

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 - JANUARY 27, 2005 - MINUTES Final - March 10, 2005

When Thursday, January 27, 2005; 11:00 am - 1:00 pm, Calgary Time
Where CAPP, First Canadian Centre, 350 - 7 Avenue SW, Calgary

■ 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

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| Brent Molesky | Burlington Resources Canada Ltd. |
| David Field | Cargill Energy |
| Angela Blanchard | Cinergy Canada |
| Kris Lautermilch | ConocoPhillips Canada Limited |
| Deanna Welch | ConocoPhillips Canada Limited |
| Rob McKay | Constellation Energy Commodities Group, Inc. (Tele-conference) |
| Pat Butler | Coral Energy Canada Inc. |
| Luanne Duffy | Devon Canada Corporation |
| Niall Armstrong | Direct Energy Marketing Limited |
| Jodi Marshall | Direct Energy Marketing Limited |
| Diana Andel | EnCana Gas Marketing |
| Jim Afaganis | Enmax Corporation |
| Ian Anderson | GasEDI |
| Rosa McDonald | Imperial Oil Resources Limited |
| Ernie Kohnke | Louis Dreyfus Holding Company Inc. (Tele-conference) |
| Kerrie Logan | Macleod Dixon (Tele-conference) |
| Monica Richards | Merrill Lynch Commodities Canada, ULC (Tele-conferemce) |
| Sharron Roberts | Nexen Marketing |
| Sharon Huckell | Petro-Canada |
| Mary-Lou Zimmer | Phoenix Energy Marketing Consultants Inc. (Tele-conference) |
| Lory Volpi | Seminole Canada Gas Company |

Diane Pettie
Mark McNevin

Sempra Energy Trading (Canada) Limited
Talisman Energy Inc.

- Approval of Minutes - Ian Anderson
 - ◆ December 9, 2004, Meeting - Approved with minor changes.
- Announcement re Shannon Glover - Ian Anderson

Shannon and her husband had a baby girl on January 5. She weighed 7 lbs 3 oz and her name is Leah Rachel.
- Discussion
 - ◆ Credit Subcommittee - Niall Armstrong
 - Issues have been spun-off to teams - which is working very effectively.
 - Probably a couple of meetings left.
 - Most issues on the January 27 list of Outstanding Issues are Credit related.
 - Section 3.3 (proposed position):
 - ★ Concept to be based on the similar concept in the NAESB 2002 Base Contract Section 3.4
 - ★ Desired because of deletion of “a party’s failure to deliver or receive Gas, unless excused by the other party’s Non-Performance or prevented by Force Majeure, for the greater of 4 cumulative Days or 5% of the number of Days in a Delivery Period, rounded up to a full Day, in any one Transaction” from Event of Default definition (deleted because unworkable).
 - ★ Objective: be able to terminate a single Transaction because of frequent non-performance even though compensated pursuant to Section 3.2.
 - ★ No plans to include a election box on the Cover Page or Transaction Confirmation.
 - ★ Mark McNevin, Talisman Energy Inc., and Niall Armstrong, Direct Energy Marketing Limited, are developing language - to be brief, and track the overall Early Termination of the Contract concepts.
 - Section 10:
 - ★ Review of flow chart (attached). Thanks to Diana Andel and Pam Webster.
 - ★ The flow chart is the basis for developing language for Sections 10.2 - 10.5.
 - Section 10.2:
 - ★ Deals with failure to pay.
 - Section 10.3:
 - ★ Deals with Event of Default and consequences.
 - Section 10.4:
 - ★ Deals with calculations of Termination Payment, Total Termination Payment and Liquidation Amount.
 - Section 10.5:
 - ★ Deals with Performing Party’s rights.
 - ★ May require conforming changes (not yet defined).
 - Section 13.1:
 - ★ Being taken over by Credit (from Miscellaneous) because largely a credit issue.
 - ★ Being redrafted to clarify difference between damages and remedies.

- ★ Niall Armstrong, Direct Energy Marketing Limited, is developing language. Concepts agreed: Where there is an express measure of damages, that is the only measure of damages. With respect to Section 3.2, the remedies therein are the sole and exclusive remedies. There is no limit on the ability to recover or enforce money damages. There are no indirect damages except to the extent they are part of an express measure of damages. Subject to the foregoing, there is no limit on rights, remedies, etc. Retain waiver of consequential damages.
- Niall Armstrong expressed thanks to Kris Lautermilch and the Credit Subcommittee for their efforts.
- ◆ Force Majeure Subcommittee - Diane Pettie
 - No Force Majeure items on the January 27 list of Outstanding Issues.
 - Changes vs the GasEDI 2000 Base Contract being driven by:
 - ★ Alberta courts decisions re Atcor v Continental Energy: can claim Force Majeure because of the consequences of an event, not because of the occurrence of an event.
 - ★ Clarify events which could give rise to the right to claim suspension because of Force Majeure.
 - Section 11.2:
 - ★ Events which could give rise to the right to claim suspension.
 - (a) Option A - traditional definition of Force Majeure.
 - (b) Option B, with 3 subsections: (1) NIT, (2) Liquid Delivery Point(s), and (3) Other. Choice to be made on Cover Sheet or as part of Transaction Confirmation.
 - (c) Note: the definitions of Force Majeure in Option A and Option B(3) are identical.
 - Section 11.3:
 - ★ Exclusions from Force Majeure.
 - ★ Added language re scheduled maintenance (subsection (v)).
 - ★ Did not add loss of supply or markets as an exclusion (see the NAESB 2002 Base Contract) - not appropriate given revised Section 11.2.
 - Section 11.4:
 - ★ Added “commercially reasonable” concept.
 - ★ Seller not obligated to purchase replacement at a price above the Contract Price.
 - Section 11.5:
 - ★ Clarify the Notice requirements.
 - ★ Notice effective back to the onset of Force Majeure.
 - ★ Fine-tuned issues around Imbalance Charges - which also affected Section 4.3. NOTE: Credit may further modify Section 4.3.
 - Section 11.6:
 - ★ Added pro-rationing language, subject to Transporter(s) allowing pro-rationing.
 - (a) Note that it may not be possible to pro-ration some contract(s) due to a “super firm” obligation within the contract(s).
 - Niall Armstrong expressed thanks to Diane Pettie and the Force Majeure Subcommittee for their efforts.

- ◆ Miscellaneous Subcommittee - Pat Butler
 - This Subcommittee pretty much follows other Subcommittees - to confirm consistency, etc.
 - Section 3.2(iii):
 - ★ Still being discussed.
 - ★ The January 24, 2005, draft includes the revised language proposed by JannaLyn Allen, Cinergy Marketing & Trading, LP. The December 7, 2004, draft has the “old” language. There is no consensus as to which language should be in the New GasEDI Base Contract at this time. The language in the GasEDI 2000 Base Contract is very similar to the language in the NAESB 2002 Base Contract.
 - ★ **Decision: Ian Anderson to poll the Miscellaneous Subcommittee by email for comments.**
 - Niall Armstrong expressed thanks to Pat Butler, Son Tran, Shannon Glover and the Miscellaneous Subcommittee for their efforts.
- ◆ Processes and Remaining Tasks - Niall Armstrong
 - The final decision to release the New GasEDI Base Contract for general use will be based on consensus; it is not planned to hold a formal vote (all of which is consistent with the CAPP Committee Guidelines).
 - Note that there is no “compulsion” to use the New GasEDI Base Contract, and the New GasEDI Base Contract contemplates the addition of Special Provisions.
 - Sequence of Events:
 - ★ 1. Committee of the Whole review - Committee participants.
 - ★ 2. Participant company internal reviews in parallel with external counsel reviews.
 - ★ 3. Committee of the Whole review - “decision makers”.
 - Timing:
 - ★ Credit: Probably need 2 more meetings, hopefully no more than 2; the first meeting is scheduled for Wednesday, February 2.
 - ★ Force Majeure: Probably don’t need any more meetings; none scheduled.
 - ★ Miscellaneous: Probably need 2 short meetings, hopefully no more than 2; the first meeting has not been scheduled.
 - ★ Target to circulate the “final” draft on Wednesday, February 23, 2005.
 - (a) This draft would form the basis for the Committee of the Whole Detailed Review scheduled for Wednesday, March 9, 2005 (see below).
 - (b) This meeting is scheduled to start at 1:00 pm and go all afternoon.
 - (c) Discussion should focus on substantive issues.
 - (d) Please advise Ian Anderson in writing of typos, reference errors, etc separately from the meeting, (email preferred).
 - (e) Force Majeure is complete - participant company internal reviews can start now, based on the January 24, 2005, draft.
 - Commentary:
 - ★ It would be appreciated if the Subcommittee chairs could develop bullet point notes about the New GasEDI Base Contract, noting differences, with reasons, vs the GasEDI 2000 Base Contract and the NAESB 2002 Base Contract.

- Credit Annex:
 - ★ Development is planned to follow closely behind release for general use of the Ne3w GasEDI Base Contract.
 - ★ May not be sponsored by CAPP.
- Promotion to Prospective New Participants - Ian Anderson
 - ★ DOB story published in September.
 - ★ CAPP circulated the Invitation to Participate to it's marketing contacts in late October.
 - ★ SEPAC has agreed to include information in it's member newsletter.

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| ■ | Next Meeting | |
| | When | Thursday, March 10, 2005; Noon - 4:00 pm, Calgary Time. |
| | Where | CAPP, 2100 First Canadian Centre, 350 - 7 Ave SW, Calgary. |
| | Chair | Niall Armstrong; Direct Energy Marketing Limited; 403-290-6726; niall.armstrong@na.centrica.com . |
| | RSVP | Ian Anderson; 403-243-1079; ian@isanderson.com by noon Calgary Time on Wednesday March 9 if you plan to attend. |
| | Tele-Conference | Available for non-Calgary participants; please advise Ian Anderson; 403-243-1079; ian@isanderson.com by noon Calgary Time on Wednesday March 9 if you wish to participate by tele-conference. |

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>) .

Section 10 Scenarios (Event of Default = Non Payment)

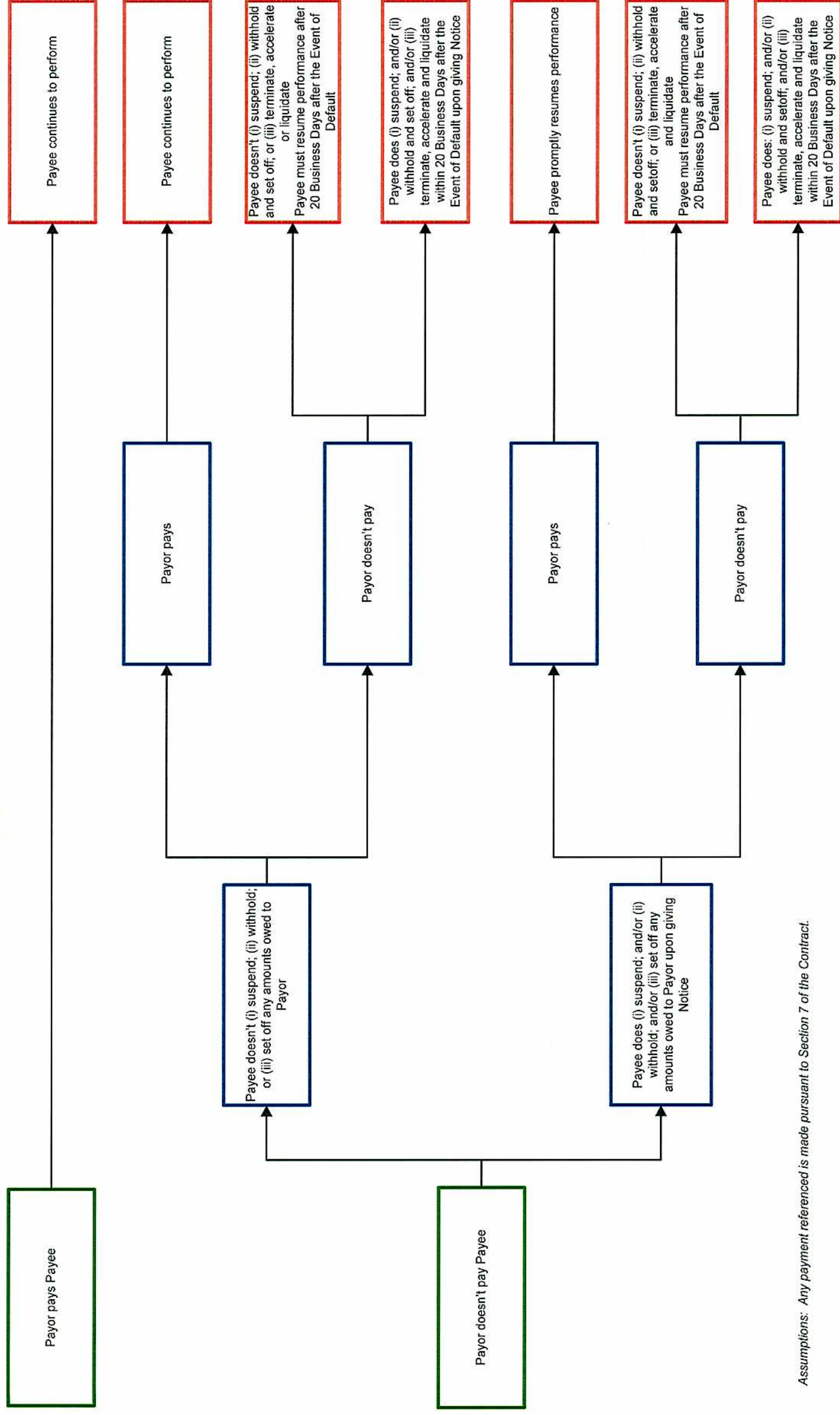
Timeline:
Payment Date

Payment Date + 1 Business Day

Section 10.2

Payment Date + 2 Business Days

Payment Date + 3 Business Days (and more)
Section 10.3 (Event of Default)



Assumptions: Any payment referenced is made pursuant to Section 7 of the Contract.