

# GasEDI

c/o Canadian Association of Petroleum Producers  
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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 - SEPTEMBER 15, 2004 - MINUTES Final - September 27, 2004

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  
Thank You Pam Webster and EnCana Gas Marketing for hosting this meeting.

#### ■ Call to Order - Pam Webster

#### ■ Attendees

David Field	Cargill Energy
Brent Ohr	Cargill Energy
Deanna Welch	ConocoPhillips Canada Limited
Niall Armstrong	Direct Energy Marketing Limited
Jim Hawkins	EnCana Corporation
Diana Andel	EnCana Gas Marketing
Pam Webster	EnCana Gas Marketing
Ian Anderson	GasEDI
Kathy Bolan	Nexen Marketing
Sharon Huckell	Petro-Canada
Diane Pettie	Sempra Energy Trading (Canada) Limited
Mark McNevin	Talisman Energy Inc.
Shannon Glover	TD Commodity and Energy Trading Inc.
Allan Koester	TransCanada PipeLines Limited

#### ■ Discussion

##### ◆ Events of Default

- Credit Support default. Cover in a Credit Support Annex.
- Merger without assumption. Not discussed - include on agenda for next meeting.
- Cross-default with other agreements. Not discussed - include on agenda for next meeting.
- Event of Default Definition - consider removal or at least amendment of (v) as this is too much of a catch all; all significant events which would constitute an event of default are clearly outlined within the agreement and by leaving this open-ended

provision, it could allow a non-material event to lead to onerous termination payments. Not discussed - include on agenda for next meeting.

- ◆ Market Value
  - Is definition consistent with ISDA? Not discussed - include on agenda for next meeting.
- ◆ Section 7.2: There was an explanation that Section 7.2 was modified to be more precise than the language in the GasEDI 2000 Base Contract. “Closest Business Day to Payment Date” is similar to US practice; “Next Business Day Following Payment Date” is similar to Canadian practice. The July 12, 2004, Credit Subcommittee Meeting decided to modify this section (vs the GasEDI 2000 Base Contract language) to add a check box to the cover sheet to choose between “closest” and “next” Business Day if Payment Date is not a Business Day, with closest being the default; and to make the corresponding changes to Section 7.2. The resulting language was developed based on various Special Provisions supplied.
- ◆ Section 10.1: Consider incorporating some credit support language (ie: from ISDA) within Section 10.1 as well as look at what the EEI has in comparison to the current version.
  - There was an in-depth discussion about the concepts of Reasonable Grounds for Insecurity vs Objective Tests, such as S&P, Moody’s, etc. Consensus was that we probably couldn’t develop generally acceptable standard Objective Tests language, and that users would replace any such standard Objective Tests language with their own Special Provisions.
  - Decision was to leave Section 10.1 as is (in the current draft), which only has Reasonable Grounds language, and plan on developing a Credit Support Annex immediately after completing development of the New GasEDI Base Contract.
  - Decision was to add “Credit Support Annex” to the definition of “Contract”. Following is the proposed revised definition: “Contract” means the legally-binding relationship established by (i) the Base Contract, including any Credit Support Annex and all Special Provisions documents identified on the Base Contract, (ii) any and all effective Transaction Confirmations, and (iii) any and all Transactions entered into by the parties orally or electronically.
  - Decision was to add a “Credit Event Default” definition - “as defined in a Credit Support Annex, if applicable”. Following is the proposed definition: “Credit Event Default” has the meaning set forth in a Credit Support Annex, if a Credit Support Annex has been identified on the Base Contract.

■ Next Meeting

When Monday, September 27, 2004; 1:30 - 3:30 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](mailto:pamela.webster@encana.com)

## FURTHER INFORMATION

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