

**2008 SPECIFIED GAS OFFSET CREDIT
REVIEW REPORT**

Conducted for:
Nexen Marketing

Location:
Soderglen,
Alberta

Conducted by:
Laxford Consulting Inc.,
23 Ruttan Close,
Red Deer,
Alberta, T4P3T1

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 year 2008, and to provide a Statement of Verification.

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

Nexen Marketing intends to declare the following emission reduction credit:

Creation Period:	January 1, 2008 – December 31, 2008
Emission Type:	Tonnes of carbon dioxide equivalent (CO ₂ e)
Quantity:	165895.65 tonnes

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REVIEWER

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REPORT DISTRIBUTION

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801 – 7th Ave. SW,
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1.0 INTRODUCTION

This report summarizes the results of a Specified Gas Offset Credit verification conducted for Nexen Marketing, on 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 year 2008, 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 verification 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 intends to declare the following emission reduction credit:

Creation Period:	January 1, 2008 – December 31, 2008
Emission Type:	Tonnes of carbon dioxide equivalent (CO ₂ e)
Quantity:	165895.65 tonnes

Note: None of the above credit quantity has 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 Environment requirements:

- Alberta Climate Change and Emissions Management Act;
- Alberta Specified Gas Emitters Regulation;
- Document entitled Quantification Protocol for Wind-Powered Electricity Generation,

- March 2008; and
- 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:

- A review of the project plan;
- A review of the generation process and proposed offset credit source;
- Confirmation that the project meets the defined Alberta Government criteria for offset credit eligibility;
- Confirmation that the project follows the defined Alberta Government quantification protocol;
- A review of metering systems;
- Viewing of power generation metered records;
- Viewing of power and fuel consumption records associated with operation and maintenance of the facility;
- 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);
- Viewing of maintenance and calibration records for metering systems;
- Follow-up on action items from previous review (i.e., 2006/2007); and
- Confirmation that appropriate data management and security processes are in place.

Note that a site tour to familiarize with the offset credit source and related metering systems was not undertaken, as the reviewer had previously visited the site in March 2009, and no material changes had taken place since that time. A visit, however, was made to the Calgary head office to review source data and interview staff.

6.0 FINDINGS

Based upon discussions with company personnel and a review of related records and reports, no material or immaterial discrepancies were evident in the data management, methodology, measurements or calculations in the facility's intended 2008 greenhouse gas emission reduction credit assertion.

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 2008 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 - 2008, 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 Wind-Powered Electricity Generation;
- 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 Plan has taken place.

On Wednesday July 22, 2009, the reviewer will visit the Calgary head office to verify and confirm the plan and complete a review of the data for 2008, 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 Plan and Report;
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 any calculated parameters;
6. View maintenance and calibration records for metering systems;
7. Review emissions factors used and compare to approved data;
8. View power generation metered records;
9. View services fuel and power usage;
10. Review calculations used to determine offset credit quantity;
11. Follow-up from action items from previous review (i.e., 2006/2007); and
12. Confirm appropriate data management and security processes in place.

SAMPLING PLAN

A previous facility tour, which took place in March 2009, allowed for a physical check of sources and points of emissions. It is understood that there have been no material changes since that time.

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.

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 *(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:

Date:

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 C

STATEMENT OF QUALIFICATION

C

STATEMENT OF QUALIFICATION

Facility Name:

Soderglen Windfarm Project

Facility Location:

Fort Macleod Area, Alberta

(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:

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 year 2008, and to provide a Statement of Verification.

GHG Assertion:

Nexen Marketing intends to declare the following emission reduction credit:

Creation Period: January 1, 2008 – December 31, 2008
Emission Type: Tonnes of carbon dioxide equivalent (CO₂e)
Quantity: 165,895.65 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 2008 Specified Gas Offset Credit Project emission reduction assertion.

Reviewing Company Name:

Laxford Consulting Inc.

Signature of Third Party Reviewer:

Date:

First Name:

David

Last Name:

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