

FE DOCKET NO.: 95-109-NG
 APPLICANT(S): ENRON NORTH AMERICA CORP

ITEM	PREPARED OR FILED BY	FILING TYPE	DESCRIPTION OF DOCUMENT	DATED	DATE FILED OR ISSUED
1	ENRON CAPITAL & TRADE RESOURCES	APPLICATION	Application for an Order Authorizing Long Term Import of Natural Gas	95-11-07	95-11-07
2	DOE/FE	ORDER	Order 1135--Granting Long-Term Import of Natural Gas	95-11-20	95-11-20
3	ENRON NORTH AMERICA CORP	APPLICATION	Application Requesting Name Change from Enron Capital & Trade Resources Corp	99-10-29	99-10-29
4	DOE/FE	ORDER	Order 1135-A-Amending Long-Term Import of Natural Gas to Reflect Name Change	99-11-26	99-11-26

ENRON CAPITAL & TRADE
RESOURCES
WORLDWIDE ENERGY SOLUTIONS

Christian G. Yoder
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November 3, 1995

Office of Fossil Energy
U.S. Department of Energy
1000 Independence Avenue S.W.
Washington, D.C. 20585

Dear Sirs:

Enclosed pursuant to D.O.E. regulation 590.207, are one original and five (5) copies of an application by Enron Capital & Trade Resources Corp. for authorization to import natural gas from Canada, and a check for \$50.00. We have also enclosed an extra copy of the application and kindly request that it be stamped "filed" and returned to us.

If you have any questions, please call Christian Yoder at (713) 853-4708 or Leslie Lawner at (505) 623-6778.

Yours truly,


Christian Yoder

Enclosures

CGY:ltrs\088.doc

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**UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY**

Enron Capital & Trade Resources Corp.)

FE Docket No.

95-109-N 6

**APPLICATION OF ENRON CAPITAL & TRADE
RESOURCES CORP. FOR AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA**

I. ACTION SOUGHT FROM THE OFFICE OF FOSSIL FUELS

Pursuant to Section 3 of the Natural Gas Act of 1938, as amended, 15 U.S.C. § 717b (1994 Supp.), Section 201 of the Energy Policy Act of 1992, 15 U.S.C. § 717b(b)-(c) (1994 Supp.), Delegation Order Nos. 0204-111, 49 Fed. Reg. 6684 (Feb. 22, 1984) and 0204-127, 54 Fed. Reg. 11437 (Mar. 20, 1991) of the United States Department of Energy ("DOE"), and Part 590 of the DOE's regulations, 10 C.F.R. Part 590, Enron Capital & Trade Resources Corp. ("ECT") hereby requests that the DOE's Office of Fossil Energy grant it long-term authorization to import up to 15 MMcf of natural gas per day (up to 5.5 Bcf annually), at a receipt point located near Iroquois, Ontario and other receipt points along the Canada-U.S. border, for a term commencing on November 1, 1996 or such other date on which deliveries commence under the transactions specified below, and terminating October 31, 2006. In support of this application, ECT presents the following:

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II. OFFICIAL SERVICE LIST

All correspondence and communication in regard to this application should be addressed to the following individuals, who should be placed on the official service list for this docket, pursuant to 10 C.F.R. § 590.202(a).

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III. DESCRIPTION OF THE PARTIES AND PROPOSED TRANSACTION.

A. Background.

ECT is a Delaware corporation and is a wholly-owned subsidiary of Enron Corp. Its principal place of business is located in Houston, Texas, with other offices located in Dublin, Ohio, Chicago, Illinois, Long Beach, San Francisco and Auburn, California, Omaha, Nebraska, Kansas City, Missouri, Denver, Colorado, and Tulsa, Oklahoma. ECT, the successor to Enron Gas Marketing, Inc., is the largest buyer and seller of natural gas in North America, with physical and financial volumes in excess of 20 billion cubic feet per day. ECT is the parent corporation of Enron Capital & Trade Resources Canada Corp. ("ECT Canada"), which is the purchaser of the natural gas subject to this application from suppliers in the Province of Alberta, and the seller of the gas to ECT.

ECT proposes to import the natural gas from Canada at the export point near Iroquois, in the Province of Ontario. However, as these supplies form part of ECT's corporate portfolio, ECT may wish to bring these volumes in to the U.S. at other points

along the U.S.-Canadian border from time to time. In order to retain flexibility, ECT requests that the subject import authorization not be restricted to a single point of import.

ECT will use the Canadian natural gas supplies imported hereunder to enhance its overall corporate supply portfolio, and more specifically, to serve five long-term sales contracts providing for delivery of gas in the U.S. northeast. The five contracts, two of which are with local distribution companies and three with cogeneration facilities, require a total of 257 MMcf/d. The natural gas to be imported will be produced in Alberta, and will be transported to market through NOVA Gas Transmission Ltd. ("NOVA"), TransCanada PipeLines Limited ("TCPL"), and Iroquois Gas Transmission System, L.P. ("Iroquois"). The gas will flow on NOVA for delivery to TCPL at the contract delivery point near Empress, Alberta, and then across Canada for delivery to Iroquois at the export point near Iroquois, Ontario. The gas will then be delivered by Iroquois to markets or to interconnecting pipeline systems for delivery to markets.

B. Supply

ECT will purchase the gas supplies from ECT Canada under an Enfolio Master Firm Purchase/Sale Agreement ("Master Agreement") dated June 1, 1994 (Exhibit A). This Master Agreement contemplates the parties entering into various transactions for the firm purchase and sale of gas to which the Agreement is to apply. The import arrangement contemplated hereunder is subject to the Master Agreement pursuant to a Confirmation Letter between ECT and ECT Canada dated April 24, 1995. This Confirmation Letter provides for the sale by ECT Canada to ECT of 15,000 MMBtu's of gas per day, plus fuel gas, to be delivered at the U.S.-Canada border near Iroquois for the

period from November 1, 1996 up to November 1, 2006. Under the Master Agreement, if ECT as buyer fails to schedule the minimum daily quantity (MinDQ) or daily contract quantity (DCQ), this constitutes a Buyer's Deficiency Default and Buyer's Deficient quantity shall be the difference between the DCQ or MinDQ and the quantity of gas scheduled for such day. ECT will then be required to pay ECT Canada to sum of an amount equal to the product of Buyer's Deficiency Quantity multiplied by the Replacement Price Differential plus liquidated damages equal to \$0.15 multiplied by Buyer's Deficiency Quantity to cover ECT Canada's administrative and operational costs. The Replacement Price Differential means the positive difference, if any, obtained by subtracting the lesser of (a) the price obtained by Seller in an incremental, arms-length sale(s) to a third party of a quantity of gas equal to Buyer's Deficiency Quantity for such day, less incremental transportation charges to the Seller, and including other basis adjustments or (b) the Spot Price for the day in which Buyer's Deficiency Default occurred.

ECT Canada has entered into a purchase arrangement with Conwest Exploration Company Limited ("Conwest"), under a Master Firm Gas Purchase/Sale Agreement, with a Confirmation Letter dated April 25, 1995 (Exhibit A). Conwest will sell ECT Canada a maximum daily quantity of gas up to 10,000 MMBtu's per day, plus fuel gas for the period from November 1, 1996 until November 1, 2006. ECT Canada has also entered into a Firm Gas Sale Agreement with Czar Resources Ltd. ("Czar") dated April 19, 1995 (Exhibit A). Pursuant to this master agreement, ECT Canada and Czar have executed a Confirmation Letter dated April 19, 1995 stipulating that Czar will deliver to ECT Canada

3,000 MMBtu's per day plus fuel gas, to be delivered at Empress, Alberta, for the period from November 1, 1996 until November 1, 2006.

C. Transportation

The Alberta-sourced natural gas will be transported from the field to the contract delivery point on the Alberta-Saskatchewan border near Empress, Alberta through NOVA facilities. Conwest and Czar hold sufficient NOVA capacity to the TCPL receipt point for the 5.5 Bcf of gas to be imported annually. The natural gas will be transported from the contract delivery point near Empress to the Canada-U.S. border near Iroquois, Ontario, through TCPL's facilities. ECT Canada has executed a precedent agreement dated May 19, 1995 for $423.7 \times 10^3 \text{ m}^3$ (15 MMcf/d) per day of capacity commencing November 1, 1996 and terminating October 31, 2006. TCPL and ECT Canada have executed a Financial Assurances Letter Agreement dated April 17, 1995 relating to financial security to be provided to TCPL in connection with transportation charges. Matters relating to ECT Canada's transportation on TCPL are currently before the National Energy Board of Canada as part of TCPL's 1996-1997 expansion proceedings, Hearing Order GH-3-95.

ECT will purchase the gas from ECT Canada on the Canadian side of the International Border at a point near the interconnect between TCPL and Iroquois. ECT's gas will be transported from the U.S.-Canadian border on the Iroquois system, and ECT will have transportation rights though to the delivery point at South Comack, (Long Island), New York. ECT and Iroquois have entered into a precedent agreement covering this transportation which is coterminous with ECT Canada's proposed transportation agreement on TCPL. On July 24, 1995, Iroquois filed an application with the Federal

Energy Regulatory Commission ("FERC") requesting authority to construct and operate a compressor station to be located near Athens, Greene County, New York, which is necessary to provide natural gas service for ECT and two other shippers in an aggregate amount of 75,000 Mcf/d, with service to commence November 1, 1996. This application has been docketed as CP95-627-000, and was noticed by the FERC on July 28, 1995. It is anticipated that any environmental assessment necessitated as a result of the construction and operation of the new compressor will be performed by the FERC as part of its review of Iroquois' application (Exhibit B).

D. Markets

ECT manages the largest portfolio of fixed-price natural gas risk management contracts in the world; it holds equity interests in and markets power from four operating natural gas-fired power projects in North America it is the largest supplier of gas to the electric generation industry in North America and is among the leading entities arranging new capital to the North American energy industry.

The natural gas which ECT will acquire under the import authorization requested herein will be used as part of ECT's overall corporate gas supply portfolio. It is generally expected that the subject natural gas will be used to serve the U.S. northeast markets currently under long-term contracts to ECT. ECT has committed to deliver 257,000 MMBtu's per day in respect of five such long-term gas supply contracts. Those contracts are as follows:

Customer/Contract	Termination Date
Trigen-Nassau District Energy Corp.	September 30, 2005
Long Island Lighting Co.	March 31, 2005
Brooklyn Union Gas Co.	October 31, 2003

Sithe Energies, Inc.
TBG Cogen Partners

December 31, 2014
September 30, 2005

Currently, 228,600 MMBtu is sourced from domestic U.S. supplies, while the remaining 28,400 MMBtu per day is sourced from Canada. A brief description of each of the projects is set out below:

Trigen-Nassau District Energy Corp. ("Trigen"):

Trigen is a 57 MW cogeneration facility located in Hempstead, New York. The power agreement is with Long Island Lighting Company and Nassau Coliseum is the steam host. ECT is the sole gas supplier to the cogeneration facility.

Sithe/Independence Power Partners L.P. ("Sithe"):

Sithe is a 1040 MW cogenerator located in Scriba, New York. The power agreements are with Consolidated Edison Co. and Niagara Mohawk Power. Alcan is the steam host and ECT is the sole supplier to the cogenerator.

TBG Cogen Partners ("TBG"):

TBG is a 50 MW cogeneration facility located in Bethpage, New York. The power agreements are with Long Island Lighting Co. and Grumman Aerospace. Grumman Aerospace is the steam host. ECT is the sole gas supplier.

Brooklyn Union Gas Company ("BUG"):

BUG is a local distribution company with a franchise covering 187 square miles located in Brooklyn, New York. Natural gas is distributed in the New York City boroughs of Staten Island, Brooklyn and Queens, providing service to approximately 1,119,000 accounts, of which 1,080,000 are residential.

Long Island Lighting Company ("LILCO"):

LILCO is a local distribution company located on Long Island, New York. It is a combination electric and gas utility (73 Bcf of natural gas sales and 1900 MW of electric sales in 1994). Natural gas and electricity is distributed in Nassau and Suffolk counties, providing gas service to 450,000 residential/commercial and industrial accounts and electric service to 1,000,000 such accounts (Exhibit C).

IV. THE AUTHORIZATION SOUGHT IS CONSISTENT WITH THE PUBLIC INTEREST

The long-term import authorization sought by ECT herein is not inconsistent with the public interest, as required by Section 3 of the Natural Gas Act. As that section states, the importation of natural gas "from a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas" is deemed to be consistent with the public interest and must be granted "without modification or delay." Since the authorization ECT seeks is to import natural gas produced in Canada, a nation with which the U.S. has a free trade agreement covering the sales of natural gas, the proposed transaction satisfies the public interest criteria as expressed in Section 3 of the NGA.

V. ENVIRONMENTAL CONSIDERATIONS

As a result of the amendment of Section 3 of the Natural Gas Act effectuated by the Energy Policy Act of 1992, an environmental review of an import application is not required under the National Environmental Policy Act. See DOE/FE Order No. 762. [There are, however, actions related to the subject transaction which will involve environmental assessment and analysis. In order to provide the firm transportation necessary to move the gas from the Canadian border to market, on July 24, 1995, Iroquois applied for a FERC certificate authorizing the installation and operation of a new

compressor station near Athens, New York. The FERC will address the environmental and other issues surrounding this compressor station in Docket No. CP95-637-000.]

ECT also notes that it has filed an application with the National Energy Board of Canada for a long-term export license covering the subject transaction. As part of its evaluation of the export application, the NEB will likely consider any environmental implications the application may raise.

VI. OTHER FEDERAL ACTION

ECT has no pending applications with any other federal agency with respect to the proposed import of natural gas. ECT has filed an application for an export license with the National Energy Board of Canada.

VII. CONCLUSION

WHEREFORE, ECT requests that the Department of Energy Office of Fossil Energy grant it the authorization sought herein to import up to 15 MMcf/d of natural gas from Canada for a ten year term commencing November 1, 1996, as set forth above.

Respectfully submitted,

For



Leslie J. Lawner,
Attorney for
ENRON CAPITAL & TRADE RESOURCES CORP.
712 North Lea
Roswell, New Mexico 88201



Christian Yoder
Senior Counsel
ENRON CAPITAL & TRADE RESOURCES CORP.
1400 Smith
Houston, Texas 77251-1188

United States Department of Energy
Office of Fossil Energy
1000 Independence Ave. SW
Washington, D.C. 20585

Re: Application of Enron Capital & Trade Resources Corp. for
Long-Term Authorization to Import Canadian Natural Gas

To Whom It May Concern:

This opinion is rendered in connection with the application of Enron Capital & Trade Resources Corp. ("ECT") for authorization under Section 3 of the Natural Gas Act to import up to 15 MMcf of natural gas per day (up to 5.5 Bcf annually), at a receipt point located near Iroquois, Ontario and other receipt points along the Canada-U.S. border, for a term commencing on November 1, 1996 or such other date on which deliveries commence under the transactions specified below, and terminating October 31, 2006.

In respect of this application, I am of the opinion that ECT is acting within its corporate power.

Very truly yours,


Christian Feder
Senior Counsel
Enron Capital & Trade Resources Corp.

**EXHIBIT A TO THE APPLICATION OF
ENRON CAPITAL & TRADE RESOURCES CORP. FOR
AUTHORIZATION TO IMPORT NATURAL GAS FROM CANADA**

(This is an excerpt from the application to Canada's National Energy Board ("NEB") for an export permit. Cross references to other documents within the text of the NEB excerpts do not apply to documents submitted for this application)

GAS PURCHASE AGREEMENT

ECTR will acquire the gas to be exported pursuant to the arrangements described below:

A. Enron Capital & Trade Resources Canada Corp. ("ECT Canada")

ECT Canada (the successor to Enron Gas Services Canada Corp.) and Enron Capital and Trade Resources Corp. (as successor to Enron Gas Marketing, Inc.) are parties to the Enfolio Master Firm Purchase/Sale Agreement effective as of June 1, 1994. A copy of that Agreement can be found at Subtab A. That Agreement contemplates the parties entering into various transactions for the firm purchase and sale of gas to which the Agreement is to apply.

The export arrangement contemplated hereunder is subject to the Enfolio Master Firm Purchase/Sale Agreement pursuant to a Confirmation Letter between ECTR and ECT Canada dated April 24, 1995, a copy of which can be found at Subtab B. The Confirmation Letter relates to the sale by ECT Canada to ECTR of 15,000 MMBtu's of gas per day (plus fuel gas) to be delivered at the Canada-U.S. border near Iroquois. The term of the arrangement is for ten years commencing November 1, 1996.

A Contract Summary of the foregoing arrangement, in the form prescribed by the Board, can be found at Subtab C.

B. Conwest Exploration Company Limited ("Conwest")

ECT Canada and Conwest are parties to a June 10, 1994 Master Firm Gas Purchase/Sale Agreement which contemplates specific firm natural gas purchase and sale transactions to be entered into by the parties from time to time. Evidence of that Agreement can be found at Subtab D. Gas which is to be exported pursuant to the applied-for arrangements are, more specifically, the subject of a Confirmation Letter dated April 25, 1995 between ECT Canada and Conwest and relating to a maximum daily quantity of 10,000 MMBtu's per day, plus fuel gas. A copy of that Confirmation Letter can be found at Subtab E.

C. Czar Resources Ltd. ("Czar")

ECT Canada and Czar are parties to an April 19, 1995 Firm Gas Sale Agreement which contemplates the parties entering into specific purchase and sales arrangements from time to time. Evidence of that Agreement can be found at Subtab F. Pursuant to a Confirmation Letter provided under the Firm Gas Sale Agreement dated April 19, 1995, ECT Canada and Czar have arranged for the supply of 3,000 MMBtu's of natural gas per day plus fuel gas to be delivered to Empress, Alberta. A copy of the Confirmation Letter can be found at Subtab G.

D. Orbit Oil & Gas Ltd. ("Orbit")

ECT Canada and Orbit are parties to an April 19, 1995 Firm Gas Sale Agreement which contemplates the parties entering into specific purchase and sales arrangements from time to time. Evidence of that Agreement can be found at Subtab H. Pursuant to a Confirmation Letter provided under the Firm Gas Sale Agreement dated April 19, 1995, ECT Canada and Orbit have arranged for the supply of 2,000 MMBtu's of natural gas per day plus fuel gas to be delivered to Empress, Alberta. A copy of the Confirmation Letter can be found at Subtab I.

GAS SUPPLY

A. CONWEST

Conwest Exploration Company Limited ("Conwest") will provide ECT Canada with gas from its corporate supply pool. For the purposes of this application, however, Conwest identifies specific reserves which establishes that it has sufficient reserves and productive capacity to meet its obligations under the gas sale arrangement with ECT Canada. The identification of these reserves are for regulatory purposes only. Gas to be delivered pursuant to Conwest's contract with ECT Canada will be supplied from its overall corporate gas supply portfolio.

The reserves put forward by Conwest in support of this Application are in the Sexsmith-Valhalla Area and include:

Sexsmith Montney
Sexsmith Bluesky
Valhalla Halfway
Webster Charlie Lake
Knopcik

The reserve estimates submitted in support of this application were prepared by Gilbert, Laustsen, Jung Associates Ltd. ("Gilbert") as part of their regular review of Conwest's toll reserve portfolio. An updated reserve assessment is currently being prepared by Gilbert and will be provided to the Board when available.

1. Reserves

Conwest controls total proved reserves of 8,621 10⁶m³ (420 bcf) and total proved and probable reserves of 11,833 10⁶m³ (420 bcf). Broken down among various areas, Conwest's reserves are as follows:

	Proved			Proved and Probable		
	Gross Reserves	Conwest Interest	Net Reserves	Gross Reserves	Conwest Interest	Net Reserves
Sexsmith	270.4	95.6%	259	366.8	96%	352
Bluesky	47.1	56.3%	27	67.4	62%	42
Halfway	11.7	85.5%	10	15.8	89.1%	14
Solution	12.4	81.6%	10	13.3	87.9%	12
Total	341.6		306	463.4		420

The following table further summarizes reserves within the Sexsmith-Montney area:

	<u>Proved (Bcf)</u>	<u>Proved and Probable (Bcf)</u>
Main Montney	196	237
Pool 3	19	20
Pool 4	4	10
Webster	5	12
Knopcik	21	37
Miscellaneous ¹	14	36
Total	<u>259</u>	<u>352</u>

¹ These amounts reflect stray zones/wells for which detailed reserve breakdowns are not available.

Attached at Subtab A are tables produced by Gilbert listing the reserves on a well-by-well basis.

These reserves serve two long-term commitments. Pursuant to an arrangement with Pan Alberta Gas, Conwest has committed to supply 9.1 bcf of gas per year totalling approximately 100 bcf of gas in the years 1995 through to 2006. In addition, Conwest's portion of the gas to be exported hereunder totals approximately 4 bcf of gas per year or 40 bcf during the term of the Agreement. Accordingly, Conwest's total contractual commitments relating to these reserves equals approximately 4,000 10⁶m³ (141 bcf). Conwest's reserves significantly exceed their total contractual commitments. A table demonstrating both the aggregate reserves and demand on those reserves, in addition to deliverability information, is provided at Subtab B.

2. Deliverability

A table setting out the deliverability schedule as compared to remaining reserves can be found at Subtab B. In addition, the information in the "Daily Gross Lease Gas Production" table prepared by Gilbert, and found at Subtab A, sets out certain deliverability information for wells in the Sexsmith-Montney Area.

This information confirms that Conwest has sufficient productive capacity to meet the applied-for export over a majority of the applied for term.

B. CZAR AND ORBIT

Czar Resources Ltd. ("Czar") is a company incorporated under the laws of Alberta, with its head office in Calgary, Alberta. Czar, a Canadian energy company is engaged in the exploration, development, production and marketing of oil and gas reserves in Western Canada. Natural gas accounts for approximately 90% of the Company's total revenue.

Orbit Oil & Gas Ltd. ("Orbit") is a company incorporated under the laws of Alberta, with its head office in Calgary, Alberta. Orbit, a Canadian energy company is engaged in the exploration, development, production and marketing of oil and gas reserves

in Western Canada. Natural gas accounts for approximately 80% of the Company's total revenue.

Czar and Orbit operate in tandem under a joint venture arrangement whereby Czar, as operator, directs exploration and development and marketing activities on a shared basis, utilizing a common management team. The joint venture arrangement creates increased critical mass and allows Czar and Orbit to attain the exploration and development strength necessary to capitalize on opportunities within the industry. The larger combined asset base provides Czar and Orbit with greater natural gas marketing flexibility and access to more substantial and diverse markets. Sharing financial, managerial and technical resources maximizes the impact of exploration, acquisition and production activities while minimizing overhead costs and operating risks.

On an annual basis, the independent members of the Boards of Czar and Orbit review projected funds flow and approve a joint venture sharing ratio based on each company's commitment of financial resources to the joint venture for the year.

1. **Reserves**

Czar and Orbit propose to supply gas to ECT Canada for the proposed export utilizing the corporate supply pools of both companies. Therefore, no specific pools or supply will be contractually dedicated to ECT Canada. All gas reserves quoted and included herein are owned by Czar and Orbit. No partner gas reserves or third party supplies are included.

Czar's total proved corporate gas reserves pool as at December 31, 1994, is 189.3 Bcf or $5333.3 \times 10^9 \text{m}^3$. Orbit's total proved corporate gas reserves pool as at December 31, 1994, is 106.1 Bcf or $2989.4 \times 10^9 \text{m}^3$. A breakdown of these volumes can be found in the tables contained at Subtab C.

The contractual commitment to ECTR will involve a "warranty sale" by Czar of 3.0 MMCF/D or $85 \times 10^3 \text{m}^3/\text{d}$ and a sale by Orbit of 2.0 MMCF/D or $56 \times 10^3 \text{m}^3/\text{d}$. Over the entire ten (10) year term, these sales represent a total reserve commitment of 11.0 Bcf or $31 \times 10^9 \text{m}^3$ for Czar and 7.0 Bcf or $20 \times 10^9 \text{m}^3$ for Orbit. These reserve commitments represent only six (6) percent and seven (7) percent of the total proved corporate reserve pools for Czar and Orbit respectively. As the magnitude is relatively small, no specific field or pool has been dedicated to the ECT Canada sale. However, as further evidence, Czar and Orbit have included in the tables found at Subtab D which demonstrate sufficient current undedicated marketable gas reserves to support the total delivery obligation of 11.0 Bcf for Czar and 7.0 Bcf for Orbit. The reserves in tables at Subtab D total 16.6 Bcf for Czar and 14.5 Bcf for Orbit.

Alberta Energy and Utilities Board listings for specific wells can be found at Subtab E.

2. **Deliverability**

Contractually there is no dedication by either Czar or Orbit to supply ECT Canada with production from a specific source. Rather, Czar and Orbit have provided a "warranty" to deliver the required volumes to ECT Canada. In order to satisfy this delivery

requirement, Czar and Orbit will utilize existing deliverability from their Alberta gas supply pools which includes gas production from the Province of Alberta along with gas currently being supplied by Pan Alberta Gas Ltd. at AECO "C" under the terms of a long-term Gas Exchange Agreement.

The current deliverability of Czar's Alberta gas supply pool as at December 31, 1994 is 31.4 MMCF/D or 885 $10^3\text{m}^3/\text{d}$. The current deliverability of Orbit's Alberta gas supply pool as at December 31, 1994 is 17.2 MMCF/D or 485 $10^3\text{m}^3/\text{d}$. The combined deliverability of the Alberta supply pool for both Czar and Orbit as at December 31, 1994, is 48.6 MMCF/D or 1370 $10^3\text{m}^3/\text{d}$. The table found at Subtab F shows the projected deliverability of the Alberta supply pools for 1996/97 and successive contract years based on a corporate average decline rate of 9.8% per year. Graphs setting out the 10-year supply forecasts for each of the companies can be found at Subtab G.

In addition, Czar and Orbit contend that the following will further enhance its supply capability:

- Czar and Orbit have gas from their B.C. gas supply pool available which has not been included in this application.
- It is unlikely all existing markets will nominate their full contract volumes for each and every year;
- The deliverability profile is developed assuming all properties are produced at capacity. If actual production is below capacity, the decline is reduced;
- Supply is sufficiently flexible to be adjusted on relatively short notice to meet contract commitments;
- Short term imbalances can be met through third party gas purchases or gas swap arrangements;
- Czar and Orbit are engaged in exploration and development and acquisition activities on an ongoing basis, which will supplement the company's supply pool.

As evidenced in the table found at Subtab F and the graphs found at Subtab H, Czar and Orbit have sufficient deliverability available from their Alberta supply pools to meet their existing contractual long-term firm market demand commitments and have ample incremental deliverability available for the ECT Canada contract which is to commence November 1, 1996. In fact, the incremental available supply is not only sufficient, but exceeds the demand requirements under the ECTR contracts, of Czar 3.0 MMCF/D or 85 $10^3\text{m}^3/\text{d}$ and Orbit 2.0 MMCF/D or 56 $10^3\text{m}^3/\text{d}$, in all of the ten years required and no additional development is needed to meet these commitments.

The total market demand of Czar and Orbit shown in the table found at Subtab F, represents only long-term commitments greater than one year and includes both reserve based and warranty contracts. The remaining supply is sold under a combination of short-

term, one day to one year contracts, on an interruptible or firm basis. These short term sales will be reduced by a volume equivalent to the Czar and Orbit contractual sales made to ECT Canada commencing November 1, 1996.

**EXHIBIT B TO THE APPLICATION OF
ENRON CAPITAL & TRADE RESOURCES CORP. FOR
AUTHORIZATION TO IMPORT NATURAL GAS FROM CANADA**

(This is an excerpt from the application to Canada's National Energy Board ("NEB") for an export permit. Cross references to other documents within the text of the NEB excerpts do not apply to documents submitted for this application)

TRANSPORTATION

The natural gas to be exported will be transported from the Province of Alberta to the various markets utilizing the services of the transportation systems described below.

1. **NOVA Gas Transmission Ltd. ("NOVA")**

The Alberta sourced natural gas will be transported from the field to the contract delivery point on the Alberta-Saskatchewan border near Empress, Alberta through the facilities of NOVA. Conwest Exploration Company Ltd. and Czar Resources Ltd. (on behalf of itself and Orbit Oil & Gas Ltd.) currently hold sufficient NOVA transportation to the TCPL receipt point at Empress for the 423.7 10³m³ per day, plus fuel gas, to be exported hereunder. Conwest has been assigned 620 10³m³ per day of NOVA delivery capacity at Empress by TCPL. A copy of Schedule "A" to that assignment agreement can be found at Subtab A. A copy of NOVA's Schedule for Service with Czar is included under Subtab B.

2. **TransCanada PipeLines Limited ("TCPL")**

The natural gas will be transported from the contract delivery point near Empress, Alberta to the Canada-U.S. border near Iroquois, Ontario through the facilities of TCPL.

ECT Canada has executed a Precedent Agreement dated May 19, 1995 for 423.7 10³m³ (15 MMcf/d) per day of capacity commencing November 1, 1996 and terminating October 31, 2006. A copy of that Agreement can be found at Subtab C. In addition, TCPL and ECT Canada have executed a Financial Assurances Letter Agreement dated April 17, 1995 relating to financial security to be provided to TCPL in connection with transportation charges. Matters relating to ECT Canada's transportation on TCPL are currently before the Board as part of TCPL's 1996/97 expansion proceedings, Hearing Order GH-3-95.

3. **Iroquois Gas Transmission System, L.P. ("Iroquois")**

ECTR will be purchasing the natural gas from ECT Canada on the Canadian side of the International border at a point near the interconnect between the TCPL system and the Iroquois system. ECTR's natural gas will be transported from the Canada-U.S. border near Iroquois, Ontario on the Iroquois system. ECTR will be entitled to deliver natural gas to all the delivery points on the Iroquois system upstream of and including South Commack, Long Island. A precedent agreement between Iroquois and ECTR has been executed and is included herein at Subtab D.

4. **Other Downstream Arrangements**

ECTR's natural gas will either be received from Iroquois at South Commack, Long Island into the system of Long Island Lighting Company ("LILCO") or further upstream on the Iroquois system into Algonquin Gas Transmission Co., Tennessee Gas Pipeline Co. or CNG Transmission Corp., each of whom are interstates on which ECTR currently transports natural gas. Natural gas delivered into LILCO's system can also be delivered to Brooklyn Union Gas or the market zones of Transcontinental Gas Pipe Line Corp. and Texas Eastern Transmission Corp. via displacement or delivery point swaps.

**EXHIBIT C TO THE APPLICATION OF
ENRON CAPITAL & TRADE RESOURCES CORP. FOR
AUTHORIZATION TO IMPORT NATURAL GAS FROM CANADA**

(This is an excerpt from the application to Canada's National Energy Board ("NEB") for an export permit. Cross references to other documents within the text of the NEB excerpts do not apply to documents submitted for this application)

MARKET

ECTR is the largest buyer and seller of natural gas in North America, with physical and financial volumes of more than 20 billion cubic-feet-per-day. The company manages the largest portfolio of fixed-price natural gas risk management contracts in the world; holds equity interests in and markets power from four operating natural gas-fired power projects in North America; is the largest supplier of gas to the electric generation industry in North America; and is among the leading entities arranging new capital to the North American energy industry.

The natural gas to be acquired by ECTR pursuant to the documents filed herein and exported from Canada will be used as part of ECTR's overall corporate gas supply portfolio. It is generally expected that the subject natural gas will be utilized to serve the U.S. Northeast markets currently under long-term contracts to ECTR. ECTR has committed to deliver 257,000 MMBtu's per day in respect of five such long term gas supply contracts. Those contracts are as follows:

Customer/Contract	Termination Date
Trigen-Nassau District Energy Corp.	September 30, 2005
Long Island Lighting Co.	March 31, 2005
Brooklyn Union Gas	October 31, 2003
Sithe Energies, Inc.	December 31, 2014
TBG Cogen Partners	September 30, 2004

Currently, 228,600 MMBtu is sourced from domestic U.S. supplies, while the remaining 28,400 MMBtu per day is sourced from Canadian gas. The gas to be exported hereunder will displace U.S. domestic gas sources currently serving these long-term sales contracts. A brief description of each of the projects is set out below.

Trigen-Nassau District Energy Corp. (Trigen):

Trigen is a 57 MW cogen located in Hempstead, New York. The power agreement is with Long Island Lighting Company and Nassau Coliseum is the steam host. ECTR is the sole gas supplier to the cogen. The gas contract terminates on September 30, 2005.

Sithe/Independence Power Partners L.P. (Sithe):

Sithe is a 1040 MW cogen located in Scriba, New York. The power agreements are with Consolidated Edison and Niagara Mohawk. Alcan is the steam host. ECTR is the sole gas supplier to the cogen. The gas contract terminates on December 31, 2014.

TBG Cogen Partners (TGB):

TGB is a 50 MW cogen located in Bethpage, New York. The power agreements are with Long Island Lighting Company and Grumman Aerospace. Grumman Aerospace is the steam host. ECTR is the sole gas supplier to the cogen. The gas contract terminates on September 30, 2004.

Brooklyn Union (BUG):

BUG is an LDC, with a franchise covering 187 square miles, located in Brooklyn, New York. Natural gas is distributed in the New York City boroughs of Staten Island, Brooklyn and Queens providing service to approximately 1,119,000 accounts of which 1,080,000 are residential. ECTR's contract with BUG terminates on October 31, 2003.

Long Island Lighting Company (LILCO):

LILCO is an LDC located on Long Island, New York. It is a combination gas and electrical utility (73 BCF of natural gas sales and 1900 MW of electrical sales in 1994). Natural gas and electricity is distributed in the counties of Nassau and Suffolk providing gas service to 450,000 and electrical service to 1,000,000 residential/commercial and industrial accounts. ECTR's contract with LILCO terminates on March 31, 2005.

UNITED STATES OF AMERICA

[6450-01-P]

DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

[FE DOCKET NO 95-109-NG]

ENRON CAPITAL & TRADE RESOURCES CORPORATION

ORDER GRANTING LONG-TERM AUTHORIZATION TO
IMPORT NATURAL GAS FROM CANADA


AGENCY: Office of Fossil Energy, DOE.

ACTION: Notice of Order.

SUMMARY: The Office of Fossil Energy of the Department of Energy gives notice that it has issued an order granting Enron Capital & Trade Resources Corporation authorization to import up to 15 MMcf of natural gas per day from Canada for a period of ten years, beginning November 1, 1996, under the terms and conditions of a purchase and sale agreement with Enron Capital & Trade Resources Canada Corporation.

This order is available for inspection and copying in the Office of Fuels Programs Docket Room, 3F-056, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, (202) 586-9478. The docket room is open between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays.

Issued in Washington, D.C., November 22, 1995.



Clifford P. Tomaszewski
Director, Office of Natural Gas
Office of Fuels Programs
Office of Fossil Energy

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

DEC 20 1995

11:33

ENRON CAPITAL & TRADE RESOURCES)
CORPORATION)
_____)

FE DOCKET NO. 95-109-NG

ORDER GRANTING LONG-TERM AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 1135

DECEMBER 20, 1995

I. DESCRIPTION OF REQUEST

On November 7, 1995, Enron Capital & Trade Resources Corporation (ECT) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA)^{1/} and DOE Delegation Order Nos. 0204-111 and 0204-127, for authorization to import up to 15 MMcf per day of Canadian natural gas for a period of ten years commencing on November 1, 1996, and terminating on October 31, 2006. ECT, a Delaware corporation with its principal place of business in Houston, Texas, is a wholly-owned subsidiary of Enron Corporation, and the parent corporation of Enron Capital & Trade Resources Canada Corporation (ECT Canada).

ECT intends to purchase the imported natural gas from ECT Canada, for delivery at the U.S.-Canadian border near Iroquois, Ontario, pursuant to the terms of a purchase and sale agreement dated June 1, 1994, and a confirmation letter dated April 24, 1995. The agreement between ECT and ECT Canada indexes the gas commodity charge to the Inside FERC Gas Market Report to which is added a fixed charge covering transportation costs. The imported natural gas will become part of ECT's corporate supply portfolio to serve ECT's markets in the U.S. Northeast, including two long-term sales contracts with local distribution companies (Brooklyn Union Gas Company and Long Island Lighting Company) and three with cogeneration facilities (Trigen-Nassau Energy Corporation, Sithe/Independence Power Partners L.P., and TBG Cogen Partners).

^{1/} 15 U.S.C. § 717b.

The gas to be imported will be produced in the Province of Alberta, Canada, and transported by the NOVA Gas Transmission Ltd. (NOVA) pipeline system to Empress, Alberta, where NOVA interconnects with TransCanada PipeLines Limited (TCPL). TCPL will transport the gas to Iroquois Gas Transmission System (Iroquois). Iroquois will deliver the gas to ECT's markets or to interconnecting pipeline systems for delivery to markets. ECT indicates it may wish to bring the gas into the U.S. at other border points and, therefore, requests that the authorization not be restricted to a single import point.

II. FINDING

The application filed by ECT has been evaluated to determine if the proposed import arrangement meets the public interest requirements of section 3 of NGA, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486). Under section 3(c), the importation of natural gas from a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by ECT to import natural gas from Canada, a nation with which a free trade agreement is in effect, meets the section 3(c) criterion and, therefore, is consistent with the public interest.

ORDER

Pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. Enron Capital & Trade Resources Corporation (ECT) is authorized to import up to 15 MMcf per day of Canadian natural gas for a period of ten years, commencing on November 1, 1996, and terminating on October 21, 2006, under the terms and conditions of the purchase and sale agreement dated June 1, 1994, and confirmation letter dated April 24, 1995, with Enron Capital & Trade Resources Canada Corporation (ECT Canada). This natural gas may be imported at Waddington, New York, or at alternative border points with transportation facilities accessible by ECT.

B. ECT shall file with the Office of Fuels Programs all executed natural gas supply contracts pertaining to the natural gas to be imported within 30 days of their execution.

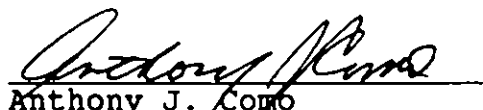
C. Within two weeks after deliveries begin, ECT shall provide written notification to the Office of Fuels Programs (OFP), Fossil Energy, Room 3F-056, FE-50, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the first import delivery of natural gas authorized in Ordering Paragraph A above occurred.

D. With respect to the natural gas imports authorized by this Order, ECT shall file with OFP, within 30 days following each calendar quarter, a quarterly report indicating by month the volumes and prices of natural gas imported pursuant to this

order. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, ECT must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu delivered at the international border, and paid to ECT Canada. Whenever imports have occurred at an entry point other than Waddington, New York, these volumes and prices must be reported separately. The monthly price information shall itemize separately the demand and commodity charges, fuel charges, and, if applicable, reservation fees.

E. The first quarterly report required by Ordering Paragraph D of this Order is due not later than January 30, 1997, and should cover the period from November 1, 1996, until the end of the fourth calendar quarter, December 30, 1996.

Issued in Washington, D.C. on December 20, 1995.


Anthony J. Como
Director
Office of Coal & Electricity
Office of Fuels Programs
Office of Fossil Energy

Apr. 27. 1995

2:16PM

ECT CANADA 403 974 6706

№. 5802 P. 3/5

95-109

ENRON CAPITAL & TRADE
RESOURCES
WORLDWIDE ENERGY SOLUTIONS

ECT CANADA ORIGINAL

April 24, 1995

~~Enron Capital & Trade Resources Canada Corp~~
3500 Canterra Tower
400 - 3rd Avenue S.W.
Calgary, Alberta T2P 4H2

Attention: Thomas S. Glanville, President

CONFIRMATION LETTER

This Confirmation Letter (this "Letter") shall replace and restate the Confirmation Letter between us dated April 17, 1995 (the "Effective Time"), between Enron Capital & Trade Resources Corp. ("ECTR"), successor to Enron Gas Marketing, Inc., and Enron Capital & Trade Resources Canada Corp. ("ECT Canada"), successor to Enron Gas Services Canada Corp., regarding the firm purchase and sale of Gas under the following terms and conditions.

ECT Canada (Seller) shall sell and deliver, ECTR (Buyer) shall purchase and receive.

CONDITIONS PRECEDENT:

The obligations of ECTR and ECT Canada, respectively, to deliver and sell and to take and purchase Gas as provided for in this Confirmation Letter, shall not arise prior to the satisfaction of each of the following conditions precedent:

- (a) ECT Canada's suppliers shall have obtained all regulatory approvals and firm transportation agreements necessary to transport the MaxDQ to Empress, Alberta and to remove the MaxDQ from Alberta for the term hereof; and
- (b) ECT Canada shall have transportation agreements necessary to transport the MaxDQ on the facilities of TransCanada Pipelines Limited ("TCPL") to the interconnected of TCPL and the facilities of Iroquois Gas Transmission System ("Iroquois"); and
- (c) ECTR shall have obtained all regulatory approvals and transportation agreements necessary to (i) export the MaxDQ from Canada; (ii) import the MaxDQ to the United States; and (iii) transport the MaxDQ on Iroquois to ECTR'S markets in the northeastern United States.

APR 27. 1995 2:16PM ECT CANADA 403 314 0100

Enron Capital & Trade Resources Canada Corp.
Confirmation Letter
Page 2

ECT Canada and ECTR warrant that they will use all reasonable efforts to fulfil their respective conditions precedent. ECT Canada shall notify ECTR forthwith in writing upon the conditions in subsection (a) and (b) above having been met, and ECTR shall inform ECT Canada forthwith in writing upon the conditions in subsection (c) above having been met. ~~Each Party shall cooperate with the other Party in fulfilling the conditions set forth above in order that the delivery of Gas hereunder shall commence on the Date of First Delivery.~~ If any of the conditions set forth herein have not been satisfied on or before October 1, 1995, then either Party hereto shall have the right to terminate this Confirmation Letter on at least thirty (30) days' prior written notice to the other Party hereto.

MaxDQ: 15,000.0 MMBtu's per Day, plus Fuel Gas (defined below).
LOAD FACTOR: 100%
MinPQ: MaxDQ multiplied by the Load Factor, multiplied by the number of Days in the applicable Month
DELIVERY POINT: The interconnect between TCPL and Iroquois at Waddington, on the Canadian side of the international border.
CONTRACT PRICE:

APR. 27. 1995 2:16PM ECT CANADA 403 974 6706

No. 9802 P. 5/8

Enron Capital & Trade Resources Canada Corp.
Confirmation Letter
Page 3

CURRENCY CONVERSIONS: For currency conversions required under this Confirmation Letter, to convert Canadian currency to the currency of the United States, and vice versa, the Parties shall use the Bank of Canada posted noon spot exchange rate as quoted for the twentieth Day of each Month following the Month in which Gas was delivered.

PERIOD OF DELIVERY: (a) Subject to part (b) below, the Period of Delivery shall commence at 08:00h November 1, 1996, and terminate at 08:00h November 1, 2006.

APR. 27. 1995 2:16PM ECT CANADA 403 974 6706

No. 9802 P. 6/8

Enron Capital & Trade Resources Canada Corp.
Confirmation Letter
Page 4

(b) If, through no fault of ECT Canada, the commencement of FS Service by TCPL for the MaxDQ under this Confirmation Letter is delayed beyond November 1, 1996, then the Period of Delivery shall commence on the date that such FS Service commences (the "Date of First Deliveries"), and the Period of Delivery shall terminate at 08:00h on November 1, 2006; however, if such FS Service does not commence on or before May 1, 1997, then either Party hereto shall have the right to terminate this Confirmation Letter on at least 30 days' prior written notice to the other Party hereto.

FUEL G

FORCE MAJEURE: (a) For the purposes of this Confirmation Letter, "Force Majeure" shall include

(i) force majeure events declared by NOVA, TCPL or Iroquois, and

(ii) curtailments of firm service by NOVA, TCPL and Iroquois

but only to the extent that such pipeline declaration of force majeure or such pipeline curtailment causes ECT Canada's suppliers to be unable to deliver all or a portion of the MaxDQ to ECT Canada at Empress, Alberta or causes ECT Canada or ECTR to be unable to transport all or a portion of the MaxDQ to their respective markets.

APR. 27. 1995

2:16PM

ECT CANADA 403 974 6706

No. 9802 P. 7/8

Enron Capital & Trade Resources Canada Corp.
Confirmation Letter
Page 5

(b) For the purposes of this Confirmation Letter, the Parties agree that Article 5 of the Enfolio Master Firm Purchase/Sale Agreement dated June 1, 1994 shall be amended as follows:

(i) Immediately after the words "suspended from the inception and during the continuance of the Force Majeure", delete the words, "for a period of up to 60 Days in the aggregate during any 12 Month period, but for no longer period".

(ii) Immediately after the words "as it deems necessary at its expense" delete the words, "for the entire 60 Day period or any part thereof".

(iii) Delete the sentence: "The Parties expressly agree that upon expiration of the 60 Day period Force Majeure shall no longer apply to the obligations hereunder and both Buyer and Seller shall be obligated to perform."

This Confirmation Letter is being provided pursuant to the Enfolio Master Firm Purchase/Sale Agreement dated June 1, 1994, between ECTR and ECT Canada, and constitutes part of and is subject to all of the terms and provisions of such Agreement.

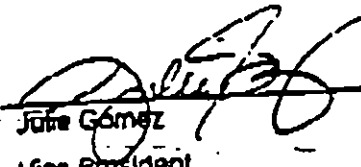
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Enron Capital & Trade Resources Canada Corp.
Confirmation Letter
Page 6

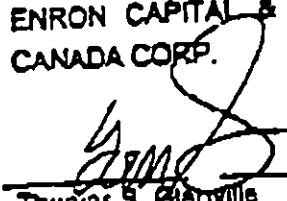
Please confirm that the terms stated herein accurately reflect the agreement between ECT Canada and ECTR by returning an executed copy of this Letter by facsimile to ECTR. We would appreciate it if you would send your fax back to us within one hour after you receive this letter. Thank you for your timely cooperation.

ENRON CAPITAL & TRADE RESOURCES
CORP.

Per:  CES
Title: Vice President

Accepted and agreed effective as of the Effective
Time.

ENRON CAPITAL & TRADE RESOURCES
CANADA CORP.

Per:  MLN
Title: President

CONTRACT SUMMARY

A summary of the basic terms of the **Enfolio Master Firm Purchase/Sale Agreement** between ECTR (as successor to Enron Gas Marketing, Inc.) and ECT Canada (as successor to Enron Gas Services Canada Corp.) dated June 1, 1994 and the April 24, 1995 Confirmation Letter is set out below. The summary is presented in the standard format outlined in Appendix 3 of the **National Energy Board's Reasons for Decision - Proposed Changes to the Application of the Market-Based Procedure - GHW-1-91**. The summary is intended for the purposes of guidance only. It is the ~~specific terms of the Agreement which govern~~ and such terms should be consulted. Capitalized words and terms in the summary which are defined in the Agreement shall have the meanings given them in the Agreement. A copy of the Purchase/Sale Agreement can be found at Subtab A, while the April 24, 1995 document can be found at Subtab B.

1. Canadian Seller:

Enron Capital & Trade Resources Canada Corp. ("ECT Canada")

2. U.S. Buyer:

Enron Capital & Trade Resources Corp. ("ECTR")

3. Third-Party Re-sale Agreements:

ECTR has a large corporate gas supply portfolio from which it makes a number of sales pursuant to short, medium and long-term arrangements. In particular, ECTR has five long-term sales contracts in place relating to the delivery of gas into the U.S. Northeast, two of which are with local distribution companies and three of which relate to cogeneration facilities. It is contemplated that the gas exported under the authority of the licence requested herein will be used primarily to serve these markets.

4. Conditions Precedent:

The obligations of ECTR and ECT Canada are conditional upon the following:

- (a) ECT Canada's suppliers having obtained all regulatory approvals and firm transportation agreements necessary to transport their volumes to Empress, Alberta.
- (b) ECT Canada having the transportation agreement necessary to transport the volumes on the facilities of TCPL to the interconnect of TCPL and Iroquois.
- (c) ECTR having obtained all regulatory approvals and transportation agreements necessary to:
 - (i) export the volumes from Canada;

- 2 -

- (ii) import the volumes into the United States; and
- (iii) transport the volumes on Iroquois to ECTR's markets in the Northeastern United States.

If the conditions have not been satisfied on or before October 1, 1996, then either party can terminate the arrangement on 30 days notice.

5. **Term:**

Deliveries are to commence at 8:00 a.m. November 1, 1996 and terminate at 8:00 a.m. on November 1, 2006. If, through no fault of ECT Canada, the commencement of TCPL's service is delayed beyond November 1, 1996, then deliveries shall commence on the date that such firm service is available, however, if such firm service does not commence on or before May 1, 1997 then either party has the right to terminate the arrangement.

6. **Delivery Point:**

The Delivery Point is the point of interconnection between TCPL and Iroquois near Waddington, on the Canadian side of the international border.

7. **Contract Quantity:**

The Maximum Daily Quantity ("Max DQ") is 15,000 MMBtu's per day, plus fuel gas. The load factor is 100% and the Minimum Daily Quantity ("Min DQ") is the Max DQ multiplied by the load factor (100%), multiplied by the number of days in each month.

8. **Pricing Provisions:**

The gas price between ECT Canada and ECTR at Iroquois, Ontario is based upon the Inside FERC Gas Market Report, Transco Zone 3 monthly index plus a fixed differential, representing the transport cost to move volumes from Transco Zone 3 to the New York Citygate, less actual Iroquois transmission costs to move the volumes from Iroquois, Ontario to the New York Citygate. The gas price between ECT Canada, Conwest, Czar and Orbit, at Empress, mirrors the ECT Canada/ECTR price structure at Iroquois, Ontario, less actual TCPL transportation costs to move the volumes from Empress, Alberta to Iroquois, Ontario.

9. **Delivery and Take Provisions:**

(a) Delivery Obligations

Pursuant to Section 3.2 of the Purchase/Sale Agreement and the terms set out in the Confirmation Letter, ECT Canada is required to deliver to the Delivery Point, each day, 15,000 MMbtu's plus fuel gas. Where there is a deficiency in the amount of gas delivered (the "deficiency quantity"), ECT Canada is required to pay ECTR ~~an amount equal to the~~ ~~deficiency quantity multiplied by the Replacement Price Differential plus liquidated damages equal to \$0.15 times the~~ deficiency quantity multiplied by the Replacement Price Differential plus liquidated damages equal to \$0.15 times the deficiency quantity. The "Replacement Price Differential" is the greater of the cost to ECTR, including incremental transportation costs, of replacing the deficiency quantity or the spot price for the deficiency quantity.

(b) ECTR's Take Obligations

ECTR is required to take a monthly minimum quantity which is the MaxDQ of 15,000 MMbtu's multiplied by the 100% load factor multiplied by the number of days in the month. Should ECTR fail to purchase the minimum amount in a month (a "deficiency amount") then ECTR shall pay ECT Canada the deficiency amount multiplied by the Replacement Price Differential plus liquidated damages equal to \$0.15 multiplied by the deficiency amount.

10. **Force Majeure:**

Article 5 of the Purchase/Sale Agreement provides for the suspension of obligations (except with respect to payment obligations) as a result of, and to the extent that such obligations are affected by, an event of force majeure, where such an event renders a party unable, wholly or in part, to carry out its obligations under the Agreement. "Force Majeure" means an unanticipated event not within the reasonable control of the party claiming the suspension and which by the exercise of due diligence such parties are unable to overcome or obtain or cause to be obtained a commercially reasonable substitute performance therefor. "Force Majeure", pursuant to a term of the Confirmation Letter, also includes force majeure events related to, and curtailments of firm service by, NOVA, TCPL and/or Iroquois, but only to the extent deliveries are affected.



**Enron Industrial
Natural Gas Company**
P.O. Box 4428
Houston, TX 77210-4428
(713) 853-6161

June 05, 1998

U. S. Department of Energy
Office of Fuels Programs,
Fossil Energy
FE-53, Room 3H-087
1000 Independence Avenue, S. W.
Washington, D. C. 20585-0350

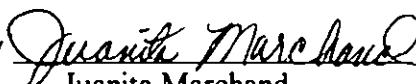
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1998 JUN 15 A 11: 37

Gentlemen:

Enron Capital & Trade Resources Corp. hereby reports that deliveries of natural gas pursuant to DOE FE Docket NO. 95-109-NG, DOE/FE ORDER NO. 1135 commenced as of November 1, 1996.

Respectfully submitted,

**ENRON CAPITAL AND TRADE
RESOURCES CORP.**

By 
Juanita Marchand
Regulatory Analyst



RECEIVED DOE/FE
OCT 29 11:48

**Enron Capital & Trade
Resources Corp.**
P. O. Box 4428
Houston, TX 77210-4428

October 25, 1999

U. S. Department of Energy
Office of Fuels Programs,
Fossil Energy
Attn.: John Glenn
FE-53, Room 3H-087
1000 Independence Avenue, S. W.
Washington, D. C. 20585-0350

Gentlemen:

Enron Capital and Trade Resources and Enron Capital and Trade Canada Corp have changed their names effective September 1, 1999 to Enron North America Corp. and Enron Canada Corp. respectively.

Enclosed is a check covering the fee for the name change on the following docket numbers 97-76, 97-75, 98-12, 97-20, 95-109, 98-40, 99-19, and 93-30. The Certificate of Amendment for Enron North America and Enron Canada Corp are included documenting the name change.

Please call Juanita Marchand at (713) 853-6253 if you have any questions concerning this matter

Respectfully submitted,

ENRON NORTH AMERICA

By 
Juanita Marchand
Logistics Specialist

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "ENRON CAPITAL & TRADE RESOURCES CORP.", CHANGING ITS NAME FROM "ENRON CAPITAL & TRADE RESOURCES CORP." TO "ENRON NORTH AMERICA CORP.", FILED IN THIS OFFICE ON THE FIRST DAY OF SEPTEMBER, A.D. 1999, AT 11:15 O'CLOCK A.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.



Edward J. Freel

Edward J. Freel, Secretary of State

2240966 8100

991366280

AUTHENTICATION:

9950716

DATE:

09-01-99

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

Enron Capital & Trade Resources Corp., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware,

DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of said corporation, by the unanimous written consent of its members, filed with the minutes of the board, adopted a resolution proposing and declaring advisable the following amendment to the Certificate of Incorporation of said corporation:

RESOLVED, that in the judgment of the Board of Directors, it is deemed advisable to amend Article I of the Certificate of Incorporation of the Company so that it will be and read in its entirety as follows:

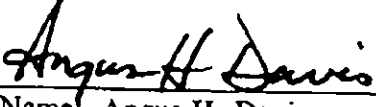
ARTICLE I.

The name of this corporation is **Enron North America Corp.**


SECOND: That in lieu of a meeting and vote of stockholders, the stockholders have given unanimous written consent to said amendments in accordance with the provisions of Section 228 of the General Corporation Law of the State of Delaware.

THIRD: That the aforesaid amendment was duly adopted in accordance with the provisions of Sections 242 and 228 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said Enron Capital & Trade Resources Corp. has caused this certificate to be signed by Angus H. Davis, its Vice President and Secretary, and attested by Elaine V. Overturf, its Deputy Corporate Secretary, this 1st day of September, 1999.


Name: Angus H. Davis
Title: Vice President and Secretary

ATTEST:


Name: Elaine V. Overturf
Title: Deputy Corporate Secretary

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

REC'D DOE/FE
FEB 15 26 A 11:03

ENRON NORTH AMERICA CORP.
(Formerly Enron Capital & Trade Resources Corp.)

)
)
) FE DOCKET NO. 95-109-NG
)

ORDER AMENDING LONG-TERM AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 1135-A

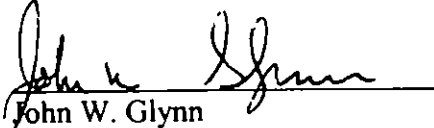
On December 20, 1995, the Department of Energy (DOE) granted long-term authorization to Enron Capital & Trade Resources Corp. in DOE/FE Order No. 1135 (Order 1135)^{1/} to import up to 15 MMcf per day of Canadian natural gas for a period of ten years commencing on November 1, 1996, and terminating on October 31, 2006.

On October 29, 1999, the Office of Fossil Energy of DOE was notified that Enron Capital & Trade Resources Corp.'s name had been changed to Enron North America Corp.

^{1/} 1 FE ¶ 71,220.

Accordingly, pursuant to section 3 of the Natural Gas Act, Order 1135 is amended to substitute Enron North America Corp. as the importer of natural gas. All terms and conditions in Order 1135 remain in full force and effect.

Issued in Washington, D.C., on November 26, 1999.


John W. Glynn
Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import & Export Activities
Office of Fossil Energy