

**CONTRACTUAL RESOLUTION OF DISPUTE BETWEEN THE NORTH
VALLEY WATER DISTRICT AND ENBRIDGE PIPELINES (SOUTHERN
LIGHTS, LLC), ENBRIDGE ENERGY, LIMITED PARTNERSHIP**

I.

Parties

1. North Valley Water District hereinafter referred to as NVWD whose principal offices are located at Cavalier, North Dakota, 13532 Highway 5 hereinafter referred to as NVWD.
2. Enbridge Pipelines (Southern Lights, LLC) and Enbridge Energy, Limited Partnership hereinafter re Enbridge whose principal offices are located at 1010 Louisiana; Suite 3300, Houston, Texas 77002 hereinafter referred to as Enbridge.

II.

Key Issues Underlying this Agreement

1. There are nine (9) locations in Pembina County, North Dakota where NVWD's water lines cross with existing and proposed Enbridge pipelines.
2. Each water line location is deemed to be at or above the depth of the proposed 20" and 36" pipe depths in which Enbridge will install new pipelines.
3. NVWD has alleged that if no action is taken for water line relocation prior to construction of both proposed pipelines, there is a very likely chance that the lines will be impacted during construction, which will entail operational issues for NVW, customer reliability problems, as well as potential construction issues for Enbridge which could impact its construction schedule in connection with the LSR, Southern Lights and Alberta Clipper Projects.
4. NVWD, through its representative, Gordon Johnson, appeared at the North Dakota Public Service Commission on October 2, 2007 and asserted a formal objection and complaint to Enbridge's proposed construction of two additional pipelines for the reasons stated above.
5. Enbridge desires to work with NVWD to informally resolve the stated issues which is the purpose of this Resolution/Agreement.

III.

Contractual Consideration

As consideration for the NVWD withdrawing all complaints and objections to the North Dakota Public Service Commission in connection with Enbridge's Application for Corridor Certificate and Route Permit for a Crude Oil Pipeline, Enbridge has agreed to the following terms and conditions as set forth immediately below in paragraph IV. Terms and Conditions.

IV.

Terms and Conditions

1. Enbridge agrees to work with North Valley Water District to assess the potential impacts, if any, on each of NVWD's nine (9) relevant water lines. If the construction of the proposed Enbridge pipeline will impact the water services offered by NVWD, Enbridge will work with NVWD to reach a solution to avoid and/or minimize the impact. Enbridge will move and/or replace, if necessary, water lines utilizing one of the following installation methods depending on all the facts and circumstances associated with the particular water line: HDD, bore, open cut, lowering in place, or any other reasonable method of installing water lines that will allow for safe operating and construction conditions at each of the 9 foreign crossing locations in the state of North Dakota.
2. Water lines will be replaced and/or relocated on a like kind basis.
3. Enbridge and NVWD will assess each line and each location on a 'case by case' basis in order to determine the appropriate action to be taken, if any, by Enbridge. What is meant by this is that each that each NVWD water line may after inspection require a different construction method which will be utilized to relocate the water line. A variety of facts and circumstances could influence the construction/installation method chosen for each line. Factors that will be considered include but are not limited to, length, etc., based upon existing and proposed asset locations for both entities, i.e. depths, as well as the geographic and geotechnical soil conditions.
4. Each of the 9 foreign crossing locations will be surveyed for depth of cover/installation, if applicable. Line separation surveys, which have already been completed, along with detailed design drawings will aid in determining the appropriate mitigative action. In addition, it is agreed that the proposed pipelines will be installed at a depth that is in compliance with all state, federal, and permit regulations as stated below.
5. Enbridge will only agree to installation methods, lengths, and depths of the new water lines in each location that are required to avoid potential operational impact from the

construction of the proposed 20" pipeline and the construction of the proposed 36" pipeline on the existing water lines as currently situated and located. For example: If the width of potential impact by both proposed projects (20" and 36") is 75 total feet, then the water lines will be installed to meet the 75' width or as closely thereto as possible. The width or length of installation for a new water main/service will also address future operational issues that may arise between both parties, which may or may not lengthen the separation distance between all facilities in collocation. In addition, sufficient vertical separation between both facilities must be adhered to, and NVWD would proposed a 5 foot separation in areas that are relocated.

6. Once each location is assessed and detailed engineering design is available,, representatives from both Enbridge and NVWD will meet and discuss the applicable method of installation and all the material terms and conditions including but not limited to type of pipe, length of line, start date of construction, installation method, etc. associated with the specific site. If the depth of the existing water lines is such that Enbridge's proposed construction will not encounter the water lines, NO action will be taken by Enbridge in connection with that line.
7. Independent of the installation method and length of each proposed water line, NVWD will install tracer wire on any new water line installed, which will aid in future maintenance and locating for both entities.
9. If applicable, the diameter of pipe will be replaced on a 'kind for kind' basis. (i.e. Replacement of 2" HDPE will be made with 2" HDPE.)
10. Note that though the Contractor will be working for and contracted to NVWD, the Contractor must name Enbridge as an additional insured on its liability and pollution policies. Further, the contractor must execute a hold harmless and indemnity agreement with Enbridge in connection with the work performed and/or any third party damage or injury directly or indirectly caused by the contractor or as a result of the contractor's activities.
11. NVWD has obtained rate sheets for directional drilling costs and Enbridge representatives have reviewed and agreed that if a directional drill is needed for a relocation method the amount will be paid at a rate of \$15/foot and it includes all materials/consumables, etc. This rate was expressed in a recent letter to Enbridge, dated, October 22, 2007, from NVWD and is representative of industry pricing. This rate is firm and will not change due to any reason. Please see attached letter for reference. On the cost per foot rate.
12. NVWD will provide sufficient notice to applicable Enbridge operational personnel prior to commencing work, such that existing lines can be located, and so that proposed future lines can be surveyed in.
13. Enbridge will pay NVWD, directly, for the cost per foot multiplied by the design footage in the bid document for each designed crossing. Example: Cost per foot price

= \$15.00 / foot (2" P.E.). Design length = 200 ft. Total Cost = \$3,000. This total payment will be made before the commencement of said work on the at each of the locations. There will be no change orders considered or additional sums paid by Enbridge in connection with the work.

14. NVWD agrees to complete all necessary and agreed upon relocation work as soon as weather permits in the early Spring of 2008, and more importantly, prior to Enbridge's planned pipeline construction.
15. Contractor will name Enbridge as an additional insured on its liability insurance policy in amounts to be forth in the bid package and the service agreement between NVWD and the chosen contractor.
16. NVWD also agrees that it will indemnify, hold harmless and defend Enbridge, its officers, employees, agents and affiliated entities against and from any claim, suit, liability, loss or grossly negligent act or other wrongful performance of services, whether such claim is based in contract, tort or strict liability or any other legal theory of liability arising from NVWD's actions or conduct and/or Contractor's actions or conduct. NVWD and Contractor shall also be liable to Enbridge for all types and categories of damages including but not limited to direct, actual, indirect and consequential damages such as loss of use and loss of profit as well as penalties, fines, administrative law actions and orders. Further, NVWD must require the Contractor chosen to perform the work to enter into an indemnity and hold harmless agreement as to Enbridge that is as stringent or more stringent than the terms set forth herein.
17. It is understood that Enbridge makes NO warranties in connection with the work performed by any contractor that is awarded the work which is the subject of this Memorandum of Understanding. NVWD understands and agrees that the Contractor who performs the work described herein is solely responsible for nature and quality of the work performed.
18. All disputes arising in connection with this agreement including but not limited to matters of performance, non-performance, breach, remedies, procedures, rights, duties, and interpretation or construction, shall be construed and governed by the laws of the State of Texas and parties hereto agree that the proper jurisdiction and venue of any claims, cause of action or litigation arising out of this Contract shall be within a Harris County, State District Court within the State of Texas.
19. Mediation - All parties agree that prior to litigation being commenced they will consent to a good faith mediation of any and all matters in dispute. The location of the mediation shall be in Houston, Harris County, Texas and the mediator shall be agreed upon by both parties.

The following individuals have read this agreement in its entirety and agree with and to all representations, statements, terms and conditions stated herein and are authorized to legally bind their respective companies to all terms, conditions, obligations and representations made herein.

EXECUTED THIS 7 DAY OF DEC, 2007.

Joel W Kanvik 12/7/07
NAME DATE

ASSISTANT SECRETARY
JOB TITLE

JOEL W. KANVIK
ENBRIDGE PIPELINES (SOUTHERN LIGHTS),
LLC AND ENBRIDGE ENERGY LIMITED PARTNERS

Gordon L Johnson 12/6/07
NAME DATE

General Manager
JOB TITLE

North Valley Water District
COMPANY NAME