

GasEDI

c/o Canadian Association of Petroleum Producers
2100 - 350 - 7 Ave SW, Calgary, AB, Canada T2P 3N9

<http://www.gasedi.ca>

Project Manager: I. S. Anderson & Associates Limited • Tel: 403-243-1079 • Fax: 403-243-0546 • <http://www.isanderson.com>

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 - JUNE 27, 2005 - MINUTES Final - July 21, 2005

When Monday, June 27, 2005; 11:00 am - 2:00 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

Brent Ohr	BP Canada Energy Company
David Field	Cargill Energy
Kris Lautermilch	ConocoPhillips Canada Limited
Susan Leong	ConocoPhillips Canada Limited
Rob McKay	Constellation Energy Commodities Group, Inc. (Tele-conference)
Pat Butler	Coral Energy Canada Inc. (Tele-conference)
Niall Armstrong	Direct Energy Marketing Limited
Jodi Marshall	Direct Energy Marketing Limited
Diana Andel	EnCana Gas Marketing
Pam Webster	EnCana Gas Marketing
Ian Lydiatt	Energy Trust Marketing Ltd.
Jeff Piercy	Enmax Corporation
Ian Anderson	GasEDI
Rosa McDonald	Imperial Oil Resources Limited
Ernie Kohnke	Louis Dreyfus Holding Company Inc. (Tele-conference)
Kathy Bolan	Nexen Marketing
Sharron Roberts	Nexen Marketing
Kelli Grier	Petro-Canada Oil & Gas
Sandra Lord	Petro-Canada Oil & Gas
Lory Volpi	Seminole Canada Gas Company
Diane Pettie	Sempra Energy Trading (Canada) Limited

Katakin Kiss
Allan Koester

Suncor Energy Marketing Inc.
TransCanada PipeLines Limited

- Approval of Minutes - Ian Anderson
 - ◆ March 10, 2005, Meeting - Approved without change.
- Discussion
 - ◆ Recognition:
 - Niall Armstrong thanked everyone for the outstanding effort to develop an excellent New GasEDI Base Contract.
 - ◆ June 21, 2005, Draft "Walk Through".
 - Niall Armstrong and Ian Anderson advised the nature of and reasons for all changes vs the April 19, 2005, Draft. The separate document entitled "Commentary: June 21, 2005, Draft vs April 19, 2005, Draft", dated June 21, 2005, provides a summary.
 - ◆ Given the revised Base Contract definition, should the Cover Page and the GTC be page numbered together or should these documents be page numbered separately?
 - Decision: Yes. **Ian Anderson to change to independent page numbering of these 2 documents, each starting from page 1.**
 - ◆ Should Section 6.2 be expanded to cover PST / HST?
 - Decision: **Ian Anderson to discuss with Blair Nixon (Felesky Flynn); include PST and HST if it can be done simply.**
 - ◆ Given the use of "person" in Section 14.11, should we define "person"? The definition could extract language from the definition of Affiliate.
 - Decision: No.
 - ◆ Contract Quantity vs Daily Contract Quantity:
 - Decision: **Niall Armstrong and Ian Anderson to review usage of Contract Quantity and consider changing term to Daily Contract Quantity / adding a new term Daily Contract Quantity / leave as is.**
 - ◆ Can Sections 6.2 - 6.5 be deleted?
 - Decision: No.
 - ◆ Status of GST language: Blair Nixon (Felesky Flynn) reviewing.
 - Decision: **Ian Anderson to follow-up.**
 - ◆ Sections 11.2.a and 11.2.b: The position and phraseology of the "prevents or restricts" language is different.
 - Decision: **Diane Pettie and Ian Anderson to reword Section 11.2.a so it is structured like 11.2.b.**
 - ◆ Section 14.11: Language needs tidying up - to reflect the concept that "it is the intent of the parties".
 - Decision: **Niall Armstrong to redraft.**
 - ◆ Blair Nixon (Felesky Flynn) has written a paper re GST on exports and imports of natural gas. **Ian Anderson will find out whether the paper can be shared with participants and/or posted on the GasEDI web site.**
 - ◆ Processes and Remaining Tasks - Niall Armstrong.
 - Participants should plan on "adopting" the New GasEDI Base Contract by consensus, recognizing that users can amend the New GasEDI Base Contract by means of Special Provisions.

- Parties should migrate to use of the New GasEDI Base Contract promptly upon its release for general use.
- Parties have the option of migrating existing transactions from the GasEDI 2000 Base Contract to the New GasEDI Base Contract - but this will be completely at the option of individual parties.
- Parties will probably develop their own Special Provisions where situations warrant.
- There are no plans to develop and publish an annotated or a commented copy of the New GasEDI Base Contract.
- Leave the GasEDI 2000 Base Contract on the GasEDI web site till the end of 2005. On or about January 1, 2006, remove the GasEDI 2000 Base Contract from the GasEDI web site, but archive the GasEDI Base Contract so it will be available for future special needs (such as to assist in resolving litigation). **Action by Ian Anderson.**

■ Subsequent to the Meeting

- ◆ Issue: June 28, 2005; Rosa McDonald; Imperial Oil Resources Limited:
 - I did have one more question, if I may: re Sec. 10.4.c -- therein it states that netting against any Net Settlement Amount is permitted only if netting provisions have been expressly permitted in the Special Provisions or Credit Annex, yet in 10.2(iii), one can setoff any amounts due from other agreements against amounts not paid by a Payer without reference to netting provisions in the Special Provisions or Credit Annex. Why is there a difference?
- ◆ Response: June 28, 2005; Niall Armstrong; Direct Energy Marketing Limited:
 - With respect to setoff, I applaud your attention to detail. And I admit that it appears to be (and may in fact be) inconsistent.
 - ★ The draft 2005 version permits setoff against other agreement amounts under 10.1.b (until PA is provided) and 10.2 (failure to pay), without anything necessary in the Sps.
 - ★ The 2000 version allowed setoff against other agreement amounts in 10.2 (when an event of default occurs) and 10.4 (netting the Total Termination Payment).
 - ★ NAESB only permits setoff against other agreement amounts if that option is chosen and when an early termination date had been designated.
 - It seems odd that a Non-defaulting party would lose one of the remedies it enjoys prior to termination unless it actually includes it in the SPs or the Credit Annex.
 - When we discussed this at the committee, there was pushback to the concept. I'm guessing it came from people who elect not to permit it under the NAESB. However, it would seem that under GasEDI (where most participant wanted the expansion of setoff for PA) we taking a step backwards. I note that you can likely setoff anyway at law if the other agreement amount is liquidated.
 - **Ian, let's discuss.**

■ Next Meeting

When Thursday July 21, 2005; 11:00 am - noon, 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 July 20 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 July 20 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>) .