

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.

CREDIT SUBCOMMITTEE MEETING - AUGUST 17, 2004 - MINUTES Final - September 27, 2004

When Tuesday, August 17, 2004; 1:30 - 3:00 pm Calgary Time
Where Suncor Energy Marketing Inc., 112 - 4 Avenue SW, Calgary, AB
Thank You Andrea Decore and Suncor Energy Marketing Inc. For hosting this meeting.

■ Call to Order - Andrea Decore

■ Attendees

David Field	Cargill Energy
Brent Ohr	Cargill Energy
Deanna Welch	ConocoPhillips Canada Limited
Jodi Marshall	Direct Energy Marketing Limited
Jim Hawkins	EnCana Corporation
Diana Andel	EnCana Gas Marketing
Pam Webster	EnCana Gas Marketing
Ian Anderson	GasEDI
Ernie Kohnke	Louis Dreyfus Holding Company Inc. (Tele-conference)
Sharon Huckell	Petro-Canada
Diane Pettie	Sempra Energy Trading (Canada) Limited
Andrea Decore	Suncor Energy Marketing Inc.
Kelly Holtby	Suncor Energy Marketing Inc.
Allan Koester	TransCanada PipeLines Limited

■ Discussion

- ◆ Section 7.6: Brent Molesky (Burlington Resources Canada Ltd.) proposed (by email) the concept of cross currency netting. Consensus of the subcommittee was not in favour, for several reasons, such as:
 - This concept more properly belongs in a Master Netting Agreement, which would deal with all the complex issues associated with cross currency netting.
 - Such would upset parties currency hedging strategies.

- Companies do not do foreign exchange transactions on a contract settlement cycle, but, rather, on a schedule set to meet internal currency trading requirements.
- ◆ Section 10.1: There was extensive discussion about this clause, and review of the various Special provisions sets provided. Discussion centred around the following concepts:
 - Keep the broad, “catch-all” language.
 - Maybe add, “without limitation”, concepts such as the following, and failure would lead to the right to demand Performance Assurance:
 - ★ The occurrence of a material adverse change, such as the language in the NAESB 2002 Base Contract (Section 10.1).
 - ★ Failure to provide the latest available financial information within 2 Business Days, when requested.
 - ★ Failure to provide routine financial statements, unless such are posted in a publically accessible place, such as a web site, SEDAR, etc.
 - ★ Some kind of ratings trigger, such as falling below investment grade.
 - Consensus was that:
 - ★ There is no consistency in the various sets of Special Provisions on this issue.
 - ★ Adding these concepts would likely lead to even more complicated sets of Special Provisions.
 - ★ These concepts should not be added to the New GasEDI Base Contract.
 - ★ **The New GasEDI Base Contract should reduce the time for providing Performance Assurance from 5 Business Days to 3 Business Days.**
 - ★ No other change should be made to Section 10.1.

■ Next Meeting

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, 403-268-6643, pamela.webster@encana.com

FURTHER INFORMATION

Please contact Ian Anderson (403-243-1079, ian@isanderson.com) or Kris Lautermilch, (403-233-4224, K.Lautermilch@ConocoPhillips.com), or visit GasEDI's web site (<http://www.gasedi.ca>).