

GasEDI

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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.

FORCE MAJEURE SUBCOMMITTEE MEETING - OCTOBER 14, 2004 - BALLOT SUMMARY Final - October 14, 2004

In the table:

- Trad’nl = Traditional Concept.
- Del’y Point = Delivery Point Specific Concept.
- Only 1 = Only one Concept to be in the Contract.
- Choice = A choice between the two Concepts, to be selected on the Cover Sheet.

Party, Representative	Trad’nl	Del’y Point	Only 1	Choice	Comments
Apache Corporation, Paramy P. Graff	X		X		None.
ATCO Midstream Ltd., Kelley Stewart		X		X	None.
Borden Ladner Gervais LLP, Shane Freitag	X		X		None.

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Party, Representative	Trad'nl	Del'y Point	Only 1	Choice	Comments
<p>Burlington Resources Canada Ltd., Brent Molesky</p>	<p>X</p>		<p>X</p>		<p>We believe that the Delivery Point Specific Option has the effect of the downstream purchasers offloading security of supply onto producers and is a total erosion of the protection generally provided to the parties in FM events.</p> <p>This is of a major concern to us, especially in instances where there is no way in which we could get our gas to a so called "liquid point", (ie in the event of a pipeline rupture/outage etc). If our ability to get to a "liquid" point were impaired, we would not be alone and one would expect the laws of supply and demand to take hold. The result would be an exorbitant day price which could potentially cost a great deal if we were somehow compelled to buy day gas to fill a term deal. Like many producers, we are basically in the business of selling our proprietary gas supply. Unlike many purchasers, however, we have no mechanism in which we can download increased costs onto end-users.</p> <p>We also think that obligating a producer to purchase replacement gas would result in a windfall to many of our downstream purchasers.</p> <p>Simply stated, if the contract price is well below the market price, we anticipate that those purchasers might be in the position to re-sell that gas at a higher than anticipated profit without any credit being given to the producers on account of their increased supply costs.</p> <p>We feel that we should be looking at improving the GasEDI to bring it in line with the refinements of the NAESB and take into account other "industry standard" considerations. We do not believe that we are at a point in the industry where the Delivery Point Option is "industry standard" and do not believe that our committee should be attempting to influence industry by putting in an option. Just putting in this option can have an influence on how negotiations occur and I do not believe this is something that the CAPP membership should be encouraging.</p>

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Party, Representative	Trad'nl	Del'y Point	Only 1	Choice	Comments
Cargill Energy, David Field		X		X	None.
Cinergy Marketing & Trading, LP, JannaLyn Allen		X	X		None.
ConocoPhillips Canada Limited, Deanna Welch	X		X		None.
Coral Energy Canada Inc., Pat Butler		X	X		If the traditional concept is chosen, Coral would suggest that the GasEDI force majeure language be changed to conform with the NAESB force majeure language, as Coral feels the NAESB language is more complete.
Devon Canada Corporation, Luanne Duffy		X		X	None.
Direct Energy Marketing Limited, Niall Armstrong		X	X		If the vote is for Traditional, then of course, we would like a choice between traditional and delivery point specific to be selected on the cover sheet.
EnCana Gas Marketing, Diana Andel	X		X		None.
Enmax Corporation, Jim Afaganis		X		X	None.
Entergy-Koch Trading Canada, ULC, Monica Richards		X		X	None.
Husky Energy, Louise Preece		X	X		None.

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Louis Dreyfus Holding Company Inc., Ernie Kohnke		X		X	The delivery-point specific method brings certainty to the Force Majeure rights and obligations of the parties without taking away any of the traditional protections. We strongly believe it should at least be an option in the GasEDI with a check box on the Base Contract.
Macleod Dixon, Kerrie Logan		X	X		None.
Nexen Marketing, Sharron Roberts	X		X		None.
Paramount Energy Trust, Jane Peck Hay		X	X		After discussion with our Marketing Manager, he is of the view that a level playing field is what is required, and that the reality of the situation should be reflected in the contract. The other issue in force majeure after we get the definition of a force majeure event is the consequences of that event. That should also be addressed in the agreement. Again, there is an element on the committee that would prefer to see the consequences also the subject of negotiation.
Petro-Canada Oil & Gas, Sandra Lord	X		X		None.
Phoenix Energy Marketing Consultants Inc., Mary-Lou Zimmer		X		X	None.
SaskEnergy Incorporated, Dan Parent		X	X		None.
Seminole Canada Gas Company, Lory Volpi		X	X		None.

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Sempra Energy Trading (Canada) Limited, Diane Pettie	X		X		None.
Sierra Pacific Power Company, Curt Reinan	X		X		None.
Suncor Energy Marketing Inc., Kelly Holtby	X			X	We would choose to have a "NIT only" rider in our special provisions.
Talisman Energy Inc., Mark McNevin		X		X	None.
TD Commodity and Energy Trading Inc., Shannon Glover		X	X		None.
TransAlta Energy Marketing, Sterling Koch		X	X		I think it should be clarified in 11.2 B. c. that all transportation to the delivery point must be curtailed (ie. if there is alternate transportation available to or from the delivery point the party curtailed is obligated to contract for it).
TransCanada PipeLines Limited, Shane R. Stevenson	X		X		None.
Sub-Totals - Active Participants	11	18	20	9	
Anadarko Canada Corporation, Joe Sair	X		X		None.

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Compton Petroleum Corporation, Lynne MacLellan	X		X		<p>There exist circumstances for many producers which require the provisions of the Traditional Force Majeure language. For example, producers who are captive on the Atco South Pipeline System, have most of their production behind one facility and manage their own transport - if their production freezes off or if the plant has an upset it is entirely possible that the producer will not be able to keep their sales whole by transacting at Atco Inventory Transfer as this is a very illiquid market hub. For economic reasons regarding transport, producers on this system will tend to use firm transportation service and accordingly contract their gas on a firm basis. It is therefore imperative that there be appropriate Force Majeure language to protect the parties who may not have access to a liquid market hub. Perhaps Atco South Inventory Transfer should be included in the definition of Non Liquid Delivery Point which would then make Option B more acceptable for inclusion.</p> <p>There are other natural disaster situations which may curtail huge volumes of sales gas or which may curtail large market demand - both of which will have a dramatic effect on the market price. There should never a requirement to keep a sale whole in these situations when the financial impact on one of the parties would be significant.</p>

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Pacific Gas and Electric Company, Joyce MacRea					<p>PG&E does not support either the Traditional Concept or the Delivery Point Specific Concept for the following reasons:</p> <p>1) The Traditional Concept based on your attachment differs from the Oct., 26, 2000 GasEDI base contract's force majeure clauses in that your Traditional Concept is much more restrictive (i.e. only at the delivery point). The 10/26/2000 GasEDI base contract allows force majeure to occur on the transporting pipeline as well as the receipt or delivery point.</p> <p>2) PG&E prefers to continue to use the force majeure clauses as defined in the 10/26/2000 GasEDI base contract, Section 11. In addition, we would like to see it enhanced by adding section 11.2.B.a of the proposed "Delivery Point Specific Concept" which talks about "NIT".</p>
Terasen Gas, Nina Virdee		X	X		None.
TXU Energy Trading, Jim Grover	X			X	None.
Sub-Totals - Others	3	1	3	1	
Totals	14	19	23	10	