

GasEDI

c/o Canadian Association of Petroleum Producers
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<http://www.gasedi.ca>

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NEW GasEDI BASE CONTRACT FOR SALE AND PURCHASE OF NATURAL GAS

Mission: Develop a New GasEDI Base Contract for Sale and Purchase of Natural Gas (“New GasEDI Base Contract”) based on: the GasEDI Base Contract for Short-Term Sale and Purchase of Natural Gas as published by GasEDI on October 26, 2000, (“GasEDI 2000 Base Contract”); the North American Energy Standards Board (“NAESB”) Base Contract for Sale and Purchase of Natural Gas as published by NAESB on April 19, 2002, and its addenda (“NAESB 2002 Base Contract”); the NAESB General Terms and Conditions for Day Trade Interruptible Contract as published by NAESB on April 16, 1998; and additional recommendations from committee participants.

COMMITTEE MEETING - AUGUST 24, 2004 - MINUTES Final - September 22, 2004

When Tuesday, August 24, 2004; 11:00 am - 1:00 pm Calgary Time
Where CAPP, 2100 First Canadian Centre, 350 - 7 Avenue SW, Calgary, AB

■ Call to Order - Niall Armstrong

■ Anti-Trust Guideline - Ian Anderson

We shall not engage in any discussion which could have the affect of influencing prices, supply or markets, and we shall assist each other to comply with this guideline.

■ Attendees

Lorraine Bolton	ATCO Midstream Ltd.
Shane Freitag	Borden Ladner Gervais LLP (Tele-conference)
David Field	Cargill Energy
Kris Lautermilch	ConocoPhillips Canada Limited
Deanna Welch	ConocoPhillips Canada Limited
Luanne Duffy	Devon Canada Corporation
Niall Armstrong	Direct Energy Marketing Limited
Jodi Marshall	Direct Energy Marketing Limited
Penny Allen	EnCana Gas Marketing
Diana Andel	EnCana Gas Marketing
Pam Webster	EnCana Gas Marketing
Monica Richards	Entergy-Koch Trading Canada, ULC (Tele-conference)
Ian Anderson	GasEDI
Ernie Kohnke	Louis Dreyfus Holding Company Inc.
Sharron Roberts	Nexen Marketing
Kelli Grier	Petro-Canada
Diane Pettie	Sempra Energy Trading (Canada) Limited
Jane Peck Hay	Thackray Burgess
Son Tran	TransAlta

- Approval of Minutes of July 20, 2004, Meeting - Ian Anderson
Approved as circulated.
- Discussion
 - ◆ Promotion to prospective new participants - Ian Anderson
 - This was delayed pending overhaul of the GasEDI web site (www.gasedi.ca), because any promotion activities would include encouraging prospective new participants to visit the site. The site was overhauled and re-deployed about August 13, 2004.
 - **Ian Anderson will undertake promotion activities.**
 - ◆ Meeting Process
 - Try and keep discussion at a fairly high level. Sub-committee specifics should be focussed on questions for subcommittees and direction to subcommittees. The Committee of the Whole meetings should not devolve into subcommittee meetings.
 - Decisions: Try for consensus (at Committee of the Whole and subcommittee meetings). Voting, as necessary, will be by participating entity, not by individual participant (so no participating entity can “stack” a vote).
 - There was no decision on what to do if a decision by vote is not abundantly clear.
 - ◆ Credit Subcommittee - Kris Lautermilch
 - Meeting held on Tuesday, August 17, 2004.
 - Kris Lautermilch reported that there was extensive discussion about Section 10.1. The final conclusion was to change the time limit for providing Performance Assurance from 5 Business Days to 3 Business Days. It was felt that providing Performance Assurance in less than 3 Business Days could be a problem because of time-zone effects.
 - **Niall Armstrong and Shane Freitag recommended the Subcommittee consider adding some objective tests (in addition to the concept of “reasonable grounds for insecurity”).**
 - **Ian Anderson will distribute the Credit Special Provisions by Party within Section (Ian Anderson has already circulated the Credit Special Provisions by Section within Party).**
 - **Niall Armstrong suggested the Subcommittee consider modifying the “Event of Default” definition. Should the Event of Default definition include cross-default concepts? Should the Event of Default definition be moved so it is part of Section 10?**
 - ◆ Force Majeure Subcommittee - Diane Pettie
 - Meeting held Wednesday, July 28, 2004.
 - Diane Pettie reported that the Subcommittee was in the process of developing language:
 - ★ As developed at the July 19, 2004, Force Majeure Subcommittee Meeting.
 - ★ Language to keep but clarify the existing language.
 - ★ Concept of “products based” Force Majeure (NIT, Liquid Delivery Point, Non-Liquid Delivery Point).
 - ★ And a “pro-rata performance” Section to fit within the above three options.
 - Diane Pettie noted that the first and third items above have been developed and circulated, and the other items are being developed and will be circulated shortly.
 - ◆ Miscellaneous Subcommittee - Son Tran
 - Meeting held on Friday, August 6, 2004.

- Son Tran walked through the changes.
- The Subcommittee was asked to consider the effect of the Electronic Transactions Act (Alberta) on the New GasEDI Base Contract.
- There was extensive debate about Section 6.3. Should Section 6.3 be deleted? Should Section 6.3b include “Seller, in its sole discretion” language? Maybe Section 6.3 should be limited to Canada - US border export Delivery Points? Decision that Section 6.3 should be reviewed by interested parties - to report to the next Miscellaneous Subcommittee meeting. Options are to keep as is, modify, or delete.
- There was discussion about Section 14.12 (Arbitration). Should the parties be required to attempt to negotiate a settlement before going to arbitration? Should this section be deleted? If retained, what are the “best” arbitration rules? The Subcommittee will bring back its recommendations.

■ Next Meetings

◆ Force Majeure Subcommittee

When Wednesday, September 1, 2004; 9:30 - 11:30 am Calgary Time
Where Petro-Canada, 21st floor, West Tower, 150 - 6th Avenue SW, Calgary, AB
Contact Sandra Lord; 403-296-4224; SLORD@petro-canada.ca

◆ Miscellaneous Subcommittee

When Thursday, September 9, 2004; 1:30 - 3:30 pm Calgary Time
Where EnCana Gas Marketing, 1513 - 855 - 2 Street SW (Banker's Hall East), Calgary, AB
Contact Penny Allen; 403-645-3203; Penny.Allen@encana.com

◆ Credit Subcommittee

When Wednesday, September 15, 2004; 1:30 - 3:00 pm Calgary Time
Where EnCana Gas Marketing, 1800 Bankers Hall East, 855 - 2 Street SW, Calgary, AB
Contact Pam Webster; 403-645-6643; pamela.webster@encana.com

◆ Committee of the Whole

When Wednesday, September 22, 2004; 11:00 am - 1:00 pm Calgary Time
Where CAPP, 2100 First Canadian Centre, 350 - 7 Avenue SW, Calgary, AB
Contact Ian Anderson; 403-243-1079; ian@isanderson.com

FURTHER INFORMATION

Please contact Ian Anderson (403-243-1079; ian@isanderson.com) or Niall Armstrong (403-290-6726; niall.armstrong@na.centrica.com), or visit GasEDI's web site (<http://www.gasedi.ca>) .