

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.

CREDIT SUBCOMMITTEE MEETING - FEBRUARY 2, 2005 - MINUTES Final - February 16, 2005

When Wednesday, February 2, 2005; 1:30 - 3:30 pm, Calgary Time.
Where Direct Energy Marketing Limited; 1000 - 111 - 5 Ave SW, Calgary.
Thank You Niall Armstrong and Direct Energy Marketing Limited for hosting this meeting.

■ Call to Order - Deanna Welch

■ Anti-Trust Guideline - Deanna Welch

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
Deanna Welch	ConocoPhillips Canada Limited
Rob McKay	Constellation Energy Commodities Group, Inc. (Tele-conference)
Niall Armstrong	Direct Energy Marketing Limited
Diana Andel	EnCana Gas Marketing
Pam Webster	EnCana Gas Marketing
Ian Anderson	GasEDI
Rosa McDonald	Imperial Oil Resources Limited
Kathy Bolan	Nexen Marketing
Sharon Huckell	Petro-Canada (Tele-conference)
Diane Pettie	Sempra Energy Trading (Canada) Limited
Mark McNevin	Talisman Energy Inc.
Allan Koester	TransCanada PipeLines Limited

■ Approval of Minutes - Ian Anderson

◆ January 20, 2005, Meeting: approved without change.

■ Discussion

◆ Section 3.3 (Proposed): Option to Terminate a Single Transaction:

- Mark McNevin, Talisman Energy Inc., and Niall Armstrong, Direct Energy Marketing Limited, proposed language for an option to terminate a Transaction. Guidelines: the language should be brief, and track the overall Early Termination of the Contract concepts.
- Decisions: After extensive discussion, the following definitions were approved:
 - ★ “Affected Transaction” means a Transaction with a Delivery Period of at least 30 Days, in respect of which the Non-Performing Party has failed to purchase and receive, or sell and deliver, as applicable, Gas as required by any Firm Transaction which is not excused because of the Non-Performance (non-delivery or non-receipt, as applicable) of the other party, or by Force Majeure, the greater of 500 GJ or 5% of the Contract Quantity of Gas to be delivered each Day for the greater of 4 cumulative Days or 4% of the number of Days in the Delivery Period, with partial Days being rounded up, notwithstanding that any of such Non-Performances previously gave rise to a Termination Right that was not exercised in accordance with Section 3.3.
 - ★ “Termination Right” means the right of the Performing Party to terminate an Affected Transaction in the circumstances described in Section 3.3.
- The following Section 3.3 was proposed and discussed, but no decision made:
 - ★ In addition to the rights set out in Sections 3.2 and 10.5 **[note reference to sole and exclusive remedy in 3.2 to be amended]**, unless otherwise specified on the applicable Transaction Confirmation, a Performing Party shall have the right (“Termination Right”) to terminate, accelerate and liquidate an Affected Transaction by providing Notice to the Non-Performing Party designating an Early Termination Date, which date shall be between **[1 and 20]** Business Days following the most recent Non-Performance causing the Affected Transaction, but no earlier than the effective date of Notice, on which date the Affected Transaction shall terminate. Following the exercise of its Termination Right, the Performing Party shall calculate the Termination Payment in respect of the Affected Transaction, which amount shall be paid in accordance with Section 10.4, all as if an Early Termination Date had occurred, the Affected Transaction was the only Transaction, the Performing Party was the Non-Defaulting Party and the Non-Performing Party was the Defaulting Party. The exercise of the Termination Right shall not be construed as an Event of Default or similar default with respect to the Affected Transaction, any other Transactions or any other agreement between the parties.

If the Performing Party fails to provide Notice to exercise its Termination Right within **[20]** Days of the occurrence of the last Non-Performance that gave rise to that Termination Right, the Termination Right shall expire, but without prejudice to any Termination Right that may subsequently arise upon the occurrence of a further Non-Performance in respect of that Transaction.

- Decision:
 - ★ It was decided to add a related check box to the cover page, with the default being the Option to Terminate a Single Transaction does NOT apply.
- ◆ Section 10:
 - See event flow chart attached to this agenda.
- ◆ Section 10.4:
 - Sharon Huckell to develop revised language, and revisions to related defined terms - attached.
 - ★ Not discussed.
- ◆ Section 10.5:
 - Possible revisions - not yet defined.
 - ★ Not discussed.
- ◆ Section 13.1:
 - Niall Armstrong to developed 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.
 - Decision: the following was approved (and it was decided to break up Section 13.1 into sub-sections as shown below). The language will be all upper case and bold in the New GasEDI Base Contract:
 - ★ 13.1.a Except as set forth in Section 8, the Special Provisions or the applicable Transaction Confirmation, there is no warranty of merchantability or fitness for a particular purpose, and any and all implied warranties are disclaimed.
 - ★ b. For breach of any provision of this Contract for which an express measure of damages is provided, a party's liability for damages for that breach shall be limited as set forth in such provision, and all other damages at law or in equity are waived. If no express measure of damages is provided in this Contract, a party's liability shall be limited to direct actual damages only, and all other damages at law or in equity are waived.
 - ★ c. Except to the extent provided in this Contract as an express measure of damages, neither party shall be liable for consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages (whether direct or indirect), arising by statute, in tort or contract, under any indemnity provision or otherwise.
 - ★ d. It is the intent of the parties that the limitations imposed on remedies and the measure of damages in this Section 13.1 be without regard to the related cause or causes, including the negligence of any party, whether such negligence be sole, joint or concurrent, or active or passive.
 - ★ e. To the extent that any damages required to be paid hereunder are liquidated, the parties acknowledge that the damages are difficult or impossible to determine, or otherwise obtaining an adequate measure of damages is inconvenient and the damages calculated hereunder constitute a reasonable approximation of the harm or loss.

- ★ f. Nothing in this Section 13.1 shall limit the right of a party to recover or enforce a right to damages permitted by this Contract.
- ★ g. Except as limited in this Section 13.1, Section 3.2, the Special Provisions or the applicable Transaction Confirmation, each party reserves to itself any and all rights, remedies, set-offs, counterclaims and defences that may be available to it at law or in equity in respect of the subject matter of this Contract.
- Decision:
 - ★ Delete Section 10.6 (not required due to revised Section 13.1).

■ Next Meeting	
When	Wednesday, February 16, 2005; 1:30 - 3:30 pm, Calgary Time.
Where	Petro-Canada; 150 - 6 Avenue SW, Calgary.
Chair	Kris Lautermilch; ConocoPhillips Canada Limited; 403-233-4224; K.Lautermilch@ConocoPhillips.com .
RSVP	Sharon Huckell; Petro-Canada; 403-296-3187; shuckell@petro-canada.ca ; by noon Calgary Time on Tuesday February 15 if you plan to attend.
Tele-Conference	Available for non-Calgary participants; please advise Sharon Huckell; Petro-Canada; 403-296-3187; shuckell@petro-canada.ca ; by noon Calgary Time on Tuesday February 15 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>) .

Proposed Revised Section 10.4 and Definitions - Sharon Huckell, Petro-Canada

10.4.1 If an Early Termination Date is designated, the Non-Defaulting Party shall calculate the Liquidation Amount. Once the Non-Defaulting Party has made the necessary calculations, it shall provide Notice of the Liquidation Amount, setting forth in reasonable detail how such calculation was made together with supporting documentation. Failure to give such Notice shall not affect the validity or enforceability of the Total Termination Payment or the Liquidation Amount, as applicable, or give rise to any claim by the Defaulting Party against the Non-Defaulting Party for failure to give such Notice. [NTD: MODIFIED SO LIQUIDATION AMOUNT IS A FURTHER CALCULATION, AFTER TOTAL TERMINATION PAYMENTS ARE DETERMINED, (ii) TO PROVIDE FOR GIVING NOTICE OF CALCULATION AND SUPPORTING DOCUMENTATION; AND (iii) IMPACT OF FAILURE TO GIVE NOTICE. THIS APPROACH IS MORE CONSISTENT WITH NAESB]

10.4.2 The Liquidation Amount shall be paid by the Defaulting Party within 2 Business Days of Notice of the Liquidation Amount, if due from the Defaulting Party to the Non-Defaulting Party or is payable by the Non-Defaulting Party on the 25th of the Month following the Early Termination Date, as applicable, if due from the Non-Defaulting Party to the Defaulting Party. The Liquidation Amount if payable by the Defaulting Party shall be paid by the Defaulting Party, even if all or any part of it is in dispute, subject to adjustment, if applicable. [NTD: MODIFIED TO PROVIDE FOR THE CONCEPT THAT AN AMOUNT IS DUE TO, OR DUE FROM, THE NON-DEFAULTING PARTY]

10.4.3 The Liquidation Amount is a reasonable pre-estimate of the loss or damage suffered as a result of an Event of Default, and is not intended as a penalty. [NTD: NEW - LIFTED FROM DEFINITION OF TOTAL TERMINATION PAYMENT AND IS INCLUDED AS A STATEMENT RATHER THAN PART OF A DEFINITION]

“Contract Price” means: (i) if the Delivery Point is in the United States, the amount expressed in U.S. Dollars per MMBtu or U.S. Dollars per Dekatherm or, (ii) if the Delivery Point is in Canada, the amount expressed in Canadian Dollars per GJ, unless specified otherwise in a Transaction. [NTD: SAME AS CURRENT DRAFT EXCEPT FOR NUMBERING]

“Contract Value” of a Transaction means the net present value (applying the Present Value Discount Rate) of the product of (i) the quantity of Gas remaining under a Transaction which the parties are obligated to transact, multiplied by (ii) the Contract Price. [NTD: SAME AS CURRENT DRAFT EXCEPT FOR NUMBERING - TO BE CONSISTENT WITH REST OF CONTRACT]

“Costs” means all reasonable costs, legal fees and expenses incurred by the Non-Defaulting Party to replace a Transaction(s) or in connection with termination of a Transaction(s) pursuant to Section 10. [NTD: ADDED “(S)” AFTER “TRANSACTION”]

“Liquidation Amount” means the single net or aggregate amount to be calculated by the Non-Defaulting Party after netting the Total Termination Payment against, or aggregating the Total Termination Payment with, all or any other amounts that the Non-Defaulting Party may include, and determines are owing (whether or not yet due) between the parties under (i) the Contract, including without limitation, amounts owed or due to the Non-Defaulting Party under Sections 3.2, 4.3 and 7.1, (ii) the Credit Annex, if applicable and (iii) any other agreement between the parties. If any amount to be included in the Liquidation Amount is unascertained, the Non-Defaulting Party may estimate in good faith the amount to be included, and once it is ascertained, the Liquidation Amount shall be subject to further adjustment by the Non-Defaulting Party, if applicable. [NTD: NEW. DIFFERENT NUMBER THAN TOTAL

TERMINATION PAYMENT (WHICH IS AN INTERIM CALCULATION). AT OPTION OF NON-DEFAULTING PARTY, (i) ALLOWS FOR INCLUSION OF CHARGES DUE UNDER SECTION 3.2 BUT NOT PAID, UNPAID IMBALANCE CHARGES AND RECEIVABLES IN LIQUIDATION AMOUNT (ii) INCLUSION OF UNASCERTAINED ESTIMATED CHARGES IN LIQUIDATION AMOUNT]

“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 Market Price. However, 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 Market Price by considering any or all of the following: (iii) the settlement prices of New York Mercantile Exchange Gas futures contracts, (iv) similar sales or purchases of Gas, or (v) 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 Market Price. 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 Market Price. 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 included in determining Market Price. [NTD: SAME AS MOST CURRENT DRAFT EXCEPT ADDED A PERIOD AND SOME NUMBERING]

“Market Value” of a Transaction means the net present value (applying the Present Value Discount Rate) of the product of (i) the quantity of Gas remaining under a Transaction pursuant to which the parties are obligated to transact, multiplied by (ii) a Market Price for a similar transaction taking into consideration the remaining Delivery Period, Contract Quantity and Delivery Point; [NTD: SAME AS CURRENT DRAFT EXCEPT FOR NUMBERING]

“Present Value Discount Rate” means with respect to any Transaction: (i) if the amount payable is in Canadian currency, the yield of Canadian Government Treasury Bills with a term closest to the time remaining in the Delivery Period, plus 100 basis points; or (ii) if the amount payable is in United States currency, the “Ask Yield” interest rate for United States Government Treasury notes as quoted in the “Treasury Bonds, Notes, and Bills” section of the Wall Street Journal most recently published with a term closest to the time remaining in the Delivery Period, plus 100 basis points. [NTD: SAME AS BEFORE]

“Termination Payment” for a Transaction means the difference between the Market Value and the Contract Value as of the Early Termination Date. If the Non-Defaulting Party is Seller and: (i) Market Value is greater than the Contract Value, then the Termination Payment in respect of that Transaction will be positive (gain) and (ii) if the Market Value is less than the Contract Value, the Termination Payment will be negative (loss). If the Non-Defaulting Party is the Buyer and: (iii) the Contract Value is greater than the Market Value, the Termination Payment will be positive (gain) and (iv) if the Contract Value is less than the Market Value, the Termination Payment will be negative (loss). 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. [NTD: MODIFIED BY EXCLUDING CALCULATION OF COSTS ON AN INDIVIDUAL TRANSACTION AND CHANGED SOME

NUMBERING. ALSO CONSIDER LAST SENTENCE, WHICH WAS A SUGGESTED ADDITION IN MOST CURRENT DRAFT]

“Total Termination Payment” means, in the context of the Non-Defaulting Party, the single net amount resulting from the gains and losses of all Termination Payments for all Transactions terminated pursuant to Section 10 minus all Costs associated with all Termination Payments. [NTD: MODIFIED. COSTS ARE DEDUCTED IN THIS CALCULATION]

Section 10.4 and Definitions - January 24, 2005 Draft

10.4 If an Early Termination Date has been designated, the Non-Defaulting Party shall calculate the Total Termination Payment which the Non-Defaulting Party may net against all other amounts owing (whether or not yet due) between the parties under the Contract and any other agreements between the parties. This amount constitutes the "Liquidation Amount" and shall be paid by the Defaulting Party within 2 Business Days of Notice or payable by the Non-Defaulting Party on the 25th of the Month following the Early Termination Date, as applicable. A disputed amount hereunder shall be paid by the Defaulting Party, subject to adjustment, if applicable.

"Contract Price" means, if the Delivery Point is in the United States, the amount expressed in U.S. Dollars per MMBtu or U.S. Dollars per Dekatherm or, if the Delivery Point is in Canada, the amount expressed in Canadian Dollars per GJ, unless specified otherwise in a Transaction.

"Contract 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 which the parties are obligated to transact, multiplied by (2) the Contract Price.

"Costs" means all reasonable costs, legal fees and expenses incurred by the Non-Defaulting Party to replace a Transaction or in connection with termination of a Transaction pursuant to Section 10.

"Liquidation Amount" has the meaning set forth in Section 10.4.

"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 Market Price; 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 Market Price by considering any or all of the following: the settlement prices of New York Mercantile Exchange 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 Market Price. 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 Market Price. 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 included in determining Market Price.

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remaining in the Delivery Period, plus 100 basis points; or (ii) if the amount payable is in United States currency, the "Ask Yield" interest rate for United States Government Treasury notes as quoted in the "Treasury Bonds, Notes, and Bills" section of the Wall Street Journal most recently published with a term closest to the time remaining in the Delivery Period, plus 100 basis points.

"Termination Payment" for a Transaction means the difference between the Market Value and the Contract Value, adjusted for Costs, as of the Early Termination Date. If the Non-Defaulting Party is Seller and Market Value minus Costs is greater than the Contract Value, the Termination Payment will be positive (gain) and if the Market Value minus Costs is less than the Contract Value, the Termination Payment will be negative (loss). If the Non-Defaulting Party is the Buyer and the Contract Value minus Costs is greater than the Market Value, the Termination Payment will be positive (gain) and if the Contract Value minus Costs is less than the Market Value, the Termination Payment will be negative (loss). 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.

"Total Termination Payment" means the sum of the Termination Payments for all Transactions terminated pursuant to Section 10. The Total Termination Payment is a reasonable pre-estimate of the loss suffered, and is not intended as a penalty.

WordPerfect Document Compare: Huckell compared to January 24, 2005

Original document: Draft 10.4 050124.wpd

Revised document: Draft 10.4 050127 Huckell.wpd

Deletions are shown with the following attributes and color:

~~Strikeout~~, ~~Blue~~ RGB(0,0,255).

Deleted text is shown as full text.

Insertions are shown with the following attributes and color:

Double Underline, Redline, Red RGB(255,0,0).

The document was marked with 26 Deletions, 42 Insertions, 0 Moves.

Proposed Revised Section 10.4 and Definitions - ~~January 24, 2005 Draft~~ Sharon Huckell, Petro-Canada

10.4.1 If an Early Termination Date ~~has been~~ is designated, the Non-Defaulting Party shall calculate the Liquidation Amount. Once the Non-Defaulting Party has made the necessary calculations, it shall provide Notice of the Liquidation Amount, setting forth in reasonable detail how such calculation was made together with supporting documentation. Failure to give such Notice shall not affect the validity or enforceability of the Total Termination Payment which or the Liquidation Amount, as applicable, or give rise to any claim by the Defaulting Party against the Non-Defaulting Party may net against all other amounts owing (whether or not yet due) between the parties under the Contract and any other agreements between the parties. This amount constitutes the "Liquidation Amount" and for failure to give such Notice. [NTD: MODIFIED SO LIQUIDATION AMOUNT IS A FURTHER CALCULATION, AFTER TOTAL TERMINATION PAYMENTS ARE DETERMINED, (ii) TO PROVIDE FOR GIVING NOTICE OF CALCULATION AND SUPPORTING DOCUMENTATION; AND (iii) IMPACT OF FAILURE TO GIVE NOTICE. THIS APPROACH IS MORE CONSISTENT WITH NAESB]

10.4.2 The Liquidation Amount shall be paid by the Defaulting Party within 2 Business Days of Notice ~~or of the Liquidation Amount, if due from the Defaulting Party to the Non-Defaulting Party or is~~ payable by the Non-Defaulting Party on the 25th of the Month following the Early Termination Date, as applicable. ~~A disputed amount hereunder, if due from the Non-Defaulting Party to the Defaulting Party. The Liquidation Amount if payable by the Defaulting Party shall be paid by the Defaulting Party, even if all or any part of it is in dispute, subject to adjustment, if applicable. [NTD: MODIFIED TO PROVIDE FOR THE CONCEPT THAT AN AMOUNT IS DUE TO, OR DUE FROM, THE NON-DEFAULTING PARTY]~~

10.4.3 The Liquidation Amount is a reasonable pre-estimate of the loss or damage suffered as a result of an Event of Default, and is not intended as a penalty. [NTD: NEW - LIFTED FROM DEFINITION OF TOTAL TERMINATION PAYMENT AND IS INCLUDED AS A STATEMENT RATHER THAN PART OF A DEFINITION]

"Contract Price" means: (i) if the Delivery Point is in the United States, the amount expressed in U.S. Dollars per MMBtu or U.S. Dollars per Dekatherm or, (ii) if the Delivery Point is in Canada, the amount expressed in Canadian Dollars per GJ, unless specified otherwise in a Transaction. [NTD: SAME AS CURRENT DRAFT EXCEPT FOR NUMBERING]

"Contract Value" of a Transaction means the net present value (applying the Present Value Discount Rate) of the product of (1i) the quantity of Gas remaining under a Transaction which the parties are obligated to transact, multiplied by (2ii) the Contract Price. [NTD: SAME AS CURRENT DRAFT EXCEPT FOR NUMBERING - TO BE CONSISTENT WITH REST OF CONTRACT]

"Costs" means all reasonable costs, legal fees and expenses incurred by the Non-Defaulting Party to replace a Transaction (s) or in connection with termination of a Transaction (s) pursuant to Section 10. [NTD: ADDED "(S)" AFTER "TRANSACTION"]

“Liquidation Amount” has the meaning set forth in Section 10.4.

~~“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 Market Price; 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, after netting the Total Termination Payment against, or aggregating the Total Termination Payment with, all or any other amounts that the Non-Defaulting Party shall determine the Market Price by considering any or all of the following: the settlement prices of New York Mercantile Exchange Gas futures contracts, similar sales or purchases of Gas, or information available to it internally, including, may include, and determines are owing (whether or not yet due) between the parties under (i) the Contract, 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 amounts owed or due to the Non-Defaulting Party under Sections 3.2, 4.3 and 7.1, (ii) the Credit Annex, if applicable and (iii) any other agreement between the parties. If any amount to be included in the Liquidation Amount is unascertained, the Non-Defaulting Party may estimate in good faith the amount to be included, and once it is ascertained, the Liquidation Amount shall be subject to further adjustment by the Non-Defaulting Party, if applicable. [NTD: NEW, DIFFERENT NUMBER THAN TOTAL TERMINATION PAYMENT (WHICH IS AN INTERIM CALCULATION). AT OPTION OF NON-DEFAULTING PARTY, (i) ALLOWS FOR INCLUSION OF CHARGES DUE UNDER SECTION 3.2 BUT NOT PAID, UNPAID IMBALANCE CHARGES AND RECEIVABLES IN LIQUIDATION AMOUNT (ii) INCLUSION OF UNASCERTAINED ESTIMATED CHARGES IN LIQUIDATION AMOUNT]~~

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“Market Value” of a Transaction means the net present value (applying the Present Value Discount Rate) of the product of (4j) the quantity of Gas remaining under a Transaction pursuant to which the parties are obligated to transact, multiplied by (2ii) a Market Price for a similar transaction taking into consideration the remaining Delivery Period, Contract Quantity and Delivery Point: [NTD: SAME AS CURRENT DRAFT EXCEPT FOR NUMBERING]

“Present Value Discount Rate” means with respect to any Transaction: (i) if the amount payable is in Canadian currency, the yield of Canadian Government Treasury Bills with a term closest to the time remaining in the Delivery Period, plus 100 basis points; or (ii) if the amount payable is in United States currency, the “Ask Yield” interest rate for United States Government Treasury notes as quoted in the “Treasury Bonds, Notes, and Bills” section of the Wall Street Journal most recently published with a term closest to the time remaining in the Delivery Period, plus 100 basis points. [NTD: SAME AS BEFORE]

“Termination Payment” for a Transaction means the difference between the Market Value and the Contract Value, ~~adjusted for Costs~~, as of the Early Termination Date. If the Non-Defaulting Party is Seller and: (i) Market Value minus Costs is greater than the Contract Value, then the Termination Payment in respect of that Transaction will be positive (gain) and (ii) if the Market Value minus Costs is less than the Contract Value, the Termination Payment will be negative (loss). If the Non-Defaulting Party is the Buyer and: (iii) the Contract Value minus Costs is greater than the Market Value, the Termination Payment will be positive (gain) and (iv) if the Contract Value minus Costs is less than the Market Value, the Termination Payment will be negative (loss). 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. [NTD: MODIFIED BY EXCLUDING CALCULATION OF COSTS ON AN INDIVIDUAL TRANSACTION AND CHANGED SOME NUMBERING. ALSO CONSIDER LAST SENTENCE, WHICH WAS A SUGGESTED ADDITION IN MOST CURRENT DRAFT]

“Total Termination Payment” means the sum of the, in the context of the Non-Defaulting Party, the single net amount resulting from the gains and losses of all Termination Payments for all Transactions terminated pursuant to Section 10. ~~T minus all Costs associated with the Total all~~ Termination Payment is a reasonable pre-estimate of the loss suffered, and is not intended as a penalty. Payments. [NTD: MODIFIED. COSTS ARE DEDUCTED IN THIS CALCULATION]

Section 10 Scenarios (Event of Default = Non Payment)

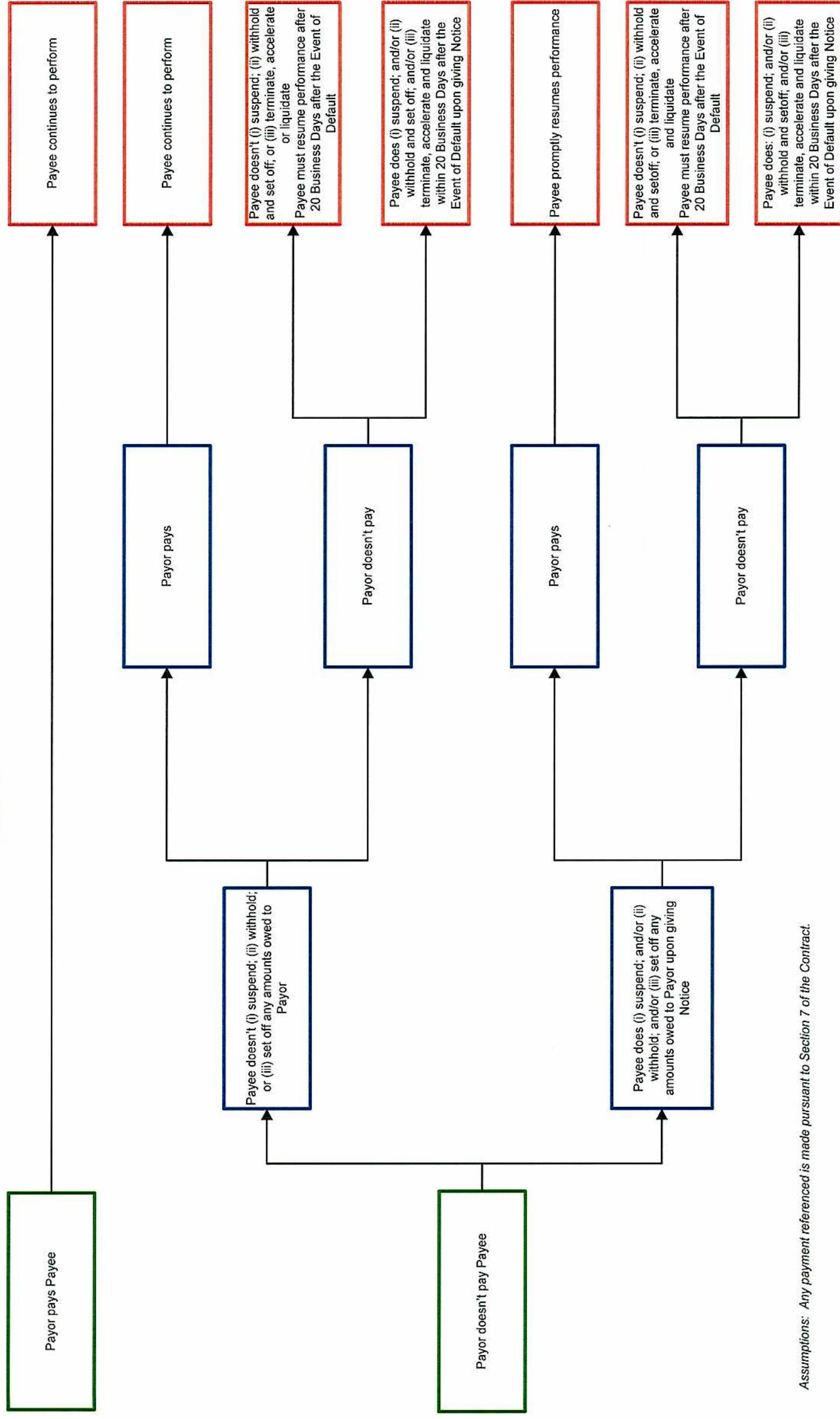
Timeline:
Payment Date

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.