

## SCHEDULE 4

### AGREEMENT TO MARKET CROWN ROYALTY BITUMEN

## DISPUTE RESOLUTION PROCEDURE

### 1. GENERAL

#### 1.1 Capitalized Terms

Capitalized terms used in this Schedule have the definitions as set out in the Agreement to Market Crown Royalty Bitumen (the “**Marketing Agreement**”) entered into between Alberta Petroleum Marketing Commission and North West Redwater Partnership.

#### 1.2 Marketing Agreement Reference

This Schedule is referenced in Sections 1.1, 1.3, 8.4 and 11 of the Marketing Agreement.

#### 1.3 Definitions

In this Schedule, the following expressions have the following meanings:

“**Chair**” has the meaning provided that term in section 2.3 of this Schedule;

“**Court**” means a court of law of competent jurisdiction;

“**Dispute**” means any disagreement, failure to agree or other dispute in respect of the application or interpretation of any provision of the Marketing Agreement;

“**Dispute Notice**” means a notice from one Party to the other providing details of a Dispute and invoking the Dispute Resolution Procedure in respect of that Dispute;

“**Initiating Party**” has the meaning provided that term in section 2.3 of this Schedule;

“**Responding Party**” has the meaning provided that term in section 2.3 of this Schedule;  
and

“**Settlement Meeting**” has the meaning provided that term in section 2.2 of this Schedule.

### 2. DISPUTES

#### 2.1 Dispute Resolution

Except as set out in the Marketing Agreement or any other Schedule thereto, any Dispute will be resolved in accordance with the Dispute Resolution Procedure set out in this

Schedule, which procedure shall be followed in the order set out below unless both Parties agree otherwise in writing:

- (a) unless expressly provided otherwise in this Schedule or the Marketing Agreement, the Dispute Resolution Procedure shall be started by delivery of a Dispute Notice by one Party to the other;
- (b) the Parties shall attempt to resolve the Dispute by a Settlement Meeting under section 2.2 of this Schedule; and
- (c) if the Settlement Meeting does not result in resolution of the Dispute, either Party may refer the Dispute to arbitration under section 2.3 of this Schedule.

## **2.2 Settlement Meeting**

In the event of a Dispute which is not resolved in the normal course of business, either Party may deliver a Dispute Notice to the other Party. Within five Business Days from the delivery of the Dispute Notice, senior officials designated by APMC and the Marketing Agent will meet at a mutually acceptable time and place to attempt to resolve the Dispute (a “**Settlement Meeting**”). The Parties through their representatives will make all reasonable efforts to resolve the Dispute. If the Dispute is not resolved through the Settlement Meeting within 10 Business Days from delivery of the Dispute Notice, or such longer period as the Parties agree, then either Party may refer the Dispute to arbitration in accordance with section 2.3 of this Schedule.

At any time prior to referral of the Dispute to arbitration, either Party may propose that a mediator be retained to participate in the Settlement Meeting and assist in resolving the Dispute. Neither Party shall be obliged to accept the participation of a particular, or any, mediator. Upon notice either Party may terminate a mediator’s further participation in the Settlement Meeting. If a mediator’s participation is terminated at a time after 10 Business Days from delivery of the Dispute Notice then either Party may refer the Dispute to arbitration in accordance with section 2.3 of this Schedule. A mediator’s fees, disbursements and other costs, as agreed between the Parties and the mediator, will be shared equally by APMC and the Marketing Agent.

All negotiations held pursuant to this section 2.2 of this Schedule are to be held on a without prejudice basis and will not be used by either Party as evidence at any other proceeding. A mediator who has participated in a Settlement Meeting may not be retained by either Party in respect of the matter and may not be called by either Party to give evidence with respect to the Dispute in any other proceeding.

## **2.3 Arbitration**

A Dispute referred to arbitration shall be decided by a single arbitrator or, if the Parties cannot agree upon the selection of a single arbitrator as further described in this section 2.3 of this Schedule, the majority decision of a panel comprised of three arbitrators

(remaining collectively, and for the purposes of this Schedule 4, the “arbitrator”). The *Arbitration Act* (Alberta) shall apply to all arbitration proceedings except to the extent it is modified or supplanted by the express terms of this Dispute Resolution Procedure. Unless otherwise agreed to by the Parties, the seat of the arbitration shall be the City of Edmonton, Alberta.

Arbitration proceedings shall be commenced by the Party desiring arbitration (the “**Initiating Party**”) giving notice to the other Party entitled to participate in the arbitration proceedings (the “**Responding Party**”) specifying the matter to be arbitrated and submitting the names of three potential arbitrators that would be acceptable to the Initiating Party. Within 10 Business Days of receipt of such notice, the Responding Party shall either select one of the three potential arbitrators or submit the names of three potential arbitrators that would be acceptable to the Responding Party. The Parties will use their best efforts to select an arbitrator who is qualified by a profession or occupation and who has experience relevant to the Dispute over which it will preside.

If the Parties are not able to agree upon a single arbitrator within 15 Business Days of receipt of the notice to arbitrate issued by the Initiating Party through the above or any other process or mechanism agreed to by the Parties, then the Dispute shall instead be decided by a panel comprised of three arbitrators. Each of the Parties may individually appoint one arbitrator to the three arbitrator panel to decide the Dispute. The arbitrators individually appointed by the Parties shall, among themselves and within 10 Business Days of the appointment of the last such arbitrator, agree upon the appointment of a third arbitrator to serve as chair (the “**Chair**”), failing which the Chair shall, upon the application of either Party and on notice to the other, be appointed by the Court.

The arbitrator will have the authority to award any remedy or relief that a judge of a court of competent jurisdiction within the Province of Alberta could order or grant in accordance with the Marketing Agreement.

Subject to the foregoing, the arbitrator may fix the date, time and place of meetings and hearings in the arbitration and will give all Parties adequate notice of same. All meetings and hearings will be in private unless the Parties agree otherwise and the Parties are entitled to be represented at any meetings or hearings by legal counsel. Either Party may examine and re-examine all its own witnesses at the arbitration and may cross-examine all of the other Party’s witnesses.

The arbitration will be conducted in a confidential manner and the existence of the proceeding, information disclosed in the course of the proceeding and any element of it (including, but not limited to, any pleadings, briefs or other documents submitted and exchanged, and testimony or other oral submission and any awards) shall be Confidential Information and subject to the disclosure restrictions set out in the Marketing Agreement.

The arbitrator will make and send a decision in writing not later than 15 Business Days after the conclusion of the hearing and, unless the Parties agree otherwise, will set out reasons for the decision. Costs will be awarded in accordance with the *Arbitration Act*

(Alberta) unless the Parties have previously agreed on the basis for the apportionment of costs.

The decision of the arbitrator will be final and binding on the Parties and subject only to judicial review or an appeal in accordance with the provisions of the *Arbitration Act* (Alberta).

#### **2.4 Strict Compliance with Time Limits**

The Parties agree that timely resolution of any Dispute is mutually beneficial and, in order to achieve timely resolution, the time limits as set out in this Schedule shall be strictly enforced.

#### **2.5 Performance of Obligations**

Notwithstanding the existence of any Dispute, APMC and the Marketing Agent will, to the extent not precluded by the matter in Dispute, continue with the performance of their respective obligations under the Marketing Agreement without prejudice to the right to contest, dispute and challenge the relevant matter in accordance with the provisions of the Marketing Agreement.