

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.

FORCE MAJEURE SUBCOMMITTEE MEETING - SEPTEMBER 1, 2004 - MINUTES Final - October 14, 2004

When Wednesday, September 1, 2004; 9:30 - 11:30 am Calgary Time
Where Petro-Canada, 21st floor, West Tower, 150 - 6th Avenue SW, Calgary
Thank You Sandra Lord and Petro-Canada Oil & Gas for hosting this meeting.

■ Call to Order - Diane Pettie

■ Anti-Trust Guideline - Diane Pettie

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

Brent Molesky	Burlington Resources Canada Ltd.
David Field	Cargill Energy
Brent Ohr	Cargill Energy
Angela Blanchard	Cinergy Canada
Diana Andel	EnCana Gas Marketing
Pam Webster	EnCana Gas Marketing
Ian Anderson	GasEDI
Ernie Kohnke	Louis Dreyfus Holding Company Inc. (Tele-conference)
Kathy Bolan	Nexen Marketing
Kelli Grier	Petro-Canada
Sandra Lord	Petro-Canada Oil & Gas
Mary-Lou Zimmer	Phoenix Energy Marketing Consultants Inc. (Tele-conference)
Diane Pettie	Sempra Energy Trading (Canada) Limited
Sterling Koch	TransAlta Energy Marketing
Shane R. Stevenson	TransCanada PipeLines Limited

■ Approval of Minutes - Ian Anderson

- ◆ July 19, 2004, Meeting - Approved as circulated.
- ◆ July 28, 2004, Meeting - Approved as circulated.

- Discussion
 - ◆ Review of Modified Traditional language, which appears as Section 11 Option 2 in the August 30, 2004, draft:
 - There was a lively discussion about this version. The general feeling is that this version is a significant improvement over the original traditional version, as appears in the GasEDI 2000 Base Contract. Also, there was recognition that, under common law, both parties have an obligation to mitigate damages resulting from an event of Force Majeure, and nobody wants to include language within the New GasEDI Base Contract which impacts these common law obligations.
 - **Kelli Grier undertook to make agreed upon modifications to this draft of the Modified Traditional language.**
 - ◆ Review of Pro-Rata Performance language, which appears as Section 11 Option 3 in the August 30, 2004, draft:
 - There was agreement that the best components of the 2 sub-options should be used as the basis for creating a single new proposal.
 - **Brent Molesky undertook to develop the new Pro-Rata Performance language.**
 - ◆ Review of Delivery-Point Specific language, which appears as Section 11 Option 4 in the August 30, 2004, draft:
 - There was debate as to the general desirability of including this concept in the New GasEDI Base Contract. Some parties are in favour, some parties are not in favour.
 - **Diane Pettie undertook to remove the discussion points from the draft, remove the negligence concept from the draft, and to reverse the sequence of the 3 delivery point types in Section 11.2.**
 - ◆ Cover Page / Transaction Confirmation “Check Box”:
 - **One option would be to put both the Modified Traditional and Delivery-Point Specific versions of the Force Majeure language in the New GasEDI Base Contract, and add a Check Box to the Cover Page and/or the Transaction Confirmation to choose between the two concepts.**
 - ◆ Next Steps.
 - **At the next Committee of the Whole Meeting (scheduled for Wednesday September 22), seek guidance on:**
 - ★ **Does the Modified Traditional language resolve the concerns raised previously by the Atcor v. Continental case?**
 - ★ **Is there a desire for / need for the Delivery-Point Specific concept?**
 - ★ **Request an update on the desired time line for completion of the New GasEDI Base Contract.**
- Next Meeting
 - When Thursday September 30, 2004; 9:30 am - 11:30 am Calgary Time
 - Where Petro-Canada, 150 - 6 Avenue SW, Calgary, AB
 - Contact Sandra Lord, 403-296-7200, SLORD@petro-canada.ca

FURTHER INFORMATION

Please contact Ian Anderson (403-243-1079, ian@isanderson.com) or Diane Pettie (403-750-5395, dpettie@sempratrading.com), or visit GasEDI's web site (<http://www.gasedi.ca>).