

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.

MISCELLANEOUS SUBCOMMITTEE - SECTION 3.2(iii) Response Due - by 5:00 pm on Thursday, February 3, 2005

At the January 27, 2005, Committee of the Whole meeting, it was decided to seek “qualitative” Miscellaneous Subcommittee input by email response, on the language for Section 3.2(iii). Please submit your comments and indicate your preference. You are certainly open to propose different language.

Company families should submit a single response.

Please submit your response to ian@isanderson.com.

Thank you for your attention.

- GasEDI 2000 Base Contract:
 - ◆ in the event that Buyer has used commercially reasonable efforts to replace the Gas or Seller has used commercially reasonable efforts to sell the Gas to a third party, and no such replacement or sale is available, then the exclusive and sole remedy of the non-breaching party shall be 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 and the quantity actually delivered by Seller and received by Buyer for such Day(s).
- NAESB 2002 Base Contract:
 - ◆ in the event that Buyer has used commercially reasonable efforts to replace the Gas or Seller has used commercially reasonable efforts to sell the Gas to a third party, and no such replacement or sale is available, then the sole and exclusive remedy of the performing party shall be 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 and the quantity actually delivered by Seller and received by Buyer for such Day(s).
- New GasEDI Base Contract, December 7, 2004, draft:
 - ◆ in the event that Buyer has used commercially reasonable efforts to replace the Gas or Seller has used commercially reasonable efforts to sell the Gas to a third party, and no such replacement or sale is available, then the exclusive and sole remedy of the non-breaching party shall be 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 and the quantity actually delivered by Seller and received by Buyer for such Day(s).

- New GasEDI Base Contract, January 24, 2005, draft (as proposed by JannaLyn Allen, Cinergy Canada / Cinergy Marketing & Trading, LP):
 - ◆ 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.

- In addition, Brent Molesky, Burlington Resources Canada Ltd., has proposed that the language be simplified:
 - ◆ Delete "multiplied by the difference ..." in its entirety and replace that language with "multiplied by the difference between, as applicable (iii) the quantity of gas not taken or received; and (iv) the quantity of gas sold or purchased pursuant to (i) and (ii), above".

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>) .