

## Schedule-CAL-DERS-19(a)(i)

### **Special Provisions (“Special Provisions”) attached to and forming a part of that certain GasEDI Base Contract for Short-Term Sale and Purchase of Natural Gas dated August 1, 2003 (the “Base Contract”) between Direct Energy Marketing Limited and Paramount Resources Ltd.**

Capitalized terms used in these Special Provisions shall have the meanings ascribed to them in the Base Contract. Sections referenced in these Special Provisions refer to a Section of the General Terms and Conditions of the Base Contract, unless specified otherwise.

#### **Section 1 – Purpose and Procedures**

Amend Section 1.2.d by (1) inserting “as modified by the Special Provisions” following “Contract” in the second line, and (2) adding the following sentences at the end of the Section: “All Gas transactions are entered into in reliance on the fact that the Contract, each and all Gas transactions hereunder, and each and all Transaction Confirmations together constitute a single agreement between the parties. All Gas transactions in effect on the date hereof, and all Gas transactions entered into between the parties on or after the date hereof, shall be governed by the Agreement.”

#### **Section 2 - Definitions**

Delete the word “or” in front of (v) in the definition of “Event of Default” and add the following to the end of the definition after the word “thereof”: “; (vi) a party becomes subject to any proceeding for liquidation, reorganization, or winding up (whether initiated by such party or another person) or (vii) a party has a receiver, provisional liquidator, conservator, custodian, trustee or other similar official appointed with respect to it or substantially all of its assets. “

#### **Section 3 - Performance Obligation**

Insert the following additional sentence as Section 3.3:

“In addition to the above, the Non-Performing Party shall reimburse the Performing Party for all reasonable transportation costs and/or penalties incurred as a result of the Non-Performance.”

#### **Section 7 – Billing**

Add to the beginning of Section 7.1 the words, “On or before the 15<sup>th</sup> day of each Month”.

Add to the end of the first sentence of Section 7.2 the words “if the Payment Date falls on a Sunday, or a statutory holiday that is a Monday, and on the immediately preceding Business Day if the Payment Date falls on a Saturday or a statutory holiday that is not on a Monday.”

Amend Section 7.2 by inserting “Except as set forth in Section 7.7,” at the beginning thereof.

#### **Section 8 - Title, Warranty and Indemnity**

8. Amend Section 8.2 by (1) inserting “(i)” after “that” in the first line, and (2) adding the following phrase at the end of the Section: “, and (ii) its sale to Buyer is in compliance with all applicable laws and regulations”.

#### **Section 10 – Financial Responsibility, Defaults and Remedies**

Amend Section 10.2 by inserting “, by operation of law or otherwise” after “hereunder” in the second line.

In Section 10.3 add to the end of item (ii) the following words, “provided however, if the Defaulting Party is the subject of a bankruptcy, insolvency, or similar proceeding, all outstanding Transactions shall automatically

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terminate, without Notice, right to cure, or other action by the parties as if an Early Termination Date had occurred immediately prior to such event.”

Insert the following sentence at the end of Section 10.3:

“The failure to give such Notice contemplated herein shall not affect the validity or enforceability of the liquidation or give rise to any claim by the Defaulting Party against the Non-Defaulting Party.”

In line 1 of Section 10.4 after the words “may net” insert “or aggregate, as the case may be,”.

At the end of Section 10.4 insert the following two sentences:

For the purpose of this Section and notwithstanding Section 13.9, any amount may be converted by the Non-Defaulting Party into the currency in which another amount is denominated at the rate of exchange at which such party would be able, acting in a reasonable manner and in good faith, to purchase the relevant amount of such currency. If an obligation is unascertained, the Non-Defaulting Party may in good faith estimate the obligation and set-off in respect of the estimate, subject to the Non-Defaulting Party accounting to the other party when the obligation is ascertained.”

Insert the following sentence at the end of Section 10.6:

“The Non-Defaulting Party’s rights under the Agreement are in addition to and not in limitation or exclusion of any other rights the Non-Defaulting Party may have (whether by contract, operation of law or otherwise).”

At the end of Section 10 insert the following clause as Section 10.7:

“With respect to any creditors’ protection or bankruptcy proceedings in Canada, the parties acknowledge that the Contract, all Transactions under the Contract, each and together constitute an “eligible financial contract” under and in all proceedings related to the Companies’ Creditors Arrangement Act (Canada), as amended, restated, replaced or re-enacted from time to time and will be treated similarly under and in all proceedings related to any bankruptcy, insolvency or similar law (regardless of the jurisdiction of application or competence of such law) or any ruling, order, directive or pronouncement made pursuant thereto, including, but not limited to, the Bankruptcy and Insolvency Act (Canada), as amended, restated, replaced or re-enacted from time to time.”

### **Section 11 – Force Majeure**

Delete Section 11 – Force Majeure in its entirety and replace it with the following clause:

11.1 This Section 11 is the sole and exclusive excuse for non-performance permitted under the Contract, and all other excuses at law or in equity are waived. Except with regard to payment obligations, neither party shall be liable to the other, in the event either party is rendered unable, wholly or in part, by Force Majeure to carry out its obligations under the Contract and it is agreed that upon such party’s giving Notice and full particulars of such Force Majeure to the other party as soon as reasonably possible, such Notice to be confirmed in writing, the obligations of the party giving such Notice, to the extent that they are affected by such Force Majeure, shall be suspended, from its inception of and during the continuance of the Force Majeure for a period of 90 Days, in the aggregate, during any 12-Month period, but for no longer period. After the 90<sup>th</sup> Day, an Event of Default shall be deemed to have occurred for purposes of Section 10, with the party claiming Force Majeure as the Defaulting Party. The party claiming Force Majeure shall not be excused from its responsibility for Imbalance Charges.

11.2 If the Delivery Point is NIT this Section 11.2 shall apply. “Force Majeure” means only an interruption, curtailment or prorating by NOVA Gas Transmission Ltd. (“NOVA”) of Firm NIT service, which affects all NOVA shippers who had nominated for Firm deliveries or receipts to take place by NIT on that Day. On any Day or any portion of a Day that there is a Force Majeure and either party provides Notice of the

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Force Majeure to the other, Seller shall deliver to Buyer, and Buyer shall receive from Seller, that percentage of the Contract Quantity which is equal to the percentage amount of Gas which according to NOVA had been nominated by all NOVA shippers for NIT and which NOVA is not interrupting, curtailing or prorating on the Day or that portion of a Day without regard to price.

11.3 If the Delivery Point is other than NIT, this Section 11.3 shall apply. "Force Majeure" means only interruptions or curtailment of Firm service at the Delivery Point(s) by Seller's Transporter or Buyer's Transporter, regardless of whether Buyer's Transporter or Seller's Transporter is declaring any event of Force Majeure, to the extent such failure or curtailment causes a party to be unable to perform its obligations hereunder so long as such failure is not caused by and is beyond the reasonable control of the affected party. On any Day that Force Majeure applies, both parties' obligations to deliver and receive Gas shall be reduced by the same percentage that Buyer's Transporter or Seller's Transporter interrupts or curtails Firm service at the Delivery Point(s) on such Day without regard to price.

11.4 An event of Force Majeure does not include:

(i) a lack of financial resources or available funds or similar financial predicament (including without limitation any financial predicament because of the price of Gas);

(ii) either party's operational or transportation balancing requirements on pipelines;

(iii) any unanticipated increase in Seller's cost of Gas, inability of Seller to perform its obligations at a profit or any increase in the market price of Gas;

(iv) Buyer's loss of markets, Buyer's inability to economically use Gas purchased under the Contract or any decrease in the market price of Gas;

(v) the curtailment of interruptible transportation;

(vi) regulatory disallowance of the pass-through of the costs of Gas;

(vii) increases or decreases in Gas supplied due to allocation or reallocation of production by well operators, pipelines or other parties;

(viii) failure of a supplier or purchaser to perform, for reasons other than set forth in Section 11.2; and

(ix) a negligent act or omission, breach of contract, violation of law, violation of the terms of a regulatory approval, or similar wrongful act or omission on the part of the party claiming Force Majeure was the proximate cause of the Force Majeure.

11.5 The party claiming Force Majeure will not be relieved of its obligations hereunder if an event, the occurrence or subsistence of which is due to a negligent act or omission, breach of contract, violation of law, violation of the terms of a regulatory approval, or similar wrongful act or omission on the part of the party seeking to claim such event as an event of Force Majeure, was the proximate cause of the Force Majeure or if said party fails to promptly take reasonable steps to remedy the situation and to remove or overcome the cause of the event with due diligence and commercially reasonable dispatch.

11.6 Force Majeure shall not extend the term of any Transaction, or require the parties to make up any quantity of Gas they would otherwise have been obligated to sell and purchase during any period Force Majeure was validly claimed. If Seller is unable to meet its obligations to deliver Gas to all its Firm customers during a Delivery Period, Seller shall allocate its Gas supply ratably among all of its Firm customers to the maximum extent feasible.

11.7 Notwithstanding anything to the contrary herein, the parties agree that the settlement of strikes, lockouts or other industrial disturbances shall be entirely within the sole discretion of the party experiencing such disturbance.

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### Section 13 – Miscellaneous

Amend Section 13.1 by inserting “of equal or greater creditworthiness” after “affiliate” in the fifth line.

Remove the last word in Section 13.1 and replace it with the following text:

“which occur prior to the effective date of the assignment.”

Add to the end of Section 13.5 the words, “and the parties submit exclusively to the courts of the jurisdiction specified by the parties in the Base Contract to determine such matters.”

Insert new Section 13.11 as follows: “The parties agree that they will maintain the Contract and all parts and contents hereof, or any information exchanged under the Contract, in strict confidence, and that the parties will not cause or permit disclosure of the contents hereof, or any information exchanged hereby, to any nonaffiliated third party without the prior written consent of the other party hereto; provided however, that disclosure by either party is permitted (a) to such party’s legal and financial consultants; (b) if and to the extent it is required by a court or agency exercising jurisdiction over the subject matter hereof; (c) to such party’s permitted successor or assign hereunder; and (d) to the extent necessary to obtain transportation of the Gas purchased and sold hereunder.”

Insert new Section 13.12 as follows: If the Base Contract specifies Alberta as the Choice of Jurisdiction, then the parties agree that the two (2) year period for seeking a remedial order under Section 3(1)(a) of the *Limitations Act*, RSA 2000 c. L-12, as amended, for any claim (as defined in that Act) arising in connection with the Contract is extended to:

- (i) for claims disclosed by an audit, two (2) years after the last day the Contract permits that audit to be performed; or
- (ii) for all other claims, four years.

### DIRECT ENERGY MARKETING LIMITED

Per: \_\_\_\_\_  
Name and Title

Per: \_\_\_\_\_  
Name and Title

### PARAMOUNT RESOURCES LTD.

Per: \_\_\_\_\_  
Name and Title