

# GasEDI

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

<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 - JANUARY 20, 2005 - MINUTES Final - February 2, 2005

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.  
Thank You Allan Koester and TransCanada PipeLines Limited for hosting this meeting.

■ Call to Order - Ian Anderson

■ 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

David Field	Cargill Energy
JannaLyn Allen	Cinergy Marketing & Trading, LP (Tele-Conference)
Deanna Welch	ConocoPhillips Canada Limited
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
Rosa McDonald	Imperial Oil Resources Limited
Sharon Huckell	Petro-Canada
Diane Pettie	Sempra Energy Trading (Canada) Limited
Mark McNevin	Talisman Energy Inc.
Allan Koester	TransCanada PipeLines Limited

■ Approval of Minutes - Ian Anderson

◆ January 11, 2005, Meeting: approved without change.

- Discussion
  - ◆ Sections 10.2 - 10.5:
    - Diana Anandel and Pam Webster presented a flow-chart (attached to these minutes) and led a discussion about the concepts.
      - ★ Decisions:
        - (a) Sections 10.2 and 10.3: These sections were modified during the meeting; the modified versions will be put into the draft.
        - (b) **Section 10.4: This section was modified during the meeting; the modified version will be put into the draft; Sharon Huckell to develop revised language, and revisions to related defined terms.**
        - (c) Do not add in the “Excluded Transactions” concept in the NAESB 2002 Base Contract.
        - (d) **Section 10.5: Possible revisions still to be developed.**
  - ◆ Section 13.1: Is revised language OK?
    - Niall Armstrong led a discussion about the concepts.
      - ★ **Decision: Niall Armstrong to develop 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.**
  - ◆ Option to Terminate a Single Transaction:
    - Mark McNevin circulated draft language which gives a party an option to terminate a Transaction (along the lines of the NAESB 2002 Base Contract).
      - ★ **Decision: Mark McNevin, Talisman Energy Inc., and Niall Armstrong, Direct Energy Marketing Limited, to develop an option to terminate a Transaction. The language should be brief, and track the overall Early Termination of the Contract concepts.**
    - Merger without assumption:
      - ★ Approved the decision by the Miscellaneous Subcommittee (January 13, 2005): Leave out; covered by merger law; parties can protect themselves by demanding Performance if necessary.
    - Cross-default with other agreements:
      - ★ Approved the decision by the Miscellaneous Subcommittee (January 13, 2005): Leave out; parties can protect themselves by demanding Performance if necessary.
    - 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.
      - ★ Approved the decision by the Miscellaneous Subcommittee (January 13, 2005): Leave in.

- Next Meeting
  - When Wednesday, February 2, 2005; 1:30 - 3:30 pm, Calgary Time.
  - Where Direct Energy Marketing Limited; 1000 - 111 - 5 Ave SW, Calgary.
  - Chair Kris Lautermilch; ConocoPhillips Canada Limited; 403-233-4224; [K.Lautermilch@ConocoPhillips.com](mailto:K.Lautermilch@ConocoPhillips.com).
  - RSVP Niall Armstrong; Direct Energy Marketing Limited; 403-290-6726; [niall.armstrong@na.centrica.com](mailto:niall.armstrong@na.centrica.com); by noon Calgary Time on Tuesday February 1 if you plan to attend.
  - Tele-Conference Available for non-Calgary participants; please advise Niall Armstrong; Direct Energy Marketing Limited; 403-290-6726; [niall.armstrong@na.centrica.com](mailto:niall.armstrong@na.centrica.com); by noon Calgary Time on Tuesday February 1 if you wish to participate by tele-conference. The tele-conference call-in number is 1-866-336-5111; passcode 5052097 #.

## 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>).

# Section 10 Scenarios (Event of Default = Non Payment)

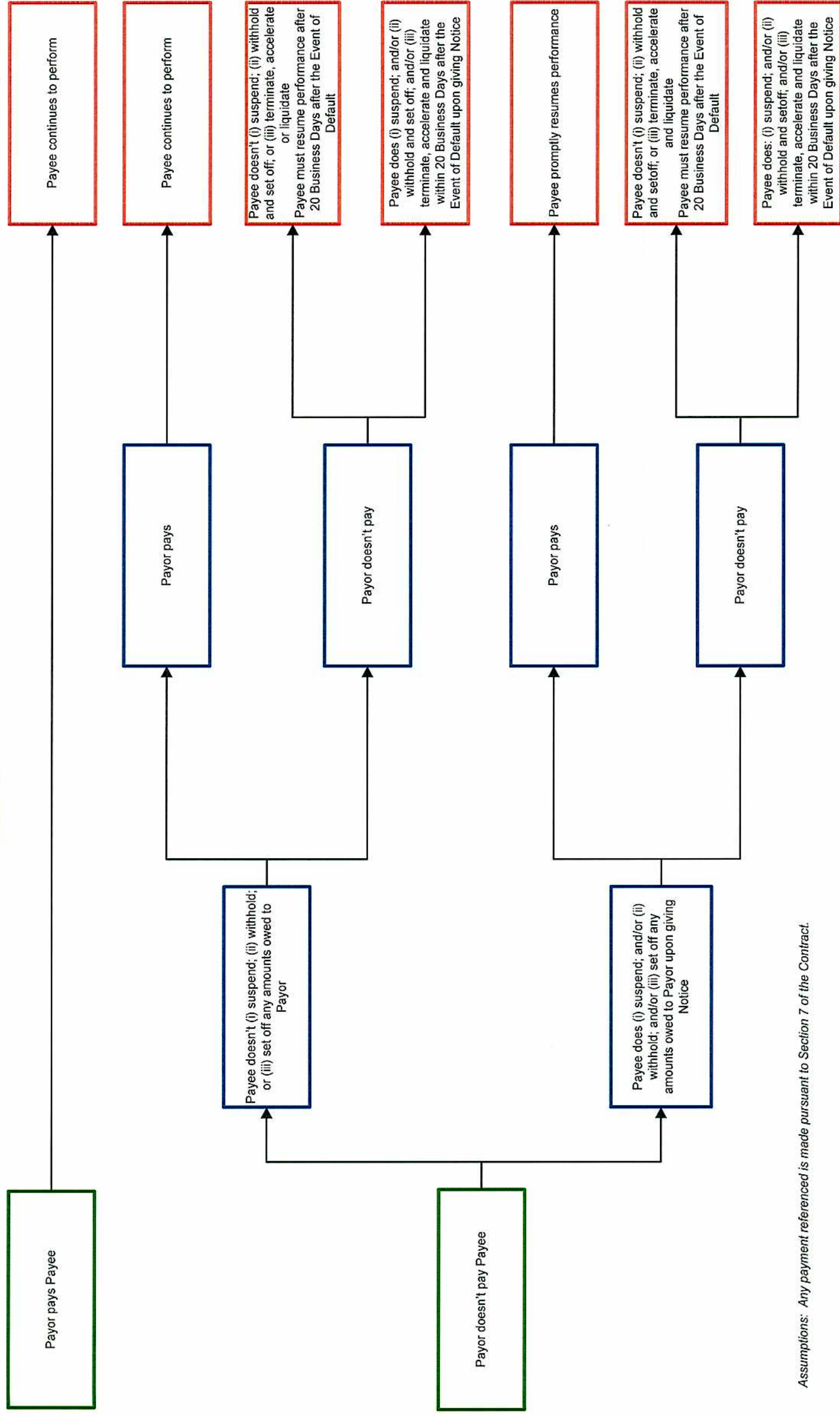
Timeline:  
Payment Date

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.