

Order No. 2005
Compliance Procedures
and Standards of Conduct

April 27, 2011

	Order No. 2005 Compliance Procedures and Standards of Conduct	April 27, 2011
		Page 2 of 9

1. COMPLIANCE PROCEDURES AND STANDARDS OF CONDUCT

The Alaska Pipeline Project (“APP”) has established these compliance procedures and standards of conduct (“Compliance Procedures”) to ensure compliance with the Federal Energy Regulatory Commission’s (“Commission”) Regulations Governing the Conduct of Open Seasons for Alaska Natural Gas Transportation Projects issued under Order No. 2005, Order No. 2005-A and Order No. 2005-B (“Order 2005”). These Compliance Procedures were implemented beginning in May, 2009 and have been revised in accordance with the Commission’s Order Approving Plan For Conducting An Open Season issued on March 31, 2010.

The APP is a joint undertaking by affiliates of Exxon Mobil Corporation and TransCanada Corporation to progress the development of a new transportation system for the treating and shipping of natural gas from Alaska’s North Slope to North American markets or global LNG markets. The APP application for a certificate of public convenience and necessity will be filed by TransCanada Alaska Company, LLC. (“TC Alaska”), the holder of the license issued by the State of Alaska under the Alaska Gasline Inducement Act. An integrated ExxonMobil and TransCanada project team has been formed to advance the APP, to conduct an open season on behalf of TC Alaska and to support the TC Alaska certificate application.

The Alaska natural gas transportation system being progressed by the APP will be subject to regulation in both the United States and Canada. These Compliance Procedures are applicable to the conduct of any open season by the APP that is subject to U.S. regulation and is within the Commission’s jurisdiction.

1.1 Commitment To Compliance With Order 2005

An important objective of Order 2005 is to provide prospective shippers a fair and open process for obtaining capacity on an Alaska natural gas transportation system. The regulations adopted in Order 2005 require that all binding open seasons be conducted without undue discrimination or preference and that all capacity offered during any open season be awarded without undue discrimination or preference. The regulations also require that a project applicant conducting an open season function independent of the other divisions of the project applicant as well as the project applicant’s “affiliates” performing a “marketing function” as those terms are defined in §358.3(a) and (c) of the Commission’s regulations (except that the exemption in §358.3(c)(2)(iii) shall not apply) and furthermore that the applicant comply with certain specified Standards of Conduct adopted by the Commission in Order No. 717 and its progeny. The regulations and the specified Standards of Conduct are intended to prevent an affiliate of a project applicant from having an advantage over non-affiliates in obtaining capacity on an Alaska natural gas transportation system and to ensure that there is a level playing-field during the open season(s).

ExxonMobil and TransCanada are working together to ensure that the APP complies with the applicable regulations. This includes collaborating to ensure that (i) all open seasons are conducted without undue discrimination or preference of any kind; (ii) the APP remains

ALASKA PipelineProject	Order No. 2005 Compliance Procedures and Standards of Conduct	April 27, 2011
		Page 3 of 9

functionally independent; (iii) the appropriate employees are trained; and (iv) adequate record-keeping systems are operational and maintained.

1.2 Compliance With Non-Discrimination Requirements

Order 2005 requires that all binding open seasons be conducted without undue discrimination or preference in the rates, terms or conditions of service and all capacity offered during any open season be awarded without undue discrimination or preference.

The APP has adopted the following standards of conduct to comply with the non-discrimination requirements of Order 2005.

- The APP will not, through its methodology for awarding capacity, give undue preference to any potential shipper, whether affiliated or not affiliated with the project sponsors, in matters relating to the sale or purchase of services (including, but not limited to, issues of price, curtailments, scheduling, priority, ancillary services, or balancing) offered during any open season.
- The APP will process all similar open season requests for service in the same manner and within the same period of time.
- During an open season, all information that the APP has in its possession pertaining to the proposed service to be offered, projected pipeline capacity and design, proposed tariff provisions, and cost projections, or that the APP has made available to, or obtained from, any potential shipper, including any affiliates of the project sponsors and any shippers with pre-subscribed capacity, prior to the issuance of the public notice of open season will be made available to all potential shippers via a data room.

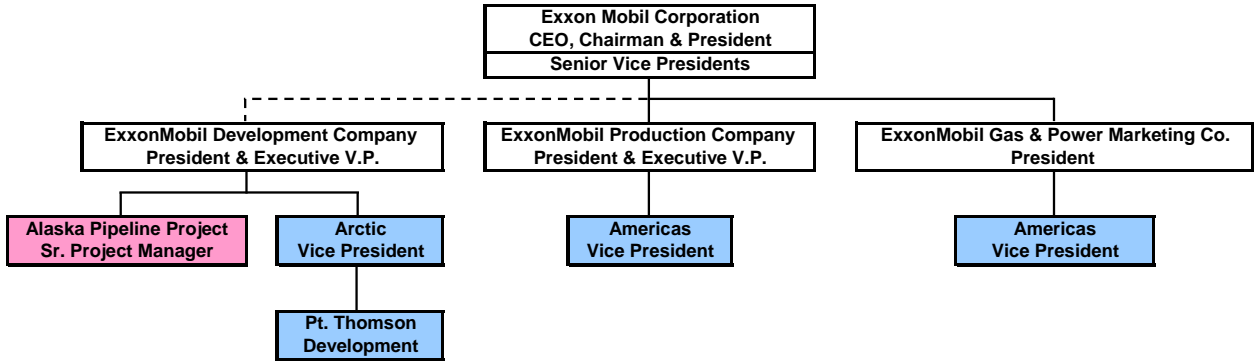
1.3 ExxonMobil Compliance with Independent Functioning Requirements

Order 2005 requires that each prospective applicant create or designate a unit or division to conduct the open season(s) that must function independent of the other divisions of the project applicant as well as the project applicant's affiliates performing a marketing function. In particular, all employees performing transmission functions on behalf of APP must observe the specified Standards of Conduct adopted by the Commission in Order No. 717 with respect to (i) all marketing function employees; and (ii) all production employees engaged in activities related to the production of natural gas in the State of Alaska. The aforementioned marketing function and production employees includes those who are involved in the submission of bids for capacity and negotiation of precedent agreements on APP or other potential Alaska natural gas transmission projects.

The following procedures and standards of conduct adopted by the APP to comply with the independent functioning requirement of Order 2005 apply to ExxonMobil.

1.3.1 ExxonMobil Structural Separation

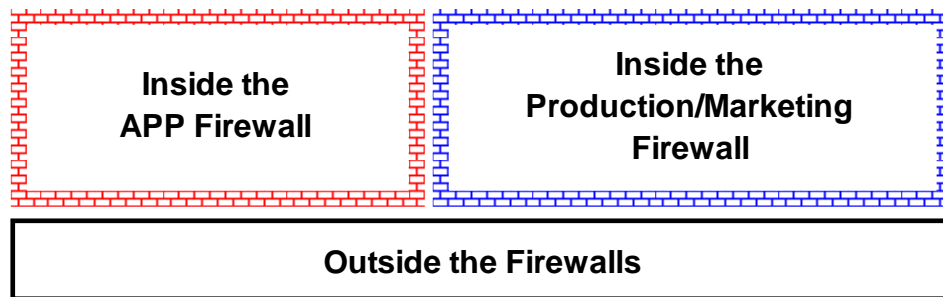
Within the meaning of “affiliate”, as defined in §358.3(a) of the Commission’s regulations, ExxonMobil has three affiliated organizational units that perform a marketing function or that are involved in the production of Alaska natural gas: ExxonMobil Gas and Power Marketing Company (“EMGPM”) Americas unit; ExxonMobil Production Company (“EMPC”) Americas unit; and ExxonMobil Development Company (“EMDC”) Arctic unit (with respect to activities related to Point Thomson field development and Prudhoe Bay Unit support/oversight). To ensure that APP functions independent of the marketing function employees of the aforementioned ExxonMobil organizational units, a separate organizational unit has been established within EMDC (see organization chart set out below) to manage the APP on behalf of the project sponsors. This organizational unit is dedicated exclusively to the APP and performs no other business function. Except for support employees (who do not perform transmission functions or marketing functions), all ExxonMobil employees with active involvement on the project have been assigned to the APP organizational unit.



Dashed Lines = Functional guidance / stewardship / service relationships

1.3.2 ExxonMobil Firewalls and Standards of Conduct

In order to preserve and evidence APP’s independent functioning, ExxonMobil must ensure that action by any person does not result in the (i) unauthorized transfer of non-public APP transmission function information to its affiliated marketing function employees or its affiliated production employees engaged in marketing functions with respect to natural gas produced in Alaska; and (ii) granting any undue preference during the open season to any affiliates performing a marketing function or any affiliates involved in the production of natural gas in the State of Alaska. Thus, within ExxonMobil, three firewall domains (see figure set out below) have been established and procedures implemented to supplement the structural separation described above.



1.3.3 Inside the Firewalls

Personnel are designated to be inside the APP Firewall if they (i) work full-time on the APP team; (ii) have active involvement in developing or modifying parameters and details related to the APP open season offering and/or the commercial basis of the APP (e.g., cost and schedule projections, financing, tolling parameters, tariff terms and conditions, economics); or (iii) perform an advocacy role for the APP. All personnel performing transmission functions for APP, including all personnel with responsibility for conducting the APP open season(s), are inside the APP Firewall.

Personnel are designated as being inside the Production/Marketing Firewall if they (i) work full time in the EMGPM Americas unit, in the EMPC Americas unit or on EMDC Arctic unit activities related to Point Thomson field development; (ii) have active involvement in or actively support work activities related to Alaska gas production or the North America gas market (including EMDC Arctic unit activities related to Prudhoe Bay Unit support/oversight); (iii) have active involvement in developing or modifying parameters and details related to the commercial basis of the Point Thomson field development (e.g., reserves and production profiles, cost and schedule projections, economics); or (iv) perform an advocacy function in relation to any of the foregoing.

All staff designated to be inside one of the firewalls are subject to the following standards of conduct:

- Staff designated to be inside the APP Firewall are prohibited from engaging in or performing any work activities relating to the production of natural gas in the State of Alaska and/or the marketing or sales of natural gas (i.e., performing marketing functions).
- Staff designated to be inside the Production/Marketing Firewall are prohibited from engaging in or performing any work activities related to conducting the APP open season(s) and/or implementing the APP (i.e., performing transmission functions).
- Non-public transmission function information shall only be made available to personnel inside the Production/Marketing Firewall under the terms set forth in Section 1.3.5, below.

- Staff designated to be inside either firewall are prohibited from using anyone as a conduit for the conveyance of non-public transmission function information to anyone inside the other firewall.

1.3.4 Outside the Firewalls

The Offices of the Presidents are not actively and personally engaged on a day-to-day basis in transmission functions or marketing functions and are outside the firewalls. Employees providing general corporate/business support that does not constitute a transmission function or marketing function are outside the firewalls and can provide advice or service to the APP and/or those personnel designated to be inside the Production/Marketing Firewall. Such personnel must comply with the communication and information restrictions applicable to the unit they are supporting (e.g., a person supporting the APP must comply with Order 2005 and the specified Standards of Conduct). To maintain the effective independent functioning of APP, personnel considered to be outside the firewalls that are likely to become privy to non-public APP transmission function information are provided Order 2005 compliance training and are required to adopt the following Firewall Related Behaviors:

- Personnel with access to non-public APP transmission function information and/or non-public production or marketing function information may not act as a conduit for the conveyance of such non-public information between the firewalled functions.
- Personnel with access to non-public APP transmission function information and/or non-public production or marketing function information may not use the non-public information received from one firewalled function to influence the decision of the other firewalled function.
- Decisions made by personnel outside the firewalls who receive information from both firewalled functions shall be made on an objective basis in the best interests of each function (not the general interest).

1.3.5 APP Commercial Team

The APP open season(s) will be conducted by the APP Commercial Team, an identified working group within the project team that is responsible for commercial activities, including review of the open season bids and the allocation and awarding of capacity on the APP's proposed Alaska natural gas transportation system. The APP Commercial Team is considered to be inside the APP Firewall and as such, is subject to the aforementioned standards of conduct applicable to ExxonMobil personnel inside the APP Firewall. In addition, during the conduct of the open season, the APP Commercial Team is to observe the following standards of conduct:

- Confidential shipper information received as part of the open season process is to be maintained in confidence and is not to be disclosed to personnel inside the Production/Marketing Firewall or shared with other potential shippers, unless authorized in writing by the shipper providing the confidential information or required by law or regulation.

- Non-public APP transmission function information may not be disclosed to personnel inside the Production/Marketing Firewall except to the extent it relates solely to a specific request for service on behalf of an ExxonMobil unit as a potential shipper.
- Should non-public APP transmission function information be disclosed to personnel inside the Production/Marketing Firewall that does not relate solely to a specific request for service on behalf of an ExxonMobil unit as a potential shipper, such information will be made available to all other potential shippers.

1.3.6 Access Restrictions

Physical access to the office space housing the APP team (including file rooms) is restricted and controlled by card key security. All ExxonMobil personnel designated to be inside the Production/Marketing Firewall are prohibited from receiving card key access to the APP offices. Access may be granted to certain ExxonMobil personnel designated to be outside the firewalls on a case-by-case basis to meet a specific business need, provided they have received the appropriate Order 2005 compliance training. Additional procedures are in place that require periodic review of the card key access granted to the APP offices.

The APP has implemented controls, which utilize passwords or other information technology security measures, to restrict access to the electronic information systems (e.g., e-mail, LAN systems, hardware or software) containing non-public APP transmission function information. All ExxonMobil personnel designated to be inside the Production/Marketing Firewall are prohibited from having access to the APP electronic information systems and vice versa. Access to the APP electronic information systems may be granted to certain ExxonMobil personnel designated to be outside the firewalls on a case-by-case basis to meet a specific business need, provided they have received the appropriate Order 2005 compliance training. Within the APP team itself, access to confidential shipper information received as part of any open season process is further restricted to the APP Commercial Team only. Additional procedures are in place that require periodic review of the access granted to the APP electronic information systems.

1.4 TransCanada Compliance Program

TC Alaska, the project applicant, has no divisions or business operations other than the APP. TC Alaska's parent, TransCanada, has no affiliates involved in the production of natural of gas in the State of Alaska. TransCanada's affiliates that perform marketing functions are presently not engaged in the marketing or sales of natural gas from Alaska and do not plan to be submitting bids for capacity or negotiating precedent agreements with APP or any other potential Alaska gas transportation project.

TransCanada is comprised of many affiliated companies and is subject to inter-affiliate codes of conduct, as well as the Commission's Standards of Conduct set forth in Order No. 717. Such codes/standards of conduct are in place to safeguard against improper sharing of information, personnel, or resources and to ensure the independent functioning of APP.

ALASKA PipelineProject	Order No. 2005 Compliance Procedures and Standards of Conduct	April 27, 2011
		Page 8 of 9

TransCanada's existing regulatory compliance program includes comprehensive training on the Commission's Standards of Conduct issued under Order No. 717. Such training includes in-depth information on the no-conduit, independent functioning, non-discrimination and transparency rules. Individuals assigned to or supporting the APP are required to complete such training.

TransCanada has implemented additional safeguards to ensure that non-public APP transmission function information is not disclosed to ExxonMobil personnel engaged in marketing functions or personnel involved in the production of natural gas in the State of Alaska. TransCanada personnel who provide services to the APP or who may receive non-public transmission function information regarding the APP as part of their job function are instructed that the aforementioned ExxonMobil production and marketing personnel are to be considered in the same category as TransCanada Non-Regulated personnel and that, in connection with an open season, non-public APP transmission function information may not be disclosed to such ExxonMobil production or marketing personnel, either directly or through a conduit, unless expressly permitted by the Commission's regulations in connection with a specific request for service.

1.5 Compliance with Implementation Requirements

These Compliance Procedures have been distributed to TransCanada personnel assigned to or supporting the project and as appropriate, to ExxonMobil personnel designated to be inside the two firewalls and to others considered to be outside the firewalls that are likely to interface with the APP and/or become privy to non-public APP transmission function information. The dissemination of these Compliance Procedures, and any revisions to them, is coordinated by the APP Chief Compliance Officer and made via an e-mail that contains an electronic link to the APP public Internet website where these Compliance Procedures are posted.

Additionally, as a part of the APP public announcement in June, 2009, written Order 2005 compliance guidelines, similar in nature to these Compliance Procedures, were also provided to those ExxonMobil employees who were likely to be interfacing with the APP and/or become privy to non-public APP information.

Compliance training on Order 2005 and the specified Standards of Conduct has been provided and will continue to be provided on an annual basis to ExxonMobil personnel designated to be inside the APP Firewall. Similar Order 2005 compliance training is also provided as appropriate, to those ExxonMobil personnel designated to be inside the Production/Marketing Firewall and to others considered to be outside the firewalls that are likely to become privy to non-public APP transmission function information. The delivery of such training is managed by the applicable ExxonMobil organizational units. TransCanada personnel assigned to or supporting the APP are required to complete annual training that includes materials related to the Commission's Standards of Conduct set forth in Order No. 717. All staff receiving training are required to provide a written or electronic acknowledgement confirming that they have completed/received the training.

ALASKA PipelineProject	Order No. 2005 Compliance Procedures and Standards of Conduct	April 27, 2011
		Page 9 of 9

All personnel newly participating in APP related activities, either on behalf of ExxonMobil or TransCanada, will receive appropriate compliance instructions as part of the APP Induction Manual (employee orientation package).

The APP has designated Evan Olson as its Chief Compliance Officer. The Chief Compliance Officer is responsible for implementing these Compliance Procedures.

The Chief Compliance Officer's contact information is as follows:

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