

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 - JANUARY 11, 2005 - MINUTES Final - January 20, 2005

When Tuesday, January 11, 2005; 1:30 - 3:30 pm, Calgary Time.
Where ConocoPhillips Canada Limited, 16th Floor, 401 - 9th Avenue SW, Calgary.
Thank You Kris Lautermilch and ConocoPhillips Canada Limited for hosting this meeting.

- Call to Order - Kris Lautermilch
- Anti-Trust Guideline - Kris Lautermilch
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.
- 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.
- Attendees
 - JannaLyn Allen Cinergy Marketing & Trading, LP (Tele-Conference)
 - Kris Lautermilch ConocoPhillips Canada Limited
 - Deanna Welch ConocoPhillips Canada Limited
 - Rob McKay Constellation Energy Commodities Group, Inc. (Tele-Conference)
 - Philip Robinson Constellation Energy Commodities Group, Inc. (Tele-Conference)
 - Niall Armstrong Direct Energy Marketing Limited
 - Diana Andel EnCana Gas Marketing
 - Pam Webster EnCana Gas Marketing
 - Ian Lydiatt Energy Trust Marketing Ltd.
 - Ian Anderson GasEDI
 - Kathy Bolan Nexen Marketing
 - Kelli Grier Petro-Canada
 - Diane Pettie Sempra Energy Trading (Canada) Limited
 - Mark McNevin Talisman Energy Inc.
 - Allan Koester TransCanada PipeLines Limited

- Approval of Minutes - Ian Anderson
 - ◆ December 6, 2004, Meeting: approved without change.
- Discussion
 - ◆ Section 1.2.d: Priority:
 - Is this the correct priority “In the event of a conflict among the foregoing, the terms shall govern in the following priority: (i) an effective Transaction Confirmation; (ii) a Transaction entered into by the parties either orally or electronically; (iii) a Credit Annex, if any; (iv) Special Provisions, if any; and (v) the balance of the Base Contract”?
 - ★ Decision: This is the correct priority.
 - “Base Contract” definition: Should sequence be same as priority in Section 1.2.d?
 - ★ Decision: leave as per the December 7, 2004, draft.
 - “Credit Annex” definition: Should Exhibit sequence be same as priority in Section 1.2.d?
 - ★ Decisions:
 - (a) Delete “ as Exhibit C” from the definition and from the Cover Page.
 - (b) Change “Credit Annex” to “credit support agreement”.
 - “Special Provisions” definition: Should Exhibit sequence be same as priority in Section 1.2.d?
 - ★ Decision: Delete “ as Exhibit B” from the definition and from the Cover Page.
 - ◆ Sections 10.2, 10.3 and 10.5:
 - **Decision: Diana Andel and Pam Webster to develop revised language to cover the concepts of Sections 10.2, 10.3 and 10.5 for discussion at the next Credit Subcommittee meeting. Language to consider: integration / termination / procedures / remove incentive to “game” / Notices / requirement to resume performance / rights to suspend performance / transition from non-payment to Event of Default / possible conflicts between suspension rights and gas scheduling deadlines / language proposed by Lory Volpi (attached) / be sure the definitions of Defaulting Party and Non-Defaulting Party are OK if used elsewhere. Also develop a related flow chart as basis for explanation.**
 - ◆ Section 13.1: Is revised language OK?
 - **Decision: Niall Armstrong to develop revisions.**
 - ◆ “Event of Default: Definition:
 - Is deletion of “(iv) a party’s failure to deliver or receive Gas on a Firm basis 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” OK?
 - ★ Decision: Leave the above language out.
 - ★ **Decision: Mark McNevin to develop alternate language which gives a party an option to terminate a Transaction (along the lines of the NAESB 2002 Base Contract.**
 - Merger without assumption.
 - ★ Not discussed.
 - Cross-default with other agreements.
 - ★ Not discussed.

- Consider removal or at least amendment of “(vi) the failure to perform any material obligation under the Contract other than an obligation which is specifically covered in this definition as a separate Event of Default or is covered under Section 3.2), if not remedied within 5 Business Days after receiving Notice thereof” 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.
- ◆ “Market Value” and “Market Price” Definitions: Proposed by JannaLyn Allen (attached).
 - Decision: Convert to the definitions proposed by JannaLyn Allen.
- ◆ “Defaulting Party” definition: Is the existing definition OK?
 - Decision: Be sure the reference is correct; actual definition to be part of the redevelopment of Sections 10.2, 10.3 and 10.5.
- ◆ “Non-Defaulting Party” definition: Is the existing definition OK?
 - Decision: Be sure the reference is correct; actual definition to be part of the redevelopment of Sections 10.2, 10.3 and 10.5.
- ◆ “Termination Payment” definition:
 - Cinergy Canada suggests adding the following sentence to the end: "Any 'loss' with respect to a Transaction will be owed by the Defaulting Party to the Non-Defaulting Party and any 'gain' with respect to a Transaction will be owed by the Non-Defaulting Party to the Defaulting Party."
 - ★ Decision: Add this language.
- ◆ Section 10.1:
 - Cinergy Canada notes that on the next to last line, "Early Terminate Date" should read "Early Termination Date".
 - ★ Decision: Ian Anderson will make the correction.

■	Next Meeting	
	When	Thursday, January 20, 2005; 1:30 - 3:30 pm, Calgary Time.
	Where	TransCanada PipeLines Limited; Room TCT214 on the Plus15 Level; TransCanada Tower, 450 - 1 Street SW, Calgary.
	Chair	Kris Lautermilch; ConocoPhillips Canada Limited; 403-233-4224; K.Lautermilch@ConocoPhillips.com .
	RSVP	Allan Koester; TransCanada PipeLines Limited; 403-920-8127; allan_koester@transcanada.com ; by noon Calgary Time on Wednesday January 19 if you plan to attend.
	Tele-Conference	Available for non-Calgary participants; please advise Allan Koester; TransCanada PipeLines Limited; 403-920-8127; allan_koester@transcanada.com ; by noon Calgary Time on Wednesday January 19 if you wish to participate by tele-conference.

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>).

Language re the right of the Non-Defaulting Party / Performing Party to receive payments and obligation resume performance - Lory Volpi

The following is proposed to be added to Section 10:

For each Day that deliveries or receipts of Gas are suspended under either Sections 10.2 or 10.5 (up to a maximum of thirty (30) cumulative Days in respect of each and every occurrence of Non-Performance, an Event of Default or Potential Event of Default), the Non-Defaulting Party or the Performing Party, as applicable, in addition to any other payments it is entitled to under this Contract, is entitled to payments calculated in accordance with Section 3.2 as if the Defaulting Party or Non-Performing Party breached its Firm obligation to deliver or receive Gas, as applicable. Subject to the Non-Defaulting Party's or Performing Party's termination rights under Section 10.3, upon termination of the foregoing suspension by the Non-Defaulting Party or Performing Party, deliveries and receipts of Gas shall recommence upon one (1) Business Day's Notice to that effect.

Market Value and Market Price Definitions - JannaLyn Allen

Marked to show differences vs the December 7, 2004, Draft.

"Market Value" of a Transaction means the net present value (applying the Present Value Discount Rate) of the product of (1) the quantity of Gas remaining under a Transaction pursuant to which the parties are obligated to transact, multiplied by (2) a mMarket pPrice for a similar transaction considering taking into consideration the remaining Delivery Period, Contract Quantity and Delivery Point; ~~with such market price to be.~~

"Market Price" means the amount established by either (i) a bona fide offer accepted by the Non-Defaulting Party from a third party in an arms-length negotiation for a replacement transaction or (ii) quotations obtained by the Non-Defaulting Party, in good faith, from three Reference Market Makers, where the arithmetic average of the three quotations shall be the mMarket pPrice; provided however, that if such quotations are not readily available, or the quotations will not reflect comprehensive treatment of the pricing structure for Transactions terminated pursuant to Section 10.3(ii), as determined in the reasonable discretion of the Non-Defaulting Party, the Non-Defaulting Party shall determine the mMarket pPrice by considering any or all of the following: the settlement prices of NYMEX Gas futures contracts, similar sales or purchases of Gas, or information available to it internally, including, without limitation, information on relevant rates, prices, yields, yield curves, volatilities, spreads and other relevant market data, provided that such information is of the same type used by the Non-Defaulting Party in the regular course of its business for the valuation of similar transactions, all adjusted to consider the remaining Delivery Period, Contract Quantity, Delivery Point and differences in transportation costs. A party shall not be required to enter into a replacement transaction in order to determine the mMarket pPrice. Any extension(s) of the Delivery Period of a Transaction to which the parties are not bound as of the Early Termination Date (including but not limited to "evergreen provisions") shall not be considered in determining mMarket pPrice. For the avoidance of doubt, the value of any option pursuant to which one party has the right to extend the Delivery Period of a Transaction shall be considered included in determining mMarket pPrice.