

**Peer Review of
Specified Gas Offset Credit
Verification Review Report
for
Nexen Marketing**

Soderglen, Alberta

Verification Developed by:

Laxford Consulting Inc.

23 Ruttan Close,
Red Deer, Alberta, T4P 3T1

This Peer Review Prepared by:

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March 15, 2009

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REVIEWER'S STATEMENT

The "Specified Gas Offset Credit Review" prepared by Laxford Consulting Inc. for Nexen Marketing for their Soderglen, Alberta wind farm facility was received from Laxford Consulting Inc.

Thomas E. Wood has had no part in the preparation of the verification report by Laxford for Nexen Marketing or the original report or the content of either document except for this peer review.

1.0 INTRODUCTION

Thomas E. Wood has reviewed the "Specified Gas Offset Credit Review" prepared by Laxford Consulting Inc. for Nexen Marketing for their Soderglen, Alberta wind farm facility. The purpose of the review was to identify items which may have been omitted in the verification or which might require further clarification.

2.0 SUMMARY

The verification document for the " Specified Gas Offset Credit Review" for Nexen Marketing for their Soderglen, Alberta wind farm facility was prepared by Laxford Consulting Inc. after a March 13 2009 survey of the site. The original report addresses the issues required by the reporting to be filed with Alberta Environment under the *Specified Gas Offset Project*.

Based on its findings, Laxford supports the report prepared by Nexen Marketing.

This review supports Laxford's approach to the review of the report.

No additional areas of investigation are suggested.

3.0 SECTION BY SECTION REVIEW OF THE LAXFORD CONSULTING INC . REPORT

EXECUTIVE SUMMARY

Laxford is in agreement with the data presented and the methods used to calculate the data.

The data submission on emission reduction credits is summarized.

INTRODUCTION

The purpose of the report is summarized.

The years dealt with are 2006 and 2007.

References and procedures used are listed and are appropriate.

ASSERTION

The various emissions reduction credits are discussed with the numeric value of the credits.

It is noted that none of the credits have been allocated or sold to other programmes

REPORT ORGANIZATION

No comments.

REVIEW CRITERIA

The material used as the basis of verification is appropriate

VERIFICATION PROCEDURES

The following processes were used in the verification procedure:

ITEM	COMMENT
A review of the project plan	Appropriate approach, no other comment.
A review of the generation process and proposed offset credit source.	Appropriate approach, no other comment.
Confirmation that the project meets the defined Alberta Government criteria for offset credit eligibility.	Appropriate approach, no other comment.
Confirmation that the project follows the defined Alberta Government quantification protocol.	Appropriate approach, no other comment.
A review of metering systems.	Appropriate approach, no other comment.
A site tour to familiarize Laxford with the offset credit source(s), and related metering systems.	Appropriate approach, no other comment.
Viewing of original fuel consumption records associated with operation and maintenance of the facility.	Appropriate approach, no other comment.
A review of calculations used to determine offset credit quantity, including application of Alberta Environment approved electricity displacement factor (i.e., the greenhouse gas assertion).	Appropriate approach, no other comment.
Viewing of maintenance and calibration records for metering systems.	Appropriate approach, no other comment.
Confirmation that appropriate data management and security processes are in place.	Appropriate approach, no other comment.

FINDINGS

Laxford states that having followed the Verification Procedures outlined above. It found no material discrepancies in the methodology, measurements or calculations in the facility's 2006 and 2007 greenhouse gas emission reduction credit assertion.

Laxford identified two areas for Nexen to review:

- The impact of the Fort MacLeod office and shop heating on the assertion
- The need to review the requirements of the "Project Plan" and the Project Report" and prepare any additional documentation required

CONCLUSIONS

No additional comments on Laxford's conclusion.

The processes followed by Laxford to reach this conclusion are reasonable and the claim, based on these studies and Laxford's review, is supported.

APPENDIX A : REVIEW PLAN

No additional areas of investigation are suggested

APPENDIX B : CONFLICT OF INTEREST CHECKLIST

No comment

APPENDIX C : STATEMENT OF QUALIFICATION

No comment

APPENDIX D : STATEMENT OF VERIFICATION

The numeric values match those previously stated in the report.

The roles of Nexen and the Reviewer are detailed

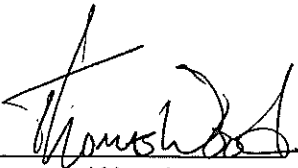
4.0 RECOMMENDATIONS / CONCLUSIONS

The verification document for the "Specified Gas Offset Credit Review" for Nexen Marketing for their Soderglen, Alberta wind farm facility was prepared by Laxford Consulting Inc. after a March 13 2009 survey of the site. The original report addresses the issues required by the reporting to be filed with Alberta Environment under the *Specified Gas Offset Project*.

Based on its findings, Laxford supports the report prepared by Nexen Marketing.

This review supports Laxford's approach to the review of the report.

No additional areas of investigation are suggested.



Thomas Wood

March 15, 2009

Date

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March 16, 2009

Nexen Marketing

SPECIFIED GAS OFFSET CREDIT
REVIEW REPORT

Conducted for:
Nexen Marketing

Location:
Soderglen,
Alberta

Date of Site Visit:
March 13, 2009

Conducted by:
Laxford Consulting Inc.,
23 Ruttan Close,
Red Deer,
Alberta, T2J 3W9

March 16, 2009Nexen Marketing

EXECUTIVE SUMMARY

A Specified Gas Offset Credit review was conducted by Laxford Consulting Inc., for Nexen Marketing at their Soderglen, Alberta windfarm facility.

The objective was to review the company's Specified Gas Offset Credit Project, to verify the related greenhouse gas assertions for the years 2006 and 2007, and to provide a Statement of Verification.

No material discrepancies were evident in the methodology, measurements or calculations of the assertions.

Nexen Marketing has declared the following emission reduction credits:

Creation Period:	August 1 – December 31, 2006
Emission Type:	Tonnes of carbon dioxide equivalent (CO ₂ e)
Quantity:	16,066 tonnes

Creation Period:	January 1, 2007 – December 31, 2007
Emission Type:	Tonnes of carbon dioxide equivalent (CO ₂ e)
Quantity:	105,713 tonnes

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- [A] REVIEW PLAN
- [B] CONFLICT OF INTEREST CHECKLIST
- [C] STATEMENT OF QUALIFICATION
- [D] STATEMENT OF VERIFICATION

March 16, 2009

Nexen Marketing

CLIENT REPRESENTATIVE

Sheila Kelly,
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REVIEWER

David Mack P.Eng., CEA, EMS(A)
Principal
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REPORT DISTRIBUTION

Sheila Kelly,
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March 16, 2009Nexen Marketing

1.0 INTRODUCTION

This report summarizes the results of a Specified Gas Offset Credit verification conducted for Nexen Marketing, at their windfarm project at Soderglen, Alberta.

The objective was to review the company's Specified Gas Offset Credit Project, to verify the related greenhouse gas assertions for the years 2006 and 2007, and to provide a Statement of Verification.

Nexen Marketing in joint venture with Canadian Hydro Developers Inc. own 50% respectively of the Soderglen Windfarm Project. This project was commissioned in September 2006. It is a 70.5 megawatt (gross) windfarm, located in southern Alberta, which annually generates approximately 245,000 megawatt hours of power for sale.

This offset project has been quantified using the Alberta Environment approved *Quantification Protocol for Wind-Powered Electricity Generation, March 2008*.

A Review Plan used in the execution of the process is included as Appendix [A].

The verification was carried out by an experienced reviewer from Laxford Consulting Inc.

A Conflict of Interest Checklist is included as Appendix [B], and a Statement of Qualification is included as Appendix [C].

2.0 ASSERTION

Nexen Marketing has declared the following emission reduction credits:

Creation Period:	August 1 – December 31, 2006
Emission Type:	Tonnes of carbon dioxide equivalent (CO ₂ e)
Quantity:	16,066 tonnes

Creation Period:	January 1, 2007 – December 31, 2007
Emission Type:	Tonnes of carbon dioxide equivalent (CO ₂ e)
Quantity:	105,713 tonnes

Note: None of the above credits have been allocated or sold to any other program.

3.0 REPORT ORGANIZATION

This report focuses on exceptions with respect to the defined criteria. Any exceptions are noted in the findings section of the report, as follow-up actions for consideration by Nexen Marketing.

Where no specific commentary is provided, it may be concluded that the application of defined verification procedure activities resulted in satisfactory outcomes.

4.0 REVIEW CRITERIA

The verification was carried out in accordance with criteria as defined by the following Alberta

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Nexen Marketing

Environment requirements:

- o Alberta Climate Change and Emissions Management Act;
- o Alberta Specified Gas Emitters Regulation;
- o Document entitled Quantification Protocol for Wind-Powered Electricity Generation, March 2008; and
- o Document entitled Offset Credit Verification Guidance Document, September 2007.

5.0 REVIEW PROCEDURES

The verification process was based on ISO 14064 Part 3 – Greenhouse Gases: Specification with guidance for the validation and verification of greenhouse gas assertions, a standard issued by the International Organization for Standardization.

The verification procedure addressed aspects of computation, observation, confirmation, enquiry, inspection, and analysis, and included the following activities:

- o A review of the project plan;
- o A review of the generation process and proposed offset credit source;
- o Confirmation that the project meets the defined Alberta Government criteria for offset credit eligibility;
- o Confirmation that the project follows the defined Alberta Government quantification protocol;
- o A review of metering systems;
- o A site tour to familiarize with the offset credit source, and related metering systems;
- o Viewing of original fuel consumption records associated with operation and maintenance of the facility;
- o A review of calculations used to determine offset credit quantity, including application of Alberta Environment approved electricity displacement factor (i.e., the greenhouse gas assertion);
- o Viewing of maintenance and calibration records for metering systems; and
- o Confirmation that appropriate data management and security processes are in place.

6.0 FINDINGS

Based upon discussions with company personnel, a site tour, and review of related records and reports, no material discrepancies were evident in the data management, methodology, measurements or calculations in the facility's 2006 and 2007 greenhouse gas emission reduction credit assertion.

The following items, however, were identified for follow-up by the company:

- o With reference to tables 2.1 and 2.3 of the Alberta Environment document entitled Quantification Protocol for Wind-Powered Electricity Generation, March 2008, ascertain the emissions from fuel used in the operation and maintenance of the facility (e.g., Fort Macleod office and shop heating and work truck operation) to assess how this effects the assertion; and
- o Review the Alberta Environment Offset Credit Project Guidance Document to confirm requirements for the development of a "Project Plan" and "Project Report" as defined therein (ref. sections 2.6.1 and 2.3.6 respectively), and prepare the necessary

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Nexen Marketing

documentation to align with these requirements.

7.0 CONCLUSIONS

Based upon this verification, it can be concluded that a "Limited Level of Assurance", as defined in section 2.1.2 of the Alberta Environment Offset Credit Verification Guidance Document, September 2007, has been confirmed for the Nexen Marketing Specified Gas Offset Credit Project emission reduction assertion.

A Statement of Verification is included as Appendix [D].



David Mack P.Eng., CEA, EMS(A)

Reviewer

APPENDIX A
REVIEW PLAN

A

REVIEW PLAN

OVERVIEW

Nexen Marketing has engaged Laxford Consulting Inc. to carry out a review of the company's Specified Gas Offset Credit Project, as required under the Alberta Specified Gas Emitters Regulation.

Laxford Consulting Inc. may be considered as being free from conflict of interest and qualified to carry out the review.

This document describes the review plan with a view to ensuring a common understanding of the objectives, approaches and deliverables.

OBJECTIVES

The objectives of the review are as follows:

- Verify the greenhouse gas assertion in the company's Specified Gas Offset Credit Project; and
- Provide a "Verification Statement".

LEVEL OF ASSURANCE

A "Limited Level of Assurance" will be applied to this review as defined in the document entitled Offset Credit Verification Guidance Document – September 2007, issued by Alberta Environment.

SCOPE OF WORK

The review scope will cover operations at the company's Soderglen, Alberta facility. Specified gas offset credit credits will be related to the production of electricity from a windfarm.

CRITERIA

Review criteria are as follows:

- Alberta Climate Change and Emissions Management Act;
- Alberta Specified Gas Emitters Regulation;
- Document entitled Quantification Protocol for Enhanced Oil Recovery;
- Nexen Marketing Offset Project Plan; and
- Document entitled Offset Credit Verification Guidance Document – September 2007, issued by Alberta Environment.

STANDARDS

The standard which will be applied to the review will be ISO 14064 Part 3 – Greenhouse Gases: Specification with guidance for the validation and review of greenhouse gas assertions, a standard issued by the International Organization for Standardization.

REVIEWER

The assigned reviewer will be David Mack P.Eng., CEA, EMS(A), Principal Consultant with Laxford Consulting Inc.

Thomas E Wood, an associate of Laxford Consulting Inc., will carry out a quality check of the review process.

SCHEDULE

A preliminary review of the Nexen Marketing project plans and data is currently taking place.

On Friday March 13, 2009, the reviewer will visit the facility to verify and confirm the plan and follow-up later to complete a review of the data, through a process of computation, observation, confirmation, enquiry, inspection, and analysis.

It is expected that appropriate company representatives will be available to answer questions and provide access to relevant documents and records.

RISK AND MAGNITUDE ASSESSMENT

Initial offset credit information was reviewed and assessed as to the consequence and probability of errors, omissions or misrepresentation. The results of this assessment based upon a high/medium/low scale, is as follows (P = Probability, C = Consequence):

- Metering System error/inaccuracy (P-low, C-low)
- Accounting/Transcription error (P-low, C-medium)
- Inappropriate factors (P-medium, C-high)
- Calculation method error (P-low, C-medium)
- Report development error (P-medium, C-medium)

QUALITATIVE ASSESSMENT

The facility has professional staff to assist in the identification and estimation of offset credits.

Although diligent approaches to monitoring and measurement are likely in place, it is possible that errors could have been made in calculations or transcription of data.

QUANTITATIVE MATERIALITY LEVELS

Any material discrepancies that may occur within measurement and calculation methodologies

are anticipated to be well within the 5% allowable by Alberta Environment.

REVIEW PROCEDURES

The review procedures will cover, but not be limited to, the following tasks as they apply to the source and sink locations for the offset credit project:

1. Review the project plans;
2. Review the process and proposed offset credit sources and sinks;
3. Confirm that the project meets the defined Alberta Government criteria for offset credit eligibility;
4. Confirm that the project follows the defined Alberta Government quantification protocol;
5. Review metering systems and calculated parameters;
6. A site tour to familiarize with the offset credit sources and sinks, and related metering systems;
7. View any original fuel consumption records;
8. Review calculations used to determine offset credit quantity (i.e., the greenhouse gas assertion);
9. View maintenance and calibration records for metering systems; and
10. Confirm appropriate data management and security processes in place.

SAMPLING PLAN

The facility tour will allow for the physical check of sources and points of emissions.

Review of calculation methodologies will ensure that appropriate formulas and conversion factors are being applied.

Data will be tracked through the calculation process to verify results.

DOCUMENT RETENTION REQUIREMENTS

The following documents are anticipated for retention:

- Proposal;
- Contract/Purchase Order;
- Initial assessment documents;
- Review plan;
- Communications;
- Field notes;
- Reviewer's Report; and
- Verification Statement.

Documentation will be retained by Laxford Consulting Inc. for a period of ten (10) years.

A handwritten signature in black ink, appearing to read "Dave Mack", written in a cursive style.

Dave Mack P.Eng., CEA, EMS(A)

Reviewer

APPENDIX B
CONFLICT OF INTEREST CHECKLIST

B

CONFLICT OF INTEREST CHECKLIST

Facility Name:

Soderglen Windfarm Project

Facility Location:

Fort Macleod Area, Alberta**Check either "True" or "False" for each statement below:**

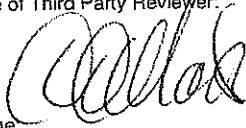
The relationship between my firm and this reporting company compromise or pose unacceptable threat to the impartiality of my firm.	TRUE	FALSE	X
The finances and sources of income of my firm compromise the impartiality of my firm.	TRUE	FALSE	X
The personnel my firm has scheduled to participate in the verification may have an actual or potential conflict of interest.	TRUE	FALSE	X
My firm participated in some manner in the development or completion of the Project Report for this reporting company.	TRUE	FALSE	X
My firm provided greenhouse gas consultancy services to this reporting company.	TRUE	FALSE	X
My firm will use personnel that have, are, or will be engaged or previously employed by the reporting company.	TRUE	FALSE	X
My firm will outsource the Specified Gas Offset Credit Statement of Verification.	TRUE	FALSE	X
My firm offers products or services that pose an unacceptable risk to impartiality.	TRUE	FALSE	X

I **DAVID MACK** (Third Party Reviewer), have personally examined and am familiar with the information submitted in this Conflict-of Interest Checklist. I hereby warrant that the submitted information is true, accurate and complete to the best of my knowledge and belief, and that all matters affecting the validity of this Conflict-of-Interest Checklist have been fully disclosed. Impartiality shall be monitored over the duration of the review and any identified actual or potential conflict-of-interest situations will be communicated to Alberta Environment directly.

Verifying Company Name:

Laxford Consulting Inc.

Signature of Third Party Reviewer:



First Name:

David

Professional Designation:

P.Eng., CEA, EMS(A)

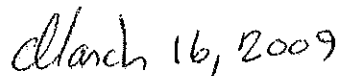
Telephone Number:

403 861 9865

E-mail Address of Third Party Reviewer:

dave_mack@shaw.ca

Date:



Last Name:

Mack

Fax Number:

403 342 5181

APPENDIX C
STATEMENT OF QUALIFICATION

C

STATEMENT OF QUALIFICATION

Facility Name:

Soderglen Windfarm Project

Facility Location:

Fort Macleod Area, Alberta

DAVID MACK (Third Party Reviewer),

meet or exceed the qualifications of third party auditors as set out in section 18 of the *Specified Gas Emitters Regulation* and can demonstrate freedom from any conflict of interest related to the reporting company for which the review was performed

Verifying Company Name

Laxford Consulting Inc.

Signature of Third Party Reviewer:



Date:

March 16, 2009

First Name:

David

Last Name

Mack

Professional Designation:

P.Eng, CEA, EMS(A)

Telephone Number

403 861 9865

Fax Number:

403 342 5181

E-mail Address of Third Party Reviewer:

dave_mack@shaw.ca

APPENDIX D
STATEMENT OF VERIFICATION

D

STATEMENT OF VERIFICATION

Facility Name:

Soderglen Windfarm Project

Facility Location:

Fort Macleod Area, Alberta

Review Objective:

To review the company's Specified Gas Offset Credit Project to verify the related greenhouse gas assertions for the years 2006 and 2007, and to provide a Statement of Verification.

GHG Assertion:

Creation Period:	August 1 – December 31, 2006
Emission Type:	Tonnes of carbon dioxide equivalent (CO _{2e})
Quantity:	16,066 tonnes
Creation Period:	January 1, 2007 – December 31, 2007
Emission Type:	Tonnes of carbon dioxide equivalent (CO _{2e})
Quantity:	105,713 tonnes

Responsibilities of Reporting Company and Third Party Reviewer:

Nexen Marketing is responsible for collection and presentation of the project information. The responsibility of Laxford Consulting Inc. is to express a conclusion as to whether anything has come to our attention to suggest that the assertion is not presented fairly in accordance with the Alberta Environment Specified Gas Emitters regulation and associated guidance documents.

Audit Standard:

The review process was based on ISO 14064 Part 3 – Greenhouse Gases: Specification with guidance for the validation and verification of greenhouse gas assertions. As such we planned and performed our work in order to provide limited, rather than absolute, assurance with respect to the specified gas offset credit information reviewed.

Review Criteria:

Review criteria were based on guidelines approved by Alberta Environment. Laxford Consulting believes that our work provides a reasonable basis for our conclusion.

Conclusion:

Based upon this review, it can be concluded that a "Limited Level of Assurance" has been confirmed for the Nexen Marketing Specified Gas Offset Credit Project emission reduction assertion.

Reviewing Company Name:

Laxford Consulting Inc.

Signature of Third Party Reviewer:

Date:

March 16, 2009

First Name:

Dave

Last Name:

Mack

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