

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.

MISCELLANEOUS SUBCOMMITTEE MEETING - JANUARY 13, 2005 - MINUTES Final - February 7, 2005

When Thursday, January 13, 2005; 9:30 - 11:30 am, Calgary Time.
Where TransAlta Energy Marketing, 110 - 12 Avenue SW, Calgary.
Thank You Son Tran and TransAlta Energy Marketing for hosting this meeting.

■ Call to Order - Son Tran

■ Anti-Trust Guideline - Son Tran

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)
Deanna Welch	ConocoPhillips Canada Limited
Penny Allen	EnCana Gas Marketing
Ian Lydiatt	Energy Trust Marketing Ltd.
Ian Anderson	GasEDI
Sharron Roberts	Nexen Marketing
Kelli Grier	Petro-Canada Oil & Gas (Tele-Conference)
Son Tran	TransAlta

■ Approval of Minutes - Ian Anderson

◆ December 2, 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: Accept Credit Subcommittee decision that this is the correct priority.
- “Base Contract” definition: Should sequence be same as priority in Section 1.2.d?
- ★ Decision: Accept Credit Subcommittee decision - leave as per the December 7, 2004, draft.
- “Credit Annex” definition: Should Exhibit sequence be same as priority in Section 1.2.d?
- ★ Decision: Accept Credit Subcommittee 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: Accept Credit Subcommittee decision - delete “ as Exhibit B” from the definition and from the Cover Page.
- ◆ “Event of Default: Definition:
 - Merger without assumption:
 - ★ Decision: Leave out; covered by merger law; parties can protect themselves by demanding Performance if necessary.
 - Cross-default with other agreements:
 - ★ Decision: 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.
 - ★ Decision: Leave in.
- ◆ “Defaulting Party” definition: Is the existing definition OK?
 - Decision: Leave decision to Credit Subcommittee, and request the Credit Subcommittee be sure the agreed definition is “OK” throughout the Contract.
- ◆ “Non-Defaulting Party” definition: Is the existing definition OK?
 - Decision: Leave decision to Credit Subcommittee, and request the Credit Subcommittee be sure the agreed definition is “OK” throughout the Contract.
- ◆ Section 14.8:
 - Should the second sentence be deleted and replaced with “Each party represents and warrants that it has the full right and authority to execute this Contract and that this Contract constitutes a valid and legal binding obligation on it.” (Language proposed by Deanna Welch, ConocoPhillips). (Note: the existing language is identical to the language in the GISB 1996 Base Contract, the GasEDI 2000 Base Contract, and the NAESB 2002 Base Contract.)
 - ★ Decision: Replace the second sentence with “Each party represents and warrants that each person who executes this Contract on behalf of such party has the full and complete authority to do so”.

- ◆ Section 3.2(iii):
 - Cinergy Canada suggests deleting this Section and replacing it with "(iii) in the event that Buyer has used commercially reasonable efforts to replace Gas or Seller has used commercially reasonable efforts to sell Gas to a third party, and no such replacement or sale for all or any portion of the Gas is available, then in addition to (i) or (ii) above, as applicable, the sole and exclusive remedy of the non-breaching party with respect to that portion of the Gas for which no replacement or sale is available shall be an amount equal to any unfavorable difference between the Contract Price and the Spot Price, adjusted for such transportation to the applicable Delivery Point, multiplied by the difference between the Contract Quantity minus the sum of (a) the quantity of Gas actually delivered by Seller and received by Buyer for such Day(s), plus (b) the quantity of Gas, if any, sold or purchased using the Cover Standard as provided in (i) or (ii) above, as applicable."
 - ★ **Decision: Everyone to review and submit email comments to Ian Anderson by 5:00 pm on Friday, January 21, 2005.**
 - ◆ Section 14.10:
 - Cinergy Canada suggests adding information provided to credit ratings agencies as an exception to the confidentiality requirements.
 - ★ Decision: Change the start of the 3rd line from “lenders, royalty owners” to “lenders, credit rating agencies, royalty owners”.
 - ◆ Other Business:
 - Singular / plural and vice-versa clause:
 - ★ Decision: Do not add - may cause problems with requirements re “all transactions”, etc.
 - Cover Page / Transaction Confirmation:
 - ★ **Decision: Ian Anderson to update and circulate; everyone to review and submit email comments to Ian Anderson by 5:00 pm on Friday, January 21, 2005.**
- Next Meeting
- ◆ None scheduled.

FURTHER INFORMATION

Please contact Ian Anderson (403-243-1079, ian@isanderson.com) or Pat Butler; Coral Energy Canada Inc.; 403-216-3574; pbutler@coral-energy.com; or Son Tran; TransAlta Energy Marketing; 403-267-6940; Son_Tran@TransAlta.com, or visit GasEDI's web site (<http://www.gasedi.ca>) .