

GasEDI

c/o Canadian Association of Petroleum Producers
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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 MEETING - FEBRUARY 7, 2005 - MINUTES Draft - February 10, 2005

When Monday, February 7, 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.

■ Attendees

Pat Butler	Coral Energy Canada Inc. (Tele-Conference)
Jodi Marshall	Direct Energy Marketing Limited
Ian Anderson	GasEDI
Rosa McDonald	Imperial Oil Resources Limited
Sharron Roberts	Nexen Marketing
Sandra Lord	Petro-Canada Oil & Gas
Son Tran	TransAlta

■ Approval of Minutes - Ian Anderson

◆ January 13, 2005, Meeting: approved without change.

■ Discussion

◆ Section 1.2.a:

● Should “parties to select either (i) or (ii) in the Base Contract” be left in or taken out?

★ Decision: Delete bolding and square brackets, and change wording to “confirm, as indicated on the Base Contract: (i) all Transactions”.

◆ “Affiliate” definition:

● To be determined once we have seen all provisions in which it will be used; exclude Regulated Affiliate.

- ★ Decision: Refer to the Credit Subcommittee or a future Miscellaneous Subcommittee meeting.
- ★ Decision: Capitalize “affiliate” in Section 14.1.
- ◆ “Person” definition:
 - To be determined once we have seen all provisions in which it will be used.
 - ★ Decision: Refer to the Credit Subcommittee or a future Miscellaneous Subcommittee meeting.
- ◆ “Regulated Affiliate” definition:
 - To be determined once we have seen all provisions in which it will be used.
 - ★ Decision: Refer to the Credit Subcommittee or a future Miscellaneous Subcommittee meeting.
- ◆ Section 3.2(iii):
 - Which version should be in the New GasEDI Base Contract? Ian Anderson to report on feedback.
 - Could we delete "multiplied by the difference ..." language in its entirety and replace it 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"?
 - ★ Decisions:
 - (a) In both the Cover Standard and Spot Price Standard versions of Section 3.2, delete all the lead-in words before “subject” at the start of the 2nd line, and capitalize “Subject”.
 - (b) In both the Cover Standard and Spot Price Standard versions of Section 3.2, in the second line, change “exclusive and sole” to “sole and exclusive” (to be consistent with the NAESB 2002 Base Contract).
 - (c) In both the Cover Standard and Spot Price Standard versions of Section 3.2, add the 2nd last sentence from the NAESB 2002 Base Contract to the end of the language. Do not add the last sentence from the NAESB 2002 Base Contract. The new last sentence will read “Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3.”
 - (d) Add the following definition to Section 2:
 - (i) “Uncovered Gas” has the meaning set forth in Section 3.2.
 - (e) Based on the January 24, 2005, draft, in the Cover Standard version, change Section 3.2(iii) to read:
 - (i) ; and (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 (“Uncovered Gas”), then in addition to (i) or (ii) above, as applicable, the sole and exclusive remedy of the Performing Party with respect to Uncovered Gas shall be an amount equal to any unfavorable difference between the Contract Price and the Spot Price, adjusted for transportation to the applicable Delivery Point, multiplied by the quantity of Uncovered Gas.

- ◆ Section 8.2:
 - Discussion about the meaning / value of “good and merchantable title”.
 - ★ Decision: Do not make any change.
 - Discussion about adding the “exception” from the NAESB 2002 Base Contract.
 - ★ Decision: Do not add the exception - covered in the new Section 13.1.
- ◆ Section 14.1:
 - Is the following highlighted language OK? “Either party may [(i) transfer, sell, pledge, encumber, or assign this Contract or the accounts, revenues, or proceeds hereof in connection with any financing or other financial arrangements, or (ii)] transfer its interest to any parent or affiliate by assignment, merger or otherwise without the prior approval of the other party”.
 - ★ Decision: Keep the highlighted language, and remove the highlight.
- ◆ Cover Page:
 - Page 1:
 - ★ Instead of Intermediary Bank, consider just leaving a few lines for "Other Instructions".
 - (a) Decision: Delete “Intermediary Bank” and “ABA Bank” line titles, and add a couple of lines for “Other Banking information”.
 - Page 1, Section 7.2:
 - ★ Check vs Cheque? The GISB 1996 Base Contract and the NAESB 2002 Base Contract both use check.
 - (a) Decision: Change to read “Cheque / Check”.
 - Page 1:
 - ★ Should we put (back) in the spaces for number of pages of Special Provisions and Credit Annex?
 - (a) Decision: Yes.
 - Top of Page 2:
 - ★ Is the following language OK? “This Base Contract incorporates by reference for all purposes the General Terms and Conditions of the GasEDI Base Contract for Sale and Purchase of Natural Gas as published by GasEDI on March 31, 2005. The parties agree to the following provisions offered in said General Terms and Conditions. In the event the parties fail to check a box, the specified default provision shall apply.” It has been suggested that “said General” should read “the General”.
 - (a) Decision: Change “said” to “the”.
 - Page 2:
 - ★ Section 3.2: Decision: Add Gas Daily Mid Point, and add lines beside the publications so parties could specify the Delivery Point to which the publication data applies.
 - Page 2:
 - ★ “Section 13.5” should read “Section 14.5”.
- ◆ Transaction Confirmation:
 - Page 1:
 - ★ Should we use Dekatherm or MMBtu. Note that the GISB 1996 Base Contract and the NAESB 2002 Base Contract use MMBtu, whereas the NAESB Nomination and Invoicing Standards use Dekatherm.
 - (a) Decision: Use MMBtu.

- Page 1:
 - ★ Why is “Firm (Variable Quantity)” subject to Section 4.2 at election of Buyer or Seller?
 - (a) Explanation: Determines which party sets the actual quantity when the contract quantity is for a “variable firm” quantity (ie: the contract is for firm quantities within a range, but the actual quantity is to be set by either Buyer or Seller).

- 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>) .