

Base Contract for Short-Term Sale and Purchase of Natural Gas

Canadian Addendum

This Canadian Addendum is suitable for use for Sale and Purchase of Natural Gas :

1. In Canada.
2. In the United States.
3. Across the Canada – United States border.

Delete the Cover Sheet and replace it with the following:

Base Contract for **Short-Term** Sale and Purchase of Natural Gas

This Base Contract is entered into as of the following date: _____. The parties to this Base Contract are the following:

_____	and	_____
Duns Number: _____		Duns Number: _____
Contract Number: _____		Contract Number: _____
U.S. Federal Tax ID Number: _____		U.S. Federal Tax ID Number: _____
Canadian GST Number: _____		Canadian GST Number: _____

Notices:

Attn: _____	Attn: _____
Phone: _____ Fax: _____	Phone: _____ Fax: _____

Confirmations:

Attn: _____	Attn: _____
Phone: _____ Fax: _____	Phone: _____ Fax: _____

Invoices and Payments:

Attn: _____	Attn: _____
Phone: _____ Fax: _____	Phone: _____ Fax: _____

Wire Transfer or ACH Numbers (if applicable):

BANK: _____	BANK: _____
ABA: _____	ABA: _____
ACCT: _____	ACCT: _____
Other Details: _____	Other Details: _____

This Base Contract incorporates by reference for all purposes the General Terms and Conditions for **Short-Term** Sale and Purchase of Natural Gas published by the Gas Industry Standards Board. The parties hereby agree to the following provisions offered in said General Terms and Conditions. In the event the parties fail to check a box, the default provision for each section shall apply. **Select only one box from each section:**

Section 1.2 Transaction Procedure <input type="checkbox"/> Oral (default) <input type="checkbox"/> Written	Section 7.2 Payment Date <input type="checkbox"/> 25 th date of Month following Month of delivery (default) <input type="checkbox"/> _____ date of Month following Month of delivery
Section 2.4 Confirm Deadline <input type="checkbox"/> 2 Business Days after receipt (default) <input type="checkbox"/> _____ Business Days after receipt	Section 7.2 Method of Payment <input type="checkbox"/> Wire transfer (default) <input type="checkbox"/> Automated Clearinghouse Credit (ACH) <input type="checkbox"/> Check
Section 2.5 Confirming Party <input type="checkbox"/> Seller (default) <input type="checkbox"/> Buyer <input type="checkbox"/> _____	Section 7.6 Netting <input type="checkbox"/> Netting applies (default) <input type="checkbox"/> Netting does not apply
Section 3.2 Performance Obligation <input type="checkbox"/> Cover Standard (default) <input type="checkbox"/> Spot Price Standard	Section 10.3.1 Forward Contract Damages <input type="checkbox"/> Forward Contract Damages Apply (default) <input type="checkbox"/> Forward Contract Damages Do Not Apply
Note: The following Spot Price Publication applies to both of the immediately preceding.	Section 10.3.2 Other Agreement Setoffs <input type="checkbox"/> Other Agreement Setoffs Apply (default) <input type="checkbox"/> Other Agreement Setoffs Do Not Apply
	Section 10.4 Termination Currency <input checked="" type="checkbox"/> U.S. Dollars (default) <input type="checkbox"/> Canadian Dollars <input type="checkbox"/> _____
Section 2.25 Spot Price Publication <input type="checkbox"/> Gas Daily Midpoint (default) <input type="checkbox"/> _____	Section 14.5 Choice Of Law <input type="checkbox"/> Texas (default) <input type="checkbox"/> _____
Section 6. Taxes <input type="checkbox"/> Buyer Pays At and After Delivery Point (default) <input type="checkbox"/> Seller Pays Before and At Delivery Point	Section 14.10 Confidentiality <input type="checkbox"/> Confidentiality applies (default) <input type="checkbox"/> Confidentiality does not apply
<input type="checkbox"/> Special Provisions: _____	

IN WITNESS WHEREOF, the parties hereto have executed this Base Contract in duplicate.

Party Name
 By _____
 Name:
 Title:

Party Name
 By _____
 Name:
 Title:

Delete Section 2.3 and replace it with the following:

2.3 Business Day" shall mean any day except Saturday, Sunday, or a statutory or banking holiday observed in the jurisdiction specified pursuant to Section 14.5. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time for the relevant party's principal place of business. The relevant party, in each instance unless otherwise specified, shall be the party to whom the notice, payment or delivery is being sent and by whom the notice or payment or delivery is to be received.

Delete Section 2.7 and replace it with the following:

2.7 "Contract Price" shall mean, if the Delivery Point is in the United States, the amount expressed in U.S. Dollars per MMBtu or, if the Delivery Point is in Canada, the amount expressed in Canadian Dollars per GJ, to be paid by Buyer to Seller for the purchase of Gas as agreed to by the parties in a transaction.

Add the following as Section 2.28:

2.28 "GJ" shall mean 1 gigajoule; 1 gigajoule = 1,000,000,000 Joules. The standard conversion factor between Dekatherms and GJ's is 1.055056 GJ's per Dekatherm.

Add the following as Section 2.29:

2.29 "Joule" shall mean the joule specified in the SI system of units.

Add the following as Section 2.30:

2.30 "Termination Currency Equivalent" shall mean, in respect of any amount denominated in a currency other than the Termination Currency (the "Other Currency"), the amount in the Termination Currency that the Non-Defaulting Party would be required to pay, on the Early Termination Date, to purchase such amount of Other Currency for spot delivery, as determined by the Non-Defaulting Party in a commercially reasonable manner.

Delete Section 5 and replace it with the following:

All Gas delivered by Seller shall meet the pressure, quality and heat content requirements of the Receiving Transporter. The unit of quantity measurement for purposes of this Contract shall be one MMBtu dry or one GJ, as agreed to by the parties in a transaction. Measurement of Gas quantities hereunder shall be in accordance with the established procedures of the Receiving Transporter.

Add the following to Section 6:

Sections 6.2, 6.3 and 6.4 only apply if the Delivery Point is in Canada.

6.2 The Contract Price does not include any amounts payable by Buyer for the goods and services tax ("GST") imposed pursuant to the Canadian Excise Tax Act ("ETA") or any similar or replacement value added or sales or use tax enacted under successor legislation. Notwithstanding the selection made pursuant to Section 6.1, Buyer will pay to Seller the amount of GST payable for the purchase of Gas in addition to all other amounts payable under the Contract. Seller will hold the GST paid by Buyer and will remit such GST as required by law. Buyer and Seller will provide each other with the information required to make such GST remittance or claim any corresponding input tax credits, including GST registration numbers.

6.3 Where Buyer indicates to Seller that Gas will be exported from Canada, the following shall apply:

6.3.1 Where Buyer is not registered for GST under the ETA and Buyer indicates to Seller that Gas will be exported from Canada, Buyer may request Seller treat such Gas as "zero-rated" Gas for export within the meaning of the ETA for billing purposes. If Seller, in its sole discretion, agrees to so treat such Gas, then Buyer hereby declares, represents and warrants to Seller that Buyer will: (i) export such Gas as soon as is reasonably possible after Seller delivers such Gas to Buyer (or after such Gas is delivered to Buyer after a zero-rated storage service under the ETA) having regard to the circumstances surrounding the export and, where applicable, normal business practice; (ii) not acquire such Gas for consumption or use in Canada (other than as fuel or compressor gas to transport such Gas by pipeline) or for supply in Canada (other than to supply natural gas liquids or ethane the consideration for which is deemed by the ETA to be nil) before export of such Gas; (iii) ensure that, after such Gas is delivered and before export, such Gas is not further processed, transformed or altered in Canada (except to the extent reasonably necessary or incidental to its transportation and other than to recover natural gas liquids or ethane from such Gas at a straddle plant); (iv) maintain on file, and provide to Seller, if required, or to the Canada Customs and Revenue Agency, evidence satisfactory to the Minister of National Revenue of the export of such Gas by Buyer; and/or (v) comply with all other requirements prescribed by the ETA for a zero-rated export of such Gas.

6.3.2 Where Buyer is registered for GST under the ETA and Buyer indicates to Seller that Gas will be exported from Canada, Buyer may request Seller treat such Gas as "zero-rated" Gas for export within the meaning of the ETA for billing purposes, and Buyer hereby declares, represents and warrants to Seller that Buyer intends to export such Gas by means of pipeline or other conduit in circumstances described in Section 6.3.1 (i) to (iii).

6.3.3 Without limiting the generality of Section 8.3, Buyer indemnifies Seller for any GST, penalties and interest and all other damages and costs of any nature arising from breach of the declarations, representations and warranties contained in Section 6.3.1 or 6.3.2, or otherwise from application of GST to Gas declared, represented and warranted by Buyer to be acquired for export from Canada.

6.4 In the event that any amount becomes payable pursuant to the Contract as a result of a breach, modification or termination of the Contract, the amount payable shall be increased by any applicable Taxes or GST remittable by the recipient in respect of that amount.

Delete Section 7.3 and replace it with the following:

7.3 If Buyer fails to remit the full amount payable by it when due, interest on the unpaid portion shall accrue from the date due until the date of payment at a rate equal to the lower of: (i) if the amount payable is in United States currency, the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or, if the amount payable is in Canadian currency, the per annum rate of interest identified from time to time as the prime lending rate charged to its most credit worthy customers for commercial loans by The Toronto Dominion Bank, Main Branch, Calgary, Alberta, Canada, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

Delete Section 7.6 and replace it with the following:

7.6 Unless the parties have elected on the Base Contract not to make this Section 7.6 applicable to this Contract, the parties shall net all undisputed amounts due and owing, and/or past due, in the same currency, arising under the Contract such that the party owing the greater amount shall make a single payment of the net amount to the other party in accordance with Section 7; provided that no payment required to be made pursuant to the terms of any Credit Support Obligation shall be subject to netting under this Section. If the parties have executed a separate netting agreement, the terms and conditions therein shall prevail to the extent inconsistent herewith.

Add the following as Section 7.7:

7.7 Payment shall be made in the currency of the Contract Price.

Add the following as Section 10.3.4:

10.3.4 The Non-Defaulting Party shall use the Termination Currency Equivalent of any amount denominated in a currency other than the Termination Currency in performing any netting, aggregation or setoff required or permitted by Section 10.3.1 or 10.3.2.

Delete Section 10.4 and replace it with the following:

10.4. As soon as practicable after a liquidation, notice shall be given by the Non-Defaulting Party to the Defaulting Party of the Net Settlement Amount, and whether the Net Settlement Amount is due to or due from the Non-Defaulting Party. The notice shall include a written statement explaining in reasonable detail the calculation of such amount, provided that failure to give such notice shall not affect the validity or enforceability of the liquidation or give rise to any claim by the Defaulting Party against the Non-Defaulting Party. The Net Settlement amount shall be paid, in the Termination Currency, by the close of business on the second (2nd) Business Day following such notice, which date shall not be earlier than the Early Termination Date.

Delete Section 10.5 and replace it with the following:

10.5 The parties agree that each transaction terminated and liquidated under Section 10.3 shall constitute a "forward contract" within the meaning of the United States Bankruptcy Code and that Buyer and Seller are each "forward contract merchants" within the meaning of the United States Bankruptcy Code. **Need to add Canadian equivalent.**

Delete Exhibit A ("Transaction Confirmation") and replace it with the following:

Letterhead/Logo	Date: _____, ____ Transaction Confirmation #: _____
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This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated _____. The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of receipt unless otherwise specified in the Base Contract.

SELLER: _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No. _____ Transporter: _____ Transporter Contract Number: _____	BUYER: _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No. _____ Transporter: _____ Transporter Contract Number: _____
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Contract Price: USD\$_____/MMBtu or CAD\$_____/GJ or _____

Delivery Period: Begin: _____, ____ End: _____, ____

Performance Obligation and Contract Quantity: (Select One)

Units: MMBtu or GJ or Other _____

Firm (Fixed Quantity):

_____ **Units/day**
 EFP

Firm (Variable Quantity):

_____ **Units/day** Minimum
 _____ **Units/day** Maximum
 subject to Section 4.2. at election of
 Buyer or Seller

Interruptible:

Up to _____ **Units/day**

Delivery Point(s): _____

(If a pooling point is used, list a specific geographic and pipeline location):

Canadian Export Zero Rating (Section 6.3): No (default) Yes

Special Conditions:

Seller: _____ By: _____ Title: _____ Date: _____	Buyer: _____ By: _____ Title: _____ Date: _____
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