



North American Energy Standards Board

1100 Louisiana, Suite 3625, Houston, Texas 77002

Phone: (713) 356-0060, Fax: (713) 356-0067, E-mail: naesb@aol.com

Home Page: www.naesb.org

via email and posting

TO: NAESB Members and Interested Industry Participants
FROM: Rae McQuade, Executive Director
RE: Wholesale Gas Quadrant Request For Comments
DATE: May 14, 2002

An industry comment period begins today and ends on June 10 for the recommendation attached. The Executive Committee will meet in Seattle on June 13 to review this recommendation and consider it for vote as a NAESB Wholesale Gas Quadrant (WGQ) standard or revision to NAESB WGQ standards. The recommendation can be accessed from the NAESB Web site, but is also attached to this request for comment¹. All comments received by the NAESB office by end of business on June 10 will be posted on the Home Page and forwarded to the WGQ EC members for their consideration. If you have difficulty retrieving this document, please call the NAESB office at (713) 356-0060.

Best Regards,

Rae McQuade

cc: Jay Costan

¹ All recommendations other than clarifications/interpretations can be found on the "Request For Standards" page (<http://www.naesb.org/req.htm>), which is accessible from the NAESB main page. Similarly, Clarifications/Interpretations (Cxxxxx) can be found on the "Clarification Requests" page (<http://www.naesb.org/clar.htm>).

NAESB FUNDS TRANSFER AGENT AGREEMENT
(Natural Gas)

This NAESB Funds Transfer Agent Agreement ("FTA Agreement") is made and entered into as of _____,] by [Marketer] ("Buyer"), [Bank] ("Funds Transfer Agent" or "FTA"), and [Supplier] ("Seller").

- a) The Buyer, Seller, and Funds Transfer Agent agree that Buyer's purchases from Seller under this Funds Transfer Agreement shall only be resold to _____ (Buyer's Repurchaser).
- b) There is a separate and distinct FTA Agreement between the Seller, Buyer, and Funds Transfer Agent for each of the Buyer's repurchasers, which reflects the underlying terms and conditions of the Base Contract between the Buyer and such repurchaser.
- c) This FTA Agreement contemplates an instantaneous transfer of title to the Gas from Seller to Buyer to Buyer's Repurchaser, so that all parties agree that the transportation of the Gas is only to be nominated to delivery points that belong to the Buyer's Repurchaser.

ARTICLE 1 SCOPE OF AGREEMENT

1.1. Special Provision: This FTA Agreement constitutes a Special Provision to that certain NAESB Base Contract for Sale and Purchase of Natural Gas dated _____, between Buyer and Seller ("Base Contract"), and is intended to supplement the General Terms and Conditions ("GT&C") affecting all transactions thereunder wherein Buyer and Seller assume the respective roles as indicated in the first paragraph of this FTA Agreement. Capitalized terms used in this FTA Agreement, which are not herein defined, will have the meanings ascribed to them in the GT&C.

1.2. Term: This FTA Agreement shall commence on _____, and continue on a Month-to-Month basis until terminated by any party upon 30 Days written notice to the other parties; provided, however, that this FTA Agreement may not be terminated prior to the expiration of the latest Delivery Period of any Transaction Confirmation(s) previously agreed to by the parties subject to this FTA Agreement. The obligation to make payment hereunder, including any related adjustments, shall survive the termination or cancellation of this FTA Agreement.

1.3. Appointment of Funds Transfer Agent ("FTA"): Seller and Buyer hereby appoint FTA as their agent under this FTA Agreement and all related documents, instruments, and agreements ("Related Agreement(s)"), and authorize the FTA, in such capacity, to exercise such powers and perform such duties as are expressly delegated to the FTA by the terms of this FTA Agreement and the Related Agreements, together with such other powers as are reasonably incidental thereto. The FTA shall not have any duties or responsibilities to, or any fiduciary relationship with, Buyer or Seller, and no implied covenants, functions, responsibilities, duties, obligations, or liabilities shall be read into this FTA Agreement or any Related Agreement or otherwise exist with respect to the FTA, except those expressly set forth herein including those identified in Section 3.1.

ARTICLE 2 TRANSACTION PROCEDURE

2.1. Modification to Transaction Procedure and Transaction Confirmation to Base Contract: The parties will use the following Transaction Confirmation procedure in lieu of the procedure set out in Sections 1.2 and 1.3 of the GT&C. (An example of this form of Transaction Confirmation is attached as Exhibit A-1.)

2.2. Execution of Transaction Confirmation By Buyer And Seller: Should Buyer and Seller come to an agreement regarding a Gas purchase and sale transaction for a particular Delivery Period subject to this FTA Agreement, the Confirming Party shall, and the other party may, record that agreement on a Transaction Confirmation and communicate such Transaction Confirmation by facsimile, to the other party and to the FTA by the close of the Business Day following the date of agreement. If a sending party's Transaction Confirmation is agreeable to the receiving party, the receiving party will execute the Transaction Confirmation and communicate copies thereof to the sending party and to the FTA by facsimile transmission by the close of the Business Day following receipt. Buyer and Seller will assign to each Transaction Confirmation the same identification number as Buyer's Repurchaser assigns to the corresponding Transaction Confirmation between Buyer and Buyer's Repurchaser.

2.3. Confirmation of Transaction by FTA: Upon the FTA's receipt of a Transaction Confirmation executed by both Buyer and Seller, FTA will verify (i) that Buyer has contracted with Buyer's Repurchaser to take delivery of a like quantity of Gas at the Delivery Point(s) and under the same performance obligation (Firm or Interruptible) as identified on the Transaction Confirmation; (ii) that Buyer's Repurchaser has agreed to make payment through the FTA of the funds due for its purchase of the Gas delivered and accepted at such Delivery Point(s); and (iii) that the price to be paid by the Buyer's Repurchaser for such Gas is not less than the price set out on the Transaction Confirmation between Buyer and Seller. The FTA will confirm its verification within 24 hours of its receipt of the

executed Transaction Confirmation(s) by executing the FTA Confirmation Statement, as provided below, as a Special Condition at the bottom of the Transaction Confirmation and returning copies of such executed FTA Confirmation Statement to Buyer and Seller by facsimile transmission.

Special Condition - FTA Confirmation Statement

[Bank], as the Funds Transfer Agent (FTA), has reviewed the foregoing Transaction Confirmation and hereby confirms to Seller and Buyer that it shall make payment on behalf of Buyer to Seller for the Gas delivered subject to this Transaction Confirmation pursuant to the terms and conditions of its FTA Agreement with Buyer and Seller. FTA further confirms that Buyer's Repurchaser has contracted for the repurchase of a corresponding quantity of Gas at the Delivery Point(s) identified above, under the same performance obligation (Firm or Interruptible) and at a price greater than the price set out above, and that Buyer's Repurchaser has agreed to make payments for such Gas directly to FTA.

[Bank]: _____

2.4. **Confirmation Execution Required:** If Seller or Buyer has not received the FTA's Confirmation Statement within 24 hours after communication of the executed Transaction Confirmation to FTA, such party shall contact FTA and the other party by telephone regarding such non-receipt. The parties acknowledge that their agreement will not be binding until FTA executes its FTA Confirmation Statement and communicates a copy of such to Buyer and to Seller.

2.5. **No Modification:** A fully executed and confirmed Transaction Confirmation may not be modified without the written consent of Buyer, Seller, and FTA. In the event of a conflict among the terms of (i) a Transaction Confirmation; (ii) the Base Contract, including any Special Provisions; and (iii) the GT&C, the terms of the documents shall govern in the priority listed in this sentence.

ARTICLE 3 PAYMENTS

3.1. **Payment From FTA:** FTA shall pay Seller by wire transfer for the benefit of Buyer on the next Business Day following receipt of funds paid by Buyer's Repurchaser, and in accordance with FTA wire instructions contained in Section 3.2 below. Additionally, Buyer will furnish to FTA a copy of Seller's invoice, which will determine the amount of the wire transfer. Buyer shall not be required to enter into any other contractual or other arrangements in order to effectuate payments to Seller. FTA's obligation to make payment to Seller hereunder is specifically conditioned upon FTA's receipt of funds from Buyer's Repurchaser. Funds received from Buyer's Repurchaser shall be held in trust by the FTA for the benefit of the Seller to the extent of the purchase price owing from the Buyer to the Seller.

3.2. **Payment Address:** All payments from Buyer to Seller shall be sent through FTA via Fed Funds to Seller at the address set out herein. Only Seller may request revisions to the address specified for payment herein, which requests shall not be made more than two times per year, unless due to merger or mandated by State or Federal regulations.

[Supplier] - Wire Transfer Account
Bank: [Supplier's Bank], [City, State]
Account No. [000-00-000000] ABA # [000000000]
Invoice Reference No. _____

Please include invoice reference number _____ in the text field of your wire transfer.

ARTICLE 4 NOTICES

4.1. **Notice Requirements:** Any notice provided for in this FTA Agreement, or any notice which any party may desire to give to the others, shall be sent by facsimile or other mutually acceptable electronic means, and confirmed by a telephone call as soon as possible during common business hours, to the contacts set out below.

4.2. Notices to FTA	
Primary Contact:	Emergency Contact:
[name]	[name]
Telephone No:	Telephone No:
Facsimile No:	Facsimile No:

4.3. Notices to Buyer:	
Primary Contact:	Emergency Contact:
[name]	[name]
Telephone No:	Telephone No:
Facsimile No:	Facsimile No:

4.4. Notices to Seller:

Primary Contact:

[name]

Telephone No:

Facsimile No:

Emergency Contact:

[name]

Telephone No:

Facsimile No:

4.5. Change of Contacts: Any party may change the designated contact and/or telephone and/or facsimile numbers for notices upon seven Days written notice.

As evidence of their agreement hereto, the parties have caused this FTA Agreement to be duly executed in triplicate originals by their authorized representatives as of the date first written above.

BUYER:

SELLER:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

FUNDS TRANSFER AGENT:

By: _____
Name: _____
Title: _____

**SPECIAL PROVISION
TO THE
NAESB BASE CONTRACT FOR SALE AND PURCHASE OF NATURAL GAS**

This Special Provision is made and entered into as of _____, and amends that certain NAESB Base Contract for Sale and Purchase of Natural Gas dated _____, between [Repurchaser] and [Marketer] ("Base Contract"), and is intended to supplement the General Terms and Conditions ("GT&C") affecting all Transactions where [Repurchaser] is buyer, hereinafter referred to as Repurchaser, and [Marketer] is seller, hereinafter referred to as Marketer. Capitalized terms used in this Agreement, which are not herein defined, will have the meanings ascribed to them in the GT&C.

1. **DEFINITION OF "FTA":** The term "FTA" or "Funds Transfer Agent" will refer to:

[Bank]

[Bank's address]

2. **CONFIRMATION OF TRANSACTION BY FTA:** Repurchaser and Marketer will send copies of their respective periodic Transaction Confirmations to FTA. Repurchaser will obtain confirmation by the FTA that Marketer has contracted with a supplier to deliver a like quantity of Gas at the Delivery Point(s) identified on the Transaction Confirmation, under the same performance obligation (Firm or Interruptible) and at a price no greater than the price set out on the Transaction Confirmation between Repurchaser and Marketer. Such confirmation will be documented by the FTA's execution of the FTA Confirmation Statement, as provided below, as a Special Condition at the bottom of the Transaction Confirmation sent by FTA to Marketer and to Repurchaser. (An example of this form of Transaction Confirmation is attached as Exhibit A-2.)

Special Condition - FTA Confirmation Statement

_____, as the Funds Transfer Agent (FTA), has reviewed the foregoing Transaction Confirmation and confirms that Marketer has contracted for delivery of a corresponding quantity of Gas at the Delivery Point(s) identified above, under the same performance obligation and at a price no greater than the price set out above. FTA will accept payment from Repurchaser on behalf of Marketer under the terms and conditions of the Base Contract.

[FTA]: _____

3. **NO MODIFICATION:** The payment instructions may not be modified during the operative period of a binding Transaction Confirmation. Any modification to a binding Transaction Confirmation must be in the form of a revised Transaction Confirmation and subject to the same confirmation process set out in paragraph 2 above.

4. **NOTIFICATION:** Repurchaser and Marketer agree to furnish to the FTA a copy of this Special Provision and each operative Transaction Confirmation, substantially in the form of Exhibit A-2. Repurchaser and Marketer hereby advise FTA that any information furnished hereunder is confidential.

5. **OPTION OF REPURCHASER:** The Repurchaser has the option to specify the names of suppliers authorized to supply the Gas to Marketer. Therefore, Repurchaser and Marketer agree that Gas sold to Repurchaser under this Special Provision shall be purchased only from the companies listed below. If no suppliers are listed below, any supplier shall be deemed acceptable to Repurchaser. Repurchaser may amend the authorized suppliers list for future transactions by written notice to the Marketer and to the FTA, so long as the change(s) are made prior to the fifteenth Day of the Month preceding the Month of delivery.

Authorized Suppliers List

REPURCHASER:

MARKETER:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

**TRANSACTION CONFIRMATION EXHIBIT A-1
FOR IMMEDIATE DELIVERY**

Date: _____

Transaction Confirmation #: (1) A-1

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: [Supplier] _____ _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No.: _____	BUYER: [Marketer] _____ _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No.: _____
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Performance Obligation: Firm (Fixed) Interruptible (2) A-1

(3) A-1 Daily Quantity	(4) A-1 Delivery Point(s)	(5) A-1 Price \$/MMBtu (Dth)	(6) A-1 Delivery Period

Special Condition: FTA Confirmation Statement

Seller: _____ By: _____ (7) A-1 Title: _____ Date: _____	Buyer: _____ By: _____ (8) A-1 Title: _____ Date: _____
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BUYER AND SELLER AGREE THAT THE PAYMENT INSTRUCTIONS MAY NOT BE MODIFIED DURING THE OPERATIVE PERIOD OF THIS BINDING TRANSACTION CONFIRMATION.

FTA Confirmation Statement:

[Bank], as the Funds Transfer Agent (FTA), has reviewed the foregoing Transaction Confirmation and hereby confirms to Seller and Buyer that it shall make payment on behalf of Buyer to Seller for the Gas delivered subject to this Transaction Confirmation pursuant to the terms and conditions to its FTA Agreement with Buyer and Seller. FTA further confirms that Buyer's Repurchaser has contracted for the repurchase of a corresponding quantity of Gas at the Delivery Point(s) identified above, under the same performance obligation and at a price greater than the price set out above, and that Buyer's Repurchaser has agreed to make payments for such Gas directly to FTA.

[Bank] _____
 Name: _____
 Title: _____
 Date: _____

**TRANSACTION CONFIRMATION EXHIBIT A-2
FOR IMMEDIATE DELIVERY**

Date: _____

Transaction Confirmation #: _____

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.

<p>SELLER: [Marketer]</p> <p>_____</p> <p>_____</p> <p>Attn: _____</p> <p>Phone: _____</p> <p>Fax: _____</p> <p>Base Contract No.: _____</p>	<p>BUYER: [Repurchaser]</p> <p>_____</p> <p>_____</p> <p>Attn: _____</p> <p>Phone: _____</p> <p>Fax: _____</p> <p>Base Contract No.: _____</p>
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Performance Obligation: ____ Firm (Fixed) ____ Interruptible

Daily Quantity	Delivery Point(s)	Price \$/MMBtu (Dth)	Delivery Period

Special Condition: FTA Confirmation Statement

<p>Seller: _____</p> <p>By: _____</p> <p>Title: _____</p> <p>Date: _____</p>	<p>Buyer: _____</p> <p>By: _____</p> <p>Title: _____</p> <p>Date: _____</p>
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BUYER AND SELLER AGREE THAT THE PAYMENT INSTRUCTIONS MAY NOT BE MODIFIED DURING THE OPERATIVE PERIOD OF THIS BINDING TRANSACTION CONFIRMATION.

FTA Confirmation Statement:
[Bank], as the Funds Transfer Agent (FTA), has reviewed the foregoing Transaction Confirmation and confirms that Marketer has contracted for delivery of a corresponding quantity of Gas at the Delivery Point(s) identified above, under the same performance obligation and at a price no greater than the price set out above. FTA will accept payment from Repurchaser on behalf of Marketer under the terms and conditions of the Base Contract.

[Bank] _____

Name: _____

Title: _____

Date: _____

FTA Agreement Instructions

The FTA Agreement is composed of two basic documents, which are Agreement #1 between the Producer/Supplier, the WMBE and the Bank, and Agreement #2 between the Repurchaser and the WMBE. The Bank's administration of these documents occurs at two different phases of each transaction, which are the Transaction Confirmation Phase of Exhibit A-1 and Exhibit A-2, and the Funds Transfer Phase.

Transaction Confirmation (see EXHIBIT A-1 and EXHIBIT A-2)

The Transaction Confirmation process should be completed by the end of the month preceding the month of Delivery. Therefore, the Producer/Supplier will have received from the FTA Bank a fully executed Exhibit A-1 prior to the flow of gas on the first day of the Delivery month.

The Bank will verify eight (8) items on the Exhibit A-1 and eight (8) items on the Exhibit A-2, which are as follows:

1. (1) A-1 & (1) A-2 – the Transaction Confirmation number is the same on both Exhibits.
2. (2) A-1 & (2) A-2 – the Performance Obligation is the same, both "Firm Fixed" or both "Interruptible" on both Exhibits.
3. (3) A-1 & (3) A-2 – the Daily Quantity is the same on both Exhibits.
4. (4) A-1 & (4) A-2 – the Delivery Point is at the same place on both Exhibits.
5. (5) A-1 & (5) A-2 – the (5) A-2 price is greater than the (5) A-1 price, so that the deal is on at a positive profit margin.
6. (6) A-1 & (6) A-2 – the Delivery Period is for the same time period on both Exhibits.
7. (7) A-1 & (7) A-2 – both Exhibits have been signed by the Sellers, as provided for.
8. (8) A-1 & (8) A-2 – both Exhibits have been signed by the Buyers, as provided for.

After the above verification process has been completed and if applicable, the FTA confirms that the Supplier is on the Buyer's Authorized Suppliers List, the Bank signs the bottom of the Exhibit A-2 and faxes it back to the Repurchaser and the WMBE, and then the Bank signs the bottom of the Exhibit A-1 and faxes it back to the Producer/Supplier and the WMBE. This completes the Transaction Confirmation phase. This repeats once a year for one-year deals and once a month for one-month deals.

Flow of Funds of FTAA (see Flow of Funds of FTAA diagram)

On the 25th Day of the Month following the Month of Delivery, the Bank will receive Payment Instructions and a copy of the Producer/Supplier's Invoice from the WMBE. On or about the 25th Day of the Month following the Month of Delivery, the Repurchaser will transfer funds into the "WMBE Account Controlled by Bank." The FTA will transfer to the Producer/Supplier the indicated amount of funds on the next Business Day after receipt of payment. The remainder of the funds in the "WMBE Account Controlled by Bank" (i.e., the Profit Margin) will be transferred to the WMBE. This transfer of funds will occur each month following a month in which the gas was delivered in accordance with the operative Exhibit A-1 and Exhibit A-2.

**TRANSACTION CONFIRMATION EXHIBIT A-1
FOR IMMEDIATE DELIVERY**

Date: _____

Transaction Confirmation #: _____ (1) A-1

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.

<p>SELLER: [Supplier]</p> <p>_____</p> <p>_____</p> <p>Attn: _____</p> <p>Phone: _____</p> <p>Fax: _____</p> <p>Base Contract No.: _____</p>	<p>BUYER: [Marketer]</p> <p>_____</p> <p>_____</p> <p>Attn: _____</p> <p>Phone: _____</p> <p>Fax: _____</p> <p>Base Contract No.: _____</p>
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Performance Obligation: _____ Firm (Fixed) _____ Interruptible (2) A-1

(3) A-1 → Daily Quantity	(4) A-1 → Delivery Point(s)	(5) A-1 → Price \$/MMBtu (Dth)	(6) A-1 → Delivery Period

Special Condition: FTA Confirmation Statement

<p>Seller: _____</p> <p>By: _____ (7) A-1</p> <p>Title: _____</p> <p>Date: _____</p>	<p>Buyer: _____</p> <p>By: _____ (8) A-1</p> <p>Title: _____</p> <p>Date: _____</p>
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BUYER AND SELLER AGREE THAT THE PAYMENT INSTRUCTIONS MAY NOT BE MODIFIED DURING THE OPERATIVE PERIOD OF THIS BINDING TRANSACTION CONFIRMATION.

FTA Confirmation Statement:

[Bank], as the Funds Transfer Agent (FTA), has reviewed the foregoing Transaction Confirmation and hereby confirms to Seller and Buyer that it shall make payment on behalf of Buyer to Seller for the Gas delivered subject to this Transaction Confirmation pursuant to the terms and conditions to its FTA Agreement with Buyer and Seller. FTA further confirms that Buyer's Repurchaser has contracted for the repurchase of a corresponding quantity of Gas at the Delivery Point(s) identified above, under the same performance obligation and at a price greater than the price set out above, and that Buyer's Repurchaser has agreed to make payments for such Gas directly to FTA.

[Bank] _____

Name: _____

Title: _____

Date: _____

**TRANSACTION CONFIRMATION EXHIBIT A-2
FOR IMMEDIATE DELIVERY**

Date: _____

Transaction Confirmation #: _____ (1) A-2

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: [Marketer] _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No.: _____	BUYER: [Repurchaser] _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No.: _____
--	--

Performance Obligation: Firm (Fixed) Interruptible (2) A-2

(3) A-2 → Daily Quantity	(4) A-2 → Delivery Point(s)	(5) A-2 → Price \$/MMBtu (Dth)	(6) A-2 → Delivery Period

Special Condition: FTA Confirmation Statement

Seller: _____ By: _____ (7) A-2 Title: _____ Date: _____	Buyer: _____ By: _____ (8) A-2 Title: _____ Date: _____
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**BUYER AND SELLER AGREE THAT THE PAYMENT INSTRUCTIONS MAY NOT BE MODIFIED
DURING THE OPERATIVE PERIOD OF THIS BINDING TRANSACTION CONFIRMATION.**

FTA Confirmation Statement:
[Bank], as the Funds Transfer Agent (FTA), has reviewed the foregoing Transaction Confirmation and confirms that Marketer has contracted for delivery of a corresponding quantity of Gas at the Delivery Point(s) identified above, under the same performance obligation and at a price no greater than the price set out above. FTA will accept payment from Repurchaser on behalf of Marketer under the terms and conditions of the Base Contract.

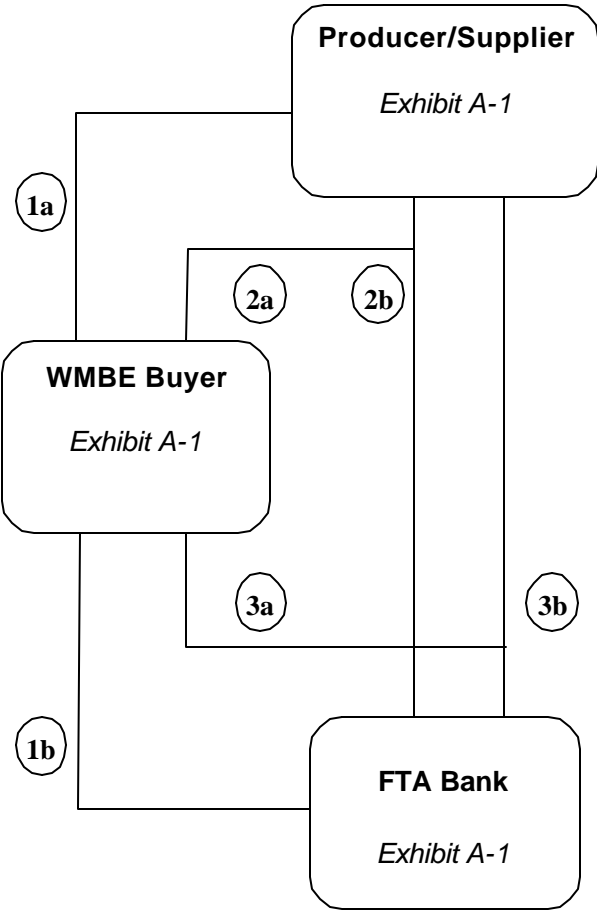
[Bank]
 Name: _____
 Title: _____
 Date: _____

**Diagram of
FAX Movement**

**NAESB Funds Transfer Agent
Agreement (Natural Gas)**

Participants:
Producer/Supplier, WMBE & FTA Bank

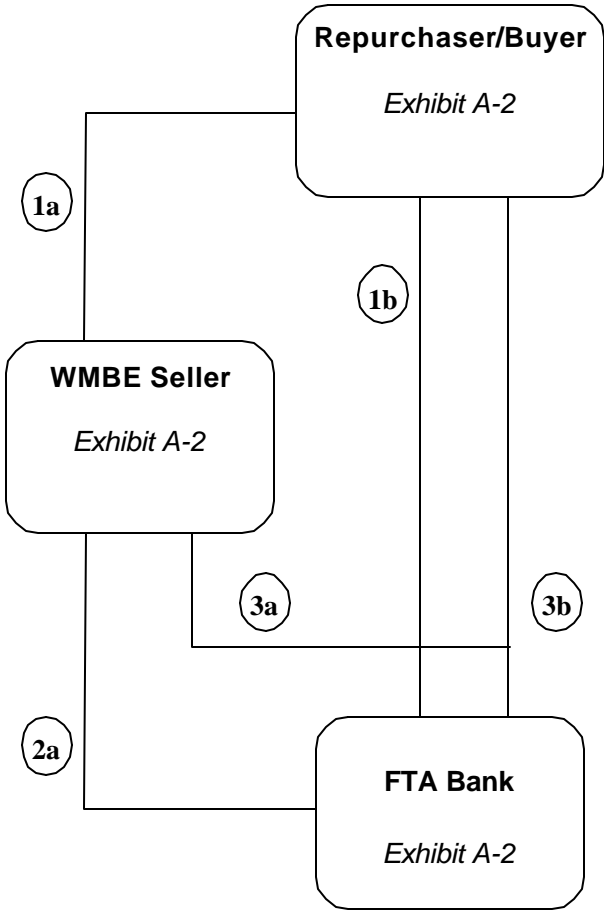
Agreement #1 & Exhibit A-1



**Special Provisions to the NAESB
Base Contract**

Participants:
Repurchaser/Buyer, WMBE & FTA Bank

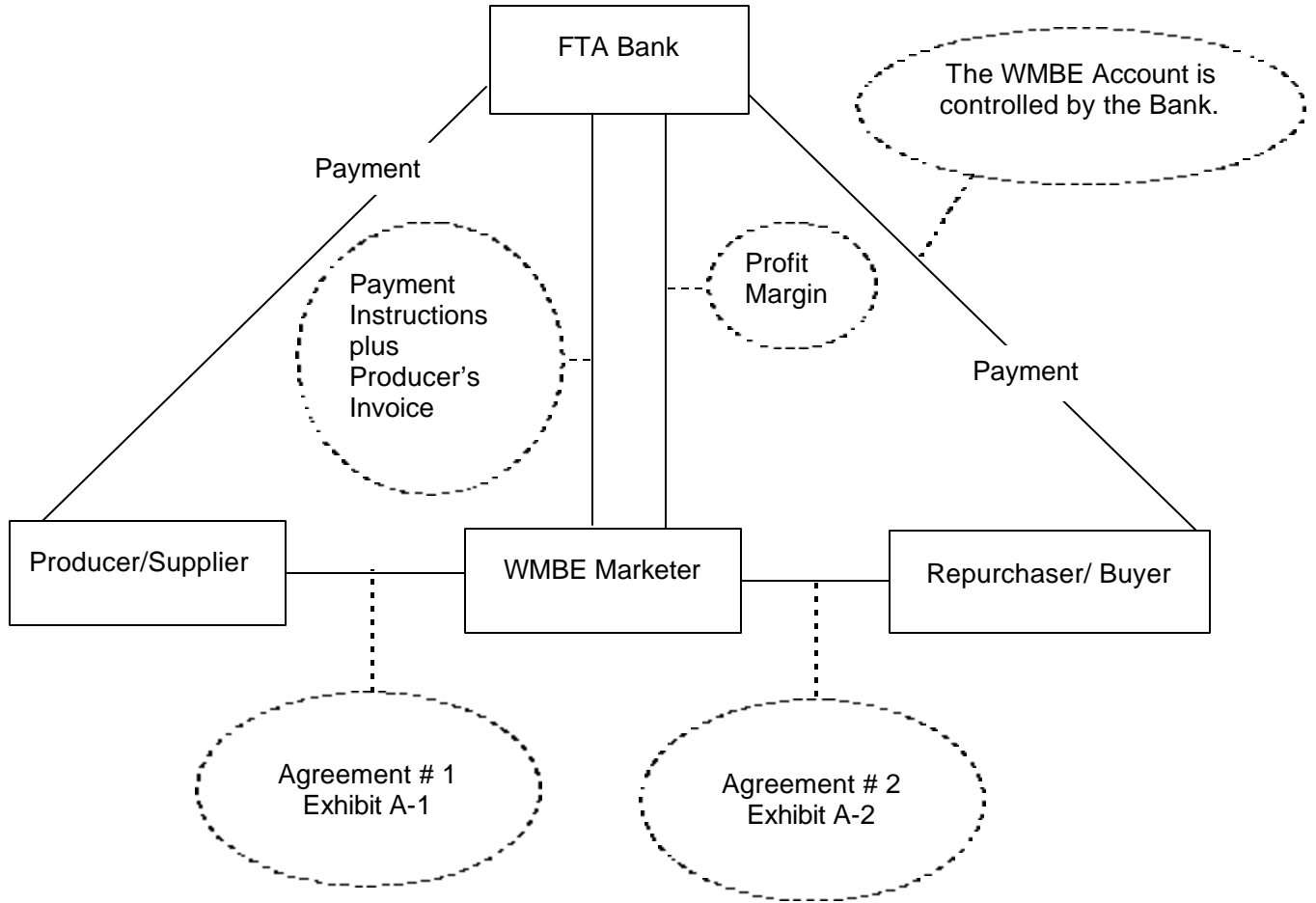
Agreement #2 & Exhibit A-2



FTAA Transaction Confirmation FAX Movement Instructions

Step	NAESB Funds Transfer Agent Agreement <i>Participants:</i> Producer/Supplier, WMBE & FTA Bank Agreement #1 & Exhibit A-1	Special Provisions to the NAESB Base Contract <i>Participants:</i> Repurchaser, WMBE & FTA Bank Agreement #2 & Exhibit A-2
1		1a and 1b : Repurchaser/Buyer faxes signed Exhibit A-2 to the WMBE Seller and the FTA Bank.
2		2a : The WMBE Seller signs Exhibit A-2, and faxes it to the FTA Bank.
3	1a and 1b : The WMBE Buyer faxes signed Exhibit A-1 to the Producer/Supplier and the FTA Bank, utilizing the same Confirmation Number that appeared on the Exhibit A-2.	
4	2a and 2b : The Producer/Supplier signs the Exhibit A-2, and faxes it to the WMBE Buyer and the FTA Bank.	
5	<i>Now the Bank has received Exhibit A-1, which has been signed by the WMBE Buyer and the Producer/Supplier, and the Exhibit A-2, which has been signed by the WMBE Seller and the Repurchaser. The FTA Bank will verify that all items match, in accordance with "FTA Agreement Instructions," and that (5) A-2 price is greater than (5) A-1 price. Also, the FTA Bank will confirm that the Supplier is on the Repurchaser's Authorized Supplier List.</i>	
6		3a and 3b : The FTA Bank signs the lower portion of the Exhibit A-2, and faxes it to the WMBE Seller and the Repurchaser.
7	3a and 3b : The FTA Bank signs the lower portion of the Exhibit A-1, and faxes it to the WMBE Buyer and the Producer/Supplier.	

Flow of Funds of the FTAA





Frequently Asked Questions about the Funds Transfer Agent Agreement (FTAA)

How can I get a copy of the NAESB FTAA?

The agreement can be downloaded from the NAESB web site (www.naesb.org) or it can be ordered from the NAESB office (naesb@aol.com, 713-356-0060).

How do I know that the FTAA that someone sends me is the standard NAESB agreement?

There are several things you should check. Compare the agreement to the original you downloaded or received from NAESB. Make sure the date is the same, the watermark appears and that the copyright language is in place. Ask the company that forwarded the agreement to you.

What is the procedure for using the NAESB FTAA?

To assist with the use, preparation, and verification of this agreement, please read the attached instructions, "FTA Agreement Instructions". This document provides an explanation of the FTAA and sample Exhibits with instructional arrows.

Can I modify the FTAA?

This agreement is copyrighted and shall not be revised except through the use of an addendum to the agreement, which is executed by both parties.

Why is there a watermark?

The NAESB watermark is on your paper and electronic FTAA so that the party you are contracting with can know that it is a standard NAESB FTAA.

Why is the watermark not appearing on the agreement that I downloaded from NAESB?

In the conversion process for word processors, there are differing ways that watermarks are dealt with. You cannot successfully convert the WordPerfect version to Word and you cannot use the Word version in WordPerfect without losing the watermark. Make sure that you are reading the file you downloaded with the word processor for which it was formatted.

I just received the NAESB FTAA agreement from someone, and it does not have the NAESB watermark on it – why?

The company preparing the agreement may have had word processor problems that prevented them from printing the watermark. Ask the company that sent you the agreement why the watermark does not appear.



Frequently Asked Questions about the Funds Transfer Agent Agreement (FTAA)

How do I know that the agreement someone sends me has not been modified.

This agreement should not be modified except through the use of an addendum as indicated above. Compare the agreement to the original FTAA that you downloaded or that you received from NAESB, verify the date and copyright language. Ask the company that sent you the agreement if the FTAA is in its standard form.

Why are the pages printing differently than on the paper copy

Many word processors reformat documents according to the printer that is set as the default. When we created these documents we used a Hewlett Packard 5P printer. When you initiate this document in your word processor you may have to make some minor adjustments to the margins or font sizes to get the paging to stay the same. If you are using the Word version, do not adjust the top margin setting. The NAESB watermark, in Word, is contained in the header of the document. Any adjustment to the top margin may cause 'unpredictable results'. In Word, it is best to modify the right, left and bottom margins -or- make adjustments to the font sizes in the text.