past Chair, all with voting rights at Executive meetings and member meetings. The Executive will include an ex-officio voting member representative from CAPP. The Executive will include an ex-officio, non-voting member, the Administrative Manager.

COLC General Membership

The General Membership consists of industry representatives that are involved in the logistics of crude oil and segregated condensates in western Canada.

COLC Reporting Calendar

Provides specific monthly dates of information to be provided on the production and Disposition of crude oil.

Crude Grade

Refers to the roll up of Crude Types to one of the following: Light Sweet, Light Sour, Medium, Condensate, Synthetic Sweet, Synthetic Sour, Synbit, Dilbit, Synthetic Heavy or Conventional Heavy.

Crude Type(s)

Refers to a specific crude such as Western Canadian Select (WCS), Lloydminster Blend (LLB), Light Sour Blend (LSB).

Delivery Point

Destinations downstream from the preceding Facility including, but not limited to, Feeder Pipelines, Trunklines, Western Canadian refineries, upgraders, fractionators, Pipeline Terminals, and Storage Terminals.

Disposition

Sale, transfer or delivery of crude oil or segregated condensate.

Facility

Includes, but is not limited to, Storage Terminals, refineries, fractionators, upgraders, Pipeline Terminals, Trunklines and Feeder Pipelines.

Facility Operator

Operators that oversee equipment and processes for the Facility.

Feeder Pipeline Operator

A pipeline or terminal Facility that delivers crude oil and/or condensate to a Trunk line, and/or local market and/or to another downstream Facility.

Form A (and Transfer Form A)

A document containing a forecast of crude oil or segregated condensate volumes (by Shipper and aggregate) for a specific production month, prepared by the operator of the Facility, and provided to the operator of the downstream Delivery Point (the Facility receiving the product). See Section 4.0 of the Forecasting Procedures for more detail.

Form A Equivalent

A document that does not use the Form A format for some or all of its data input fields, but contains information equivalent to the Form A. Operators of facilities using a Form A Equivalent shall inform those parties responsible to provide forecasts of the format required.

Form B

Form used to forecast crude oil and condensate deliveries to Pipeline Terminals and Feeder Pipelines connected to downstream markets, as defined in Section 4.2 of the Forecasting Procedures.

The Form B is used by the operator of a Facility to inform Shippers directly of changes to the original Form A forecast (see Section 4.2 of the Forecasting Procedures).

Form C

Shipper's App.F. adjusted supply forecast sent by the Pipeline Terminal and Feeder Pipelines, custom Treater, and Truck Terminal operators. This must be used as the basis of supply on the Shipper's initial (pre-apportionment) Notice of Shipment, as defined in Section 6.1 of the Procedures.

A report provided to a Shipper by a pipeline, terminal, Cleaning Plant or Truck Terminal operator showing the Shipper's adjusted supply forecast (by supply point) which becomes the basis for production supply volumes on a Shipper's initial (pre-apportionment) Notice of Shipment (see Section 6.1 of the Procedures).

Gathering Pipeline

Pipelines which are upstream of the Feeder Pipeline but not connected to a Trunkline.

A Gathering Pipeline transports product from the source (well, Battery, processing Facility, etc.) to a central storage and single shipping point. It is upstream from a Feeder Pipeline and not connected to a Trunkline. They are, generally speaking, smaller diameter pipelines.

Oil Industry

The Oil Industry includes a variety of processes including, but not limited to, exploration, extraction,

refining, transporting, and marketing of petroleum products.

Opening Inventory

Volume in inventory at 7am on the first day of each calendar month. Includes Retention Stock and Pumpable Inventory.

Pipeline-Connected Battery

Battery with a connection to a Feeder or Gathering Pipeline system.

Pipeline Terminal

Facility for storing and transferring crude oil and/or condensate between pipelines (operational storage).

Producer

Company owning facilities for recovery of crude oil and or condensate.

Production Facility Operator

Operators that oversee production, equipment and processes for the Facility.

Pumpable Inventory

The volume available to a Shipper for Disposition and does not include Retention Stock.

Retention Stock

The volume of oil/segregated condensate required by the Storage Terminal Operator or Pipeline Operator to maintain the working tank levels for leased or operational tankage. This volume is non-Pumpable Inventory and may also be referred to as frozen inventory. The volume of crude oil/segregated condensate required by the Storage Terminal Operator or Pipeline Operator for operational reasons (not Pumpable Inventory under normal operations).

Shipper

A company that owns crude oil and/or segregated condensate as it transports from/to a pipeline/terminal. A Shipper may be committed/uncommitted or term/non-term and is the recipient of transportation services under the terms of each individual pipeline tariff/rules & regulation.

Storage Terminal

Storage assets that are used for storage/blending/operational or other commercial opportunities. Storage Capacity is used to store crude oil and/or segregated condensate for inventory management.

- Storage assets are owned and operated by the carrier/provider of the Storage Terminal.
- The Shipper has ownership of the crude oil/segregated condensate stored/shipped/blended through the terminal.
 - Please refer to any specific terminal agreement for each parties' responsibilities.
- A Storage Terminal may consist of but is not limited to:

- Tanks
- Caverns
- Other permanent/temporary site-specific storage options
- Storage Terminal activities may include but are not limited to:
 - Storage
 - Blending
 - Treating
 - Disposal
 - Receipt or deliveries to or from various Facilities

Truck Terminal

A Facility receiving truck delivered crude and/or segregated condensate.

Trunkline

A pipeline that receives from other transportation systems and moves crude oil and equivalent petroleum products from the Western Canada Sedimentary Basin. These include, but are not limited to, Enbridge Mainline, Trans Mountain, TransCanada Keystone, Rangeland South, Milk River and Express.

Working Capacity (Tank)

The difference between the maximum tank storage Capacity and the minimum working tank volume (tank bottoms).

12.3 Form A Example (Forecast of Crude Oil & Condensate Delivery Volumes)

FORM 'A' - Alberta	To: _____	Transfer Form 'A' A-
At: _____		Page _____ of _____
Forecast of Crude Oil and Condensate Delivery Volumes to Custom Treaters, Terminals, Pipeline Connected Batteries and Gathering and Feeder Pipelines		
Operator Name	Operator BA Identifier	Delivery Month
Address		Days in Month _____
Contact	Telephone	Date Submitted
		Revision <input type="checkbox"/> #

Forecast Location Identification and Codes

FROM	Custom Treater	OR	Terminal	OR	Pipeline	OR	Operator (BA)	Battery or Gas Plant Facility Id	Location Description
TO	Custom Treater		Terminal		Pipeline		Operator (BA)	Battery or Gas Plant Facility Id	Location Description

	Shippers	Forecast Volumes (cubic metres)		
Code	Name	Crude Oil	Segregated Condensate	Total
OPM	Crown Agent _____			
FACILITY TOTALS				

If total forecast exceeds calculated Capability Number, attach Request for Capability Increase Form 'A' and provide major reason(s) Crude Oil Logistics Committee Forecast Deviation Code has been used.	COLC Forecast
Explanation:	Deviation Code

See back side of form for instructions on completion and submission of this form

Form: COLC Alberta 'A' 2013 - 03

Please direct questions and forms requests to:
Petrotranz Inc.
 Suite 410, 703 - 6 Avenue S.W.
 Calgary, Alberta Canada T2P 0T9

Telephone: (403) 253-6378
 e-mail: info@colcomm.com

COMPLETION OF FORM 'A' - Alberta

This form is used to forecast volumes for crude oil and condensate that will be delivered to a receiving facility. The operator of the facility originating the delivery completes and submits this form indicating:

- the source location of the delivery;
- the destination location for the delivery; and,
- the forecast delivery to each Shipper (in gross m³ per month).

General

To / At: Indicate name of Contact and Company Form 'A' is directed to.

Transfer Form 'A': Indicate if this a transfer Form 'A'. See Crude Oil Logistics Committee Forecast Reporting Calendar.

Page: Page number and total number of pages submitted.

Operator Name: Name of the company submitting the forecast.

Operator BA Identifier: The PRA assigned identifier for the company submitting the forecast. This MUST be the company that originates the deliveries from the Forecast Location designated "FROM".

Address: Complete mailing address, including postal code, of the company submitting the forecast.

Contact: Full name of the person to whom queries about the forecast can be directed.

Telephone: Complete telephone number, including area code, of the forecasting company's contact.

Delivery Month: Year and month in which forecast volumes will be delivered in yymm format.

Days in Month: Indicate number of days in the forecast month.

Date Submitted: Date forecast or amended forecast is submitted.

Revision: Enter check mark in box this is a revised forecast. To the right of the box indicate what revision this forecast represents. (e.g., 1,2,3...)

Forecast Locations

Indicate the codes for both the facility originating the forecast delivery in the section marked "FROM" and the facility receiving the delivery in the section marked "TO".

Custom Treater Identifier: The Petroleum Registry of Alberta identifier.

Terminal Code: The Petroleum Registry of Alberta identifier.

Pipeline Code: The Petroleum Registry of Alberta identifier.

Operator BA Identifier: The Petroleum Registry of Alberta Business

Associate identifier

Battery/Gas Plant Id: The Petroleum Registry of Alberta facility identifier.

Possible Transfers

FROM	Custom Tr.	TO		
		Terminal	Pipeline	Battery or Gas Plant
Custom Treater		X	X	
Terminal	X	X	X	
Pipeline			X	
Battery or Gas Pant	X	X	X	X

Location Description: For a custom treater or terminal, enter the facility name; for a pipeline, enter the pipeline name; for a battery, enter the legal description of the battery site; for a gas plant, enter the plant name.

Shipper

Code: Enter the PRA Business Associate Identifier.

Name: Name of the company taking delivery of the volume and delivering it forward.

APMC = Alberta Department of Energy, Alberta Petroleum Marketing Commission

Forecast Volumes

The forecast delivery volume to the Shipper during the indicated delivery month. Express the volume to the nearest 1/10 cubic metre under the following categories:

Crude Oil: The forecast delivery volume of clean marketable crude oil for the indicated delivery month.

Segregated Condensate: The forecast delivery volume of clean marketable segregated condensate for the indicated delivery month. Report only condensate volumes shipped separate from crude oil and designated as condensate in the pipeline.

Total: The sum, by shipper of Crude Oil and Segregated Condensate.

Facility Totals: The total delivery to the receiving Facility indicated in the three categories, above.

Explanation

If the total forecast exceeds the Base Capability Number calculated using the Crude Oil Logistics Committee approved formula, a Crude Oil Logistics Committee Forecast Deviation Code and a full explanation must be provided.

Code Explanation - Main Reason For Change

01	Production Increase - New Well
02	Production Increase - Well Workover
03	Facility Turnaround or Maintenance
04	Revised Delivery Point
05	Road or Weather Conditions
06	Field Tank Inventory - Included
07	Field Tank Inventory - Excluded
08	Shut-in Production
10	Change in Battery Operator
11	Change in Shipper Information
12	Forecast Error
13	Production Increase - Outside Production
14	Operational Problems at Battery
15	Royalty Revision
99	Miscellaneous - Requires Full Explanation

FORM SUBMISSION

FOR ORIGINAL FORECASTING PURPOSES, the completed Forms 'A' must be submitted to the receiving facility operator in accordance with the Crude Oil Logistics Committee's Forecast Reporting Calendar. If computer-generated Forms 'A' are submitted, these forms are to follow the guidelines of this Form 'A' as to content and data order.

TRANSFER FORMS 'A' are to follow the timetable set forth in the Crude Oil Logistics Committee's Forecast Reporting Calendar.

REVISIONS

Revised Forms 'A' that increase supply forecasts can only be REQUESTED, and will be acted upon to the degree that all the Shippers of the battery's oil have the flexibility to act.

Revised Forms 'A' are used for requesting volume increases and for notifying of volume decreases only in cases where a battery delivers through a pipeline-connected battery.

The operator of the pipeline-connected battery is then responsible for submitting a Form 'B' to affected Shippers requesting the increase or notifying of the decrease.

Shippers act on notices of decrease and requests for increase to the degree that all the affected Shippers can act by changing their Notices of Shipment.

Pipeline connected facility operators do not submit Revised Forms 'A' to connected pipelines.

Revised Forms 'A' and Forms 'B' and Revised Forms 'B' may be submitted from the date of EPINC Apportionment until noon of the third last business day of the Delivery month.

PRA = Petroleum Registry of Alberta

A Revised Form 'A' or Revised Form 'B' replaces the previous Form forecast.

<p>COMPLETION OF FORM 'B' - Alberta</p> <p>This form is used to request REVISIONS to volumes of crude oil and condensate that are forecast for delivery to an individual Shipper from each of its operated sources. The operator completes and submits this form indicating:</p> <ul style="list-style-type: none"> - the source location of each delivery; - the destination location for each delivery; and - the forecast delivery volume for the individual Shipper (in gross m³ per month). <p>General</p> <p>To / At: Indicate name of Contact and Company Form 'B' is directed to.</p> <p>Page: Page number and total number of pages submitted.</p> <p>Operator Name: Name of the company submitting the forecast.</p> <p>Operator BA Identifier: The PRA assigned BA identifier for the company submitting the forecast. This MUST be the company that originates the deliveries from the Forecast Location designated "FROM".</p> <p>Address: Complete mailing address, including postal code, of the company submitting the forecast.</p> <p>Contact: Full name of the person to whom queries about the forecast can be directed.</p> <p>Telephone: Complete telephone number, including area code, of the forecasting company's contact.</p> <p>Delivery Month: Year and month in which forecast volumes will be delivered in YYYYMM format.</p> <p>Days in Month: Indicate number of days in the forecast month.</p> <p>Date Submitted: Date forecast or amended forecast is submitted.</p> <p>Revision: Enter check mark in box this is an revised forecast. To the right of the box indicate what revision this forecast represents. (e.g., 1,2,3...)</p> <p>Forecast Locations</p> <p>Indicate the codes for both the facility originating the forecast delivery in the section marked "FROM" and the facility receiving the delivery in the section marked "TO".</p> <p>Custom Treater Facility Identifier: The PRA assigned facility identifier.</p> <p>Truck Terminal Facility Identifier: The PRA assigned facility identifier.</p> <p>PRA = Petroleum Registry of Alberta</p>	<p>Pipeline Facility Identifier: The PRA assigned facility identifier.</p> <p>Operator BA Identifier: The PRA assigned Business Associate identifier.</p> <p>Battery or Plant Facility Identifier: The PRA assigned facility identifier.</p> <p>Possible Transfers</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">FROM</th> <th style="text-align: center;">Cust. Tr.</th> <th style="text-align: center;">Truck Term.</th> <th style="text-align: center;">Pipeline</th> <th style="text-align: center;">Battery or Plant</th> </tr> </thead> <tbody> <tr> <td>Custom Treater</td> <td style="text-align: center;">X</td> <td style="text-align: center;">X</td> <td style="text-align: center;">X</td> <td style="text-align: center;">X</td> </tr> <tr> <td>Truck Terminal</td> <td style="text-align: center;">X</td> <td style="text-align: center;">X</td> <td style="text-align: center;">X</td> <td style="text-align: center;">X</td> </tr> <tr> <td>Pipeline</td> <td style="text-align: center;">X</td> <td style="text-align: center;">X</td> <td style="text-align: center;">X</td> <td style="text-align: center;">X</td> </tr> <tr> <td>Battery or Plant</td> <td style="text-align: center;">X</td> <td style="text-align: center;">X</td> <td style="text-align: center;">X</td> <td style="text-align: center;">X</td> </tr> </tbody> </table> <p>Location Description: For a Custom Treater or truck terminal, enter the facility name; for a pipeline, enter the pipeline name; for a battery, enter the legal description of the battery site; for a gas plant, enter the plant name.</p> <p>Shipper</p> <p>BA Id Enter the PRA assigned Business Associate Identifier.</p> <p>Name: Name of the company taking delivery of the volume and delivering it forward.</p> <p>Forecast Volumes</p> <p>The forecast delivery volume to the Shipper during the indicated delivery month. Express the volume to the nearest 1/10 cubic metre under the following categories:</p> <p>Crude Oil: The forecast delivery volume of clean marketable crude oil for the indicated delivery month.</p> <p>Segregated Condensate: The forecast delivery volume of clean marketable segregated condensate for the indicated delivery month. Report only condensate volumes shipped separate from crude oil and designated as condensate in the pipeline.</p> <p>Total: The sum, by shipper of Crude Oil and Segregated Condensate.</p> <p>Facility Totals: The total delivery to the receiving Facility indicated in the three categories, above.</p> <p>Explanation</p> <p>If the total forecast exceeds the Base Capability Number calculated using the Crude Oil Logistics Committee approved formula, a Crude Oil Logistics Committee Forecast Deviation Code and a full explanation must be provided.</p> <p>APMC = Alberta Department of Energy, Alberta Petroleum Marketing Commission</p>	FROM	Cust. Tr.	Truck Term.	Pipeline	Battery or Plant	Custom Treater	X	X	X	X	Truck Terminal	X	X	X	X	Pipeline	X	X	X	X	Battery or Plant	X	X	X	X	<p>Code</p> <p>Explanation - Main Reason For Change</p> <table style="width: 100%; border-collapse: collapse;"> <tbody> <tr><td>01</td><td>Production Increase - New Well</td></tr> <tr><td>02</td><td>Production Increase - Well Workover</td></tr> <tr><td>03</td><td>Facility Turnaround or Maintenance</td></tr> <tr><td>04</td><td>Revised Delivery Point</td></tr> <tr><td>05</td><td>Road or Weather Conditions</td></tr> <tr><td>06</td><td>Field Tank Inventory - Included</td></tr> <tr><td>07</td><td>Field Tank Inventory - Excluded</td></tr> <tr><td>08</td><td>Shut-in Production</td></tr> <tr><td>10</td><td>Change in Battery Operator</td></tr> <tr><td>11</td><td>Change in Shipper Information</td></tr> <tr><td>12</td><td>Forecast Error</td></tr> <tr><td>13</td><td>Production Increase - Outside Production</td></tr> <tr><td>14</td><td>Operational Problems at Battery</td></tr> <tr><td>15</td><td>Royalty Revision</td></tr> <tr><td>99</td><td>Miscellaneous - Requires Full Explanation</td></tr> </tbody> </table> <p style="text-align: center;">FORM SUBMISSION</p> <p>The Form 'B' is NOT used for original forecast purposes. Rather, the Shipper uses Form 'C' data provided by pipelines and pipeline terminals. Each time a revised Form 'A' is issued, a Form 'B' or Revised Form 'B' must be issued to each affected Shipper. If computer-generated Forms 'B' are submitted, these forms are to follow the guidelines of this Form 'B' as to content and data order.</p> <p style="text-align: center;">REVISIONS</p> <p>Revised Forms 'B' that increase supply forecasts can only be REQUESTED, and will be added upon to the degree that the individual Shipper has the flexibility to act. The individual Shipper may have its ability to act curtailed by the inability of other Shippers shipping out of a specific location to act.</p> <p>Forms 'B' are used by operators of delivery batteries and gas plants, delivering to truck terminals or Custom Treaters when requesting an individual Shipper to revise its original or most recent notice of shipment. It is also used by pipeline-connected batteries for requesting revisions to their original forecast (including revisions submitted to the pipeline-connected battery on a Form 'A' from producing batteries.)</p> <p>The operator of the pipeline-connected battery is responsible for submitting a Form 'B' to affected Shippers requesting an increase or notifying of a decrease based upon information in each Revised Form 'A' issued.</p> <p>Shippers act on notices of decrease and requests for increase to the degree that all the affected Shippers can act by changing their Notices of Shipment.</p> <p>Pipeline connected facility operators do not submit Revised Forms 'A' to connected pipelines.</p> <p>Revised Forms 'A' and Forms 'B' and Revised Forms 'B' may be submitted from the date of EPNC Appointment until noon of the third last business day of the Delivery month. Once a Revised Form 'B' is accepted, it replaces any previous forecast.</p> <p style="text-align: right;">A Revised Form 'A' or Revised Form 'B' replaces the previous Form forecast.</p>	01	Production Increase - New Well	02	Production Increase - Well Workover	03	Facility Turnaround or Maintenance	04	Revised Delivery Point	05	Road or Weather Conditions	06	Field Tank Inventory - Included	07	Field Tank Inventory - Excluded	08	Shut-in Production	10	Change in Battery Operator	11	Change in Shipper Information	12	Forecast Error	13	Production Increase - Outside Production	14	Operational Problems at Battery	15	Royalty Revision	99	Miscellaneous - Requires Full Explanation
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12.5 Notice of Shipment Form (Example)

NOTICE OF SHIPMENT TEMPLATE			Month: <input style="width: 100%;" type="text"/>
From Shipper:	Company Name Code:		
	Contact Name		
	Email:	Phone:	
To Facility:	Company Name Code:		
	Contact Name		
	Email:	Phone:	
Product Type:	<input style="width: 100%;" type="text"/>		
Opening Physical Inventory			M3 <input style="width: 50px;" type="text" value="0.0"/>
<i>Additional rows may be inserted as needed</i>			
Field Receipts (Connected)			
Govt. Code	Facility Name	Facility Legal	
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	0.0
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	0.0
Total Field Receipts			0.0
Terminal Receipts (Trucked)			
Govt. Code	Facility Name	Facility Legal	
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	0.0
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	0.0
Total Terminal Receipts			0.0
Facility Transfers In (Upstream Connected)			
Govt. Code	Facility Name	Facility Legal	
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	0.0
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	0.0
Total Facility Transfers In			0.0
Shipper Transfers In (Purchases)			
Code	Shipper Name	Transfer Point	
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	0.0
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	0.0
Total Shipper Transfers In			0.0
Facility Transfers Out (Downstream Connected)			
Govt. Code	Facility Name	Facility Legal	
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	0.0
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	0.0
Total Facility Transfers Out			0.0
Shipper Transfers Out (Sales)			
Code	Shipper Name	Transfer Point	
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	0.0
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	0.0
Total Shipper Transfers Out			0.0
Closing Physical Inventory			<input style="width: 50px;" type="text" value="0.0"/>
Less Working Stock / Line Fill Requirement			<input style="width: 50px;" type="text" value="0.0"/>
Closing Available Position			<input style="width: 50px;" type="text" value="0.0"/>

12.6 Deviation Codes

(These can be found on the Form A and B)

<u>Code</u>	<u>Explanation - Main Reason For Change</u>
01	Production Increase - New Well
02	Production Increase - Well Workover
03	Facility Turnaround or Maintenance
04	Revised Delivery Point
05	Road or Weather Conditions
06	Field Tank Inventory - Included
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11	Change in Shipper Information
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13	Production Increase - Outside Production
14	Operational Problems at Battery
15	Royalty Revision
99	Miscellaneous - Requires Full Explanation

12.7 Sample Confidentiality Agreement

RECIPROCAL NON-DISCLOSURE AGREEMENT

This Reciprocal Non-Disclosure Agreement (this "Agreement") is made this _____ day of _____, 20____ by and between BKR Ventures Ltd. an Alberta corporation ("BKR") and _____ (the "Company"). BKR and the Company may be referred to herein collectively, as the "Parties" and each individually, as a "Party".

WHEREAS the Company may need to supply certain information to BKR and its subcontractors in order for BKR and its subcontractors to fulfill its duties as the COLC Administrative Manager under the agreement between BKR and the Crude Oil Logistics Committee in respect to nominations, verification and monthly reporting requirements as outlined in the COLC forecasting procedures (the "Business Purpose").

In consideration of the mutual promises and covenants contained in this Agreement, and the mutual disclosure of confidential information to each other, the parties agree as follows:

1. Confidential Information and Confidential Materials

- a. "Confidential Information" means nonpublic information that is provided by or on behalf of one Party to the other Party and which pertains to the exchange of information relating to the evaluation of a possible business opportunity between the Parties (the "Business Purpose"). "Confidential Information" includes, without limitation, information relating to released or unreleased software or hardware products, the marketing or promotion of any product, business policies or practices, trade secrets, and information received from others that either Party is obligated to treat as confidential. Confidential Information disclosed by one Party ("Disclosing Party") to the other Party (the "Receiving Party") by any of Disclosing Party's subsidiaries or representatives is covered by this Agreement.
- b. Confidential Information does not include any information that Receiving Party can prove: (i) is or subsequently becomes publicly available without Receiving Party's breach of any obligation owed to Disclosing Party; (ii) became rightfully known to Receiving Party without an obligation of confidentiality prior to Disclosing Party's disclosure of such information to Receiving Party; (iii) became known to Receiving Party from a source other than Disclosing Party and other than by the breach of an obligation of confidentiality owed to Disclosing Party; or (iv) was independently developed by Receiving Party without use of or reliance on the Confidential Information of the Disclosing Party.
- c. "Confidential Materials" means all tangible materials containing Confidential Information, including without limitation, written or printed documents and computer disks or tapes, whether machine or user readable.
- d. Either party may disclose Confidential Information to its third-party contractors in connection with the Purpose providing the Party delivering such Confidential Information to the third-party contractors has a valid confidentiality agreement in effect with such third-party contractors and such third party contractors are not competitors of the Disclosing Party (each an "authorize representative").
- e. Receiving Party is hereby authorized to use the Disclosing Party's Confidential Information only for the Business Purpose. Disclosing Party may from time to time authorize in writing Receiving Party's use of Disclosing Party's Confidential Information for additional purposes.

2. Restrictions

- a. Receiving Party shall not disclose any Confidential Information to third parties for three (3) years following the date of termination of this Agreement. However, Receiving Party may disclose Confidential Information in accordance with a judicial or other governmental order, provided that Receiving Party gives Disclosing Party notice prior to such disclosure, provided it is lawful to do so, and complies with any applicable protective order.
- b. Receiving Party shall take reasonable security precautions, at least as great as the precautions it takes to protect its own confidential information of a similar nature, to keep the Confidential Information confidential. Receiving Party may disclose Confidential Information or Confidential Materials only to Receiving Party's employees or authorized representatives on a need-to-know basis. Receiving Party will have executed or shall execute appropriate written agreements with its employees and authorized representatives sufficient to enable it to comply with all the provisions of this Agreement.
- c. Confidential Information and Confidential Materials may be disclosed, reproduced, summarized or distributed only in pursuance of the Business Purpose and only as expressly permitted hereunder. Receiving Party agrees to segregate all such Confidential Materials from the confidential materials of others in order to prevent commingling.
- d. Receiving Party shall not engage or participate in or facilitate: (i) use of the Disclosing Party's Confidential Information for the benefit of any third party; (ii) access to or use of the Disclosing Party's Confidential Information by any third party other than as authorized in this Agreement; (iii) making of any modifications to or any other works based on or otherwise derived from, or developed with reference to the trade secrets reflected in, the Disclosing Party's Confidential Information, which if made, shall be the property and Confidential Information of Disclosing Party and Receiving Party hereby assigns all rights in such works to Disclosing Party; (iv) removal of any copyright notices from the Disclosing Party's Confidential Information; (v) sale, assignment, transfer, or licensing of the Disclosing Party's Confidential Information; or (vi) exporting of any Confidential Information of Disclosing Party in contravention of any applicable law, order or regulation. The Receiving Party is authorized to copy Confidential Information on a limited basis and only as may be necessary for use by authorized individuals in connection with the Business Purpose unless the Confidential Information is specifically designated by the Disclosing Party in writing that it shall not be copied.
- e. Receiving Party shall retain all Confidential Information for a period of one (1) year from the date of receipt of the Confidential Information and shall destroy or delete such Confidential Information at that time unless required to do so earlier under other terms of this Agreement.

3. Rights and Remedies

- a. Receiving Party shall notify Disclosing Party immediately upon discovery of any unauthorized use or disclosure of Confidential Information and/or Confidential Materials, or any other breach of this Agreement by Receiving Party and will cooperate with Disclosing Party in every reasonable way to help Disclosing Party regain possession of the Confidential Information and/or Confidential Materials and prevent its further unauthorized use.
- b. Receiving Party shall return all originals, copies, reproductions and summaries of Confidential Information or Confidential Materials at Disclosing Party's request, or at Disclosing Party's option, destroy all such Confidential Information and Confidential Materials and certify such destruction to Disclosing Party.

- c. Receiving Party acknowledges that monetary damages may not be a sufficient remedy for unauthorized disclosure of Confidential Information and that Disclosing Party shall be entitled, without waiving any other rights or remedies, to such injunctive or equitable relief as may be deemed proper by a court of competent jurisdiction.
- d. Disclosing Party may visit Receiving Party's premises, with reasonable prior notice and during normal business hours, to review Receiving Party's compliance with the terms of this Agreement.
- e. A Party in breach of this Agreement shall be liable for all reasonable costs (including court costs and attorneys' fees), expenses, and fees incurred by the non-breaching Party to the extent that such non-breaching Party is the prevailing Party in any dispute or action arising out such breach of this Agreement. The statement of any remedy in this Agreement shall not preclude the Disclosing Party from pursuing any other remedy available at law or in equity. Receiving Party shall provide Disclosing Party full and complete assistance in reducing the impact of any breach of this Agreement by Receiving Party.

4. Ownership

All right, title, and interest in and to Confidential Information and Confidential Materials of Disclosing Party are and shall remain the property of Disclosing Party. By disclosing information to Receiving Party, Disclosing Party does not grant any express or implied right to Receiving Party to or under Disclosing Party's patents, copyrights, trademarks, trade secrets or other proprietary rights.

5. Termination

This Agreement may be terminated by either Party upon written notice to the other Party, such notice to be effective upon its receipt by the other Party; provided that with respect to any Confidential Information of Disclosing Party, the obligations under this Agreement shall remain in effect so long as the information constitutes Confidential Information.

6. Miscellaneous

- a. ALL CONFIDENTIAL INFORMATION AND CONFIDENTIAL MATERIALS PROVIDED UNDER THIS AGREEMENT ARE PROVIDED "AS-IS" WITHOUT WARRANTY OF ANY KIND, INCLUDING, BUT NOT LIMITED TO, ANY EXPRESS OR IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. In no event shall Disclosing Party be liable for any damages whatsoever related to Receiving Party's authorized use of Confidential Information or Confidential Materials.
- b. Both Parties acknowledge that they and their authorized representatives are aware that the United States securities laws prohibit any person from purchasing or selling securities based on material nonpublic information, or from communicating such information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell securities.
- c. Both Parties certify that no portion of the Confidential Information or Confidential Materials will be exported or transferred, whether directly or indirectly, to anyone outside the United States without first complying strictly and fully with all export controls that may be imposed on the Confidential Information or Confidential Materials by the United States government or

any country or organization of nations within whose jurisdiction either Party operates or does business.

- d. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof. It shall not be modified except by a written agreement dated subsequent to the date of this Agreement and signed by both Parties. None of the provisions of this Agreement shall be deemed to have been waived by any act or acquiescence on the part of Disclosing Party, its agents, or employees, but only by an instrument in writing signed by an authorized officer of Disclosing Party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision or of the same provision on another occasion.
- e. This Agreement shall be governed under the laws of the Province of Alberta.
- f. Subject to the limitations set forth in this Agreement, this Agreement will inure to the benefit of and be binding upon the Parties, their successors and permitted assigns.
- g. If any provision of this Agreement is found by a court of competent jurisdiction to be illegal, invalid or unenforceable, the remaining provisions shall remain in full force and effect.
- h. Neither Party may assign its rights or obligations under this Agreement without the prior written consent of the other Party, except if the assigning Party gives notice in writing to the other Party, such assigning Party may (without obtaining the other Party's prior written consent) assign its rights and obligations under this Agreement to (i) an affiliate, provided such affiliate is not a competitor of the non-assigning Party; and/or (ii) a successor pursuant to a merger, consolidation or sale of all or substantially all of assigning Party's stock or assets, or all or a substantial portion of the business of such Party; provided that such successor is not a competitor of the non-assigning Party. Any such assignment shall not relieve the assigning Party of its obligations to protect the other Party's Confidential Information under this Agreement and the assignee shall agree, in writing, to be bound by the terms and conditions of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

Per: _____
[Company]

Per: _____
BKR Ventures Ltd.

Name _____

Name: Richard Weston

Title _____

Title: President

Date _____

Date _____