

FE DOCKET NO.: 97-03-NG

APPLICANT(S): ENGAGE ENERGY AMERICA L.L.C.

ITEM	PREPARED OR FILED BY	FILING TYPE	DESCRIPTION OF DOCUMENT	DATED	DATE FILED OR ISSUED
1 ✓	COASTAL GAS MARKETING COMPANY	APPLICATION	Application for Long Term Authority to Import Natural Gas from Canada Beging 11/1/97	97-01-13	97-01-13
2 ✓	COASTAL GAS MARKETING COMPANY	SUPPLEMENT	Regulatory Version of the "Gas Purchase Agreement for the U.S. Northeast Market Area Off of Iroquois Gas Transmissin System Between CGM & Producer	97-01-27	97-01-27
3 ✓	DOE/FE	ORDER	Order 1253--Granting Blanket Authority to Import Natural Gas.	97-02-13	97-02-13
4 ✓	WESTCOAST GAS SERVICES DELAWARE	CORRESPONDENCE	Letter Requesting DOE Transfer Existing Authority to Import Long Term Authorization from Coastal Gas Marketing Co and Engage Energy U.S. L.P.	00-09-21	00-09-21
5 ✓	DOE/FE	ORDER	Order 1253-A Transferring Long-Term Authority to Import Natural Gas from Canada	00-09-29	00-09-29
6 ✓	ENGAGE ENERGY AMERICA CORP.	AMENDMENT	Requesting Transfer of Import Authority from Westcoast Gas Services Inc	00-11-09	00-11-09
7 ✓	DOE/FE	ORDER	Order 1253-B Transferring Long-Term Authority to Import Natural Gas from Canada	00-11-20	00-11-20
8 ✓	ENGAGE ENERGY AMERICA L.L.C.	AMENDMENT	Requesting Transfer of Import Authority from Engage Energy America Corp.	01-04-05	01-04-05

FE DOCKET NO.: 97-03-NG

APPLICANT(S): ENGAGE ENERGY AMERICA L.L.C.

ITEM	PREPARED OR FILED BY	FILING TYPE	DESCRIPTION OF DOCUMENT	DATED	DATE FILED OR ISSUED
9 ✓	DOE/FE	ORDER	Order 1253-C Transferring Long-Term Authority to Import Natural Gas from Canada	01-04-19	01-04-19



**Coastal**  
The Energy People

97-03-NG

REC'D 13 P 3 11

January 13, 1997

REC'D DOE/FE

Mr. John Glynn  
U.S. Department of Energy  
Office of Fuels Programs  
Natural Gas Import/Export Authorizations  
1000 Independence Avenue, S.W.  
FE-53, Room 3H-087  
Washington, D.C. 20587

Dear Mr. Glynn:

Pursuant to 10 C.F.R. §590.103(a), enclosed are an original and fifteen (15) copies of the Application of Coastal Gas Marketing Company for an Order Authorizing the Long-Term Importation of Natural Gas from Canada to serve markets off Iroquois Gas Transmission System. Also enclosed are three (3) additional copies to be date stamped and returned, and a check in the amount of \$50.00 to cover the filing fee.

This filing originally was prepared for filing on or about November 15, 1996. However, the document was lost in internal mail, and the filing was not made. Thank you for your prompt review.

If you have any questions regarding the enclosed application, please contact me at (202) 331-4665.

Sincerely,

*Susan W. Ginsberg*

Susan W. Ginsberg  
Manager, Regulatory Affairs

Enclosures

cc: Sandy MacCulloch

**Coastal Gas Marketing Company**

A SUBSIDIARY OF THE COASTAL CORPORATION  
2000 M ST NW • SUITE 300 • WASHINGTON DC 20036 • 202-466-7430

ORIGINAL

UNITED STATES OF AMERICA  
BEFORE THE DEPARTMENT OF ENERGY  
OFFICE OF FUELS PROGRAM  
FOSSIL ENERGY

1997 JUN 13 P 3:11

Coastal Gas Marketing Company )

Docket No. FE96-97-03 -NG

REC'D DOE/FE

APPLICATION OF COASTAL GAS MARKETING COMPANY  
FOR AN ORDER AUTHORIZING  
THE LONG-TERM IMPORTATION  
OF NATURAL GAS FROM CANADA

Pursuant to Section 3 of the Natural Gas Act (15 U.S.C. & 717b), as amended by Section 201 of the Energy Policy Act of 1992 (P.L. 102-486), the rules and procedures of 10 C.F.R. Part 590, and DOE Delegation Orders No. 0204-111 and 0204-127, Coastal Gas Marketing Company ("CGM", or "Applicant") submits this application for an order authorizing CGM to import natural gas from Canada for transportation on Iroquois Gas Transmission System for its overall supply pool to supply markets in the U.S. Northeast. CGM requests that this authorization be granted for a term of ten years, commencing November 1, 1997. In support hereof, CGM submits the following:

I.

The exact legal name of Applicant is Coastal Gas Marketing Company. CGM is a corporation organized and existing under the laws of the State of Delaware, and has its principal place of business at 9 Greenway Plaza, Houston, Texas 77046. CGM is engaged in the business of buying and selling natural gas.

II.

All communications concerning this Application should be addressed to:

W.O. Strong III, Esquire  
Coastal Gas Marketing Company  
9 Greenway Plaza  
Houston, Texas 77046-0995

Attorney for Coastal Gas  
Marketing Company

Tel: (713) 877-1400  
Fax: (713) 877-6714

Susan W. Ginsberg  
Manager, Regulatory Affairs  
Coastal Gas Marketing Company  
2000 M Street, N.W.  
Suite 300  
Washington, D.C. 20036

Tel: (202) 331-4665  
Fax: (202) 331-4617

III.

CGM requests authorization from the Office of Fuels Programs, Fossil Energy to import up to 14 MMcf per day of Canadian natural gas for a period of ten years, commencing on November 1, 1997. The imported gas will be part of the pool of gas from which CGM supplies its East Coast markets.

IV.

The gas to be imported will be produced in the Province of Alberta, Canada and supplied by three producers (collectively, the "suppliers"): Rio Alto Exploration Ltd. (5 MMcf per day); Pinnacle Resources Ltd. (5 MMcf per day); and Jordan Petroleum Ltd. (4 MMcf per day). The gas will be received into the NOVA Gas Transmission Ltd. ("NOVA") pipeline system and transported to Empress, Alberta, and NOVA's interconnect with TransCanada Pipelines Limited ("TCPL"). TCPL will transport the gas to Iroquois, Ontario, where the gas will move on Iroquois Gas Transmission System ("Iroquois").

CGM has a primary delivery point on Iroquois of South Comack, New York, but may use secondary delivery points upstream of South Comack. CGM has existing arrangements on several pipeline systems interconnected with Iroquois which will allow CGM to transport the gas to Coastal's U.S. Northeast markets. CGM has a contract for firm transportation service on NOVA to the TCPL receipt point at Empress, effective November 1, 1997. CGM intends to assign the NOVA capacity to its suppliers. CGM will hold firm transportation on TCPL and Iroquois.

While Iroquois, Ontario, will be the primary export point for the suppliers' gas, CGM wishes to retain the flexibility to export at other export points should this become desirable from time to time.

V.

The natural gas to be imported under the subject long-term authorization will be used by CGM to serve markets in the U.S. Northeast, which consist primarily of local distribution companies, as well as electric generation companies and industrial end users. The natural gas will essentially form part of CGM's portfolio of supply available to serve all of CGM's existing and new markets. At the present time, CGM markets in excess of 500 MMcf/d of natural gas in the U.S. Northeast alone.

VI.

The Energy Policy Act states that the importation and exportation of natural gas from or to "a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas, shall be deemed to be consistent with the public interest, and applications for importation and exportation shall be granted without modification or delay." Because CGM's application is for the importation of natural gas from Canada, with which the United States has in effect a free trade agreement, CGM submits that its application meets the public interest.

VII.

CGM confirms its obligation to file with the Office of Fuels Program, Fossil Energy, within thirty (30) days following each calendar quarter, quarterly reports indicating the volumes sold and sales price at the International Border of any imports made.

CGM submits the following Exhibits in support of this application:

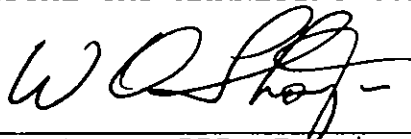
Exhibit A: Opinion of Counsel

Exhibit B: Summary of Contract Terms and Conditions of generic Gas Purchase Agreements Executed by CGM and each of Rio Alto Exploration Ltd., Pinnacle Resources Ltd., and Jordan Resources, Ltd.

WHEREFORE, CGM submits that, for the reasons set forth above, its Application for authorization to import natural gas from Canada is consistent with the public interest, CGM respectfully requests

authorization from the Department of Energy to import natural gas from Canada pursuant to the terms and conditions stipulated herein for a period of ten (10) years commencing on November 1, 1997.

Respectfully submitted,  
COASTAL GAS MARKETING COMPANY



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W.O. Strong III, Esquire  
Attorney for Coastal Gas  
Marketing Company  
9 Greenway Plaza  
Houston, Texas 77046-0995  
Tel: (713) 877-1400

Dated at Houston, Texas,  
this 15th day of November, 1996





**Coastal**  
The Energy People

W. O. STRONG III  
SENIOR STAFF ATTORNEY  
COASTAL GAS SERVICES COMPANY

November 15, 1996

Mr. Clifford Tomaszewski  
U.S. Department of Energy  
Office of Fossil Fuels  
1000 Independence Avenue, S.W.  
Room 3H087  
Washington, D.C. 20001

Re: Long-Term Importation of Natural Gas from Canada by  
Coastal Gas Marketing Company, Docket No. FE96-\_\_-NG

Dear Mr. Tomaszewski:

As counsel for Coastal Gas Marketing Company ("CGM"), Applicant in the above-referenced proceeding, I have reviewed the Certificate of Incorporation and Bylaws of CGM, and such other documents as I have deemed necessary in order to advise you that:

1. CGM is a corporation duly incorporated and validly existing in good standing under the laws of the State of Delaware, and has all requisite corporate power and authority to own and operate its properties and to carry on its business; and
2. CGM has the requisite corporate authority to import natural gas from Canada.

Truly yours,

W.O. Strong III

Attorney for Coastal Gas  
Marketing Company

**Coastal Gas Services Company**

A SUBSIDIARY OF THE COASTAL CORPORATION  
COASTAL TOWER • NINE GREENWAY PLAZA • HOUSTON TX 77046-0995 • 713.877.1400

## SUMMARY OF CONTRACT TERMS AND CONDITIONS

A summary of the basic terms of the generic Gas Purchase Agreements which were executed by Coastal and each of Rio Alto Exploration Ltd., Pinnacle Resources Ltd. and Jordan Resources Ltd. respectively, is set out below. The summary is presented in the standard format outlined in the draft *National Energy Board Part VI (Oil and Gas) Regulations*. 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 generic Gas Purchase Agreement can be found at Subtab 2.

**1. Canadian Seller:**

Rio Alto Exploration Ltd. ("Rio Alto")  
Pinnacle Resources Ltd. ("Pinnacle")  
Jordan Resources Ltd. ("Jordan")

**2. U.S. Buyer:**

Coastal Gas Marketing Company ("Coastal")

**3. Third-Party Resale Agreements:**

N/A

**4. Conditions Precedent:**

The obligations of the parties are conditional upon:

- (i) Buyer and Seller having obtained all regulatory authorizations;
- (ii) Buyer having obtained TCPL service; and
- (iii) Buyer having obtained Iroquois service.

If Buyer has not obtained or waived all conditions precedent prior to November 1, 1997, either Buyer or Seller may on or before December 31, 1997 give notice of termination and if the conditions precedent remain unsatisfied by January 31, 1998, the agreement shall terminate effective that date.

**5. Term:**

The Agreement will expire October 31, 2007. The Date of First Delivery is the later of November 1, 1997 or the month immediately following the month in which the last of the following conditions precedent is satisfied:

- (i) Buyer and Seller have obtained all regulatory authorizations;
- (ii) Buyer has obtained TCPL service; and

(iii) Buyer has obtained Iroquois service.

**6. Delivery Point:**

The Delivery Point is the point of interconnection between NOVA and TCPL near Empress, Alberta and the export point is the point of interconnection between TCPL and Iroquois near Iroquois, Ontario.

**7. Contract Quantity:**

The Maximum Daily Quantity ("MDQ") for each of the respective suppliers is:

Rio Alto	140.6 10 <sup>3</sup> m <sup>3</sup> (5.0 MMcf)
Pinnacle	140.6 10 <sup>3</sup> m <sup>3</sup> (5.0 MMcf)
Jordan	112.0 10 <sup>3</sup> m <sup>3</sup> (4.0 Mmcf)

**8. Pricing Provisions:**

The contract price is based on Netback Revenues calculated as the volume weighted average price per MMBtu received by Buyer from both spot gas and term gas customers during the preceding month plus any hedging gains minus:

- (i) transportation costs from Empress, Alberta to the applicable delivery point off of Iroquois;
- (ii) an operations fee (not disclosed for reasons of commercial sensitivity);
- (iii) a price incentive fee (not disclosed for reasons of commercial sensitivity);
- (iv) reasonable third party expenses incurred by Buyer to deliver the gas;
- (v) any hedging losses; and
- (vi) any costs associated with replacing gas not delivered by Seller for any reason other than Force Majeure.

For term gas, the specific terms and conditions of each arrangement must be approved by Seller prior to the commencement of the arrangement.

**9. Delivery and Take Provisions:**

Seller is required to deliver each day the quantities of gas requested by Buyer up to the MDQ. In the event Seller fails to deliver the quantity requested by Buyer, Seller shall indemnify Buyer for all incremental costs in acquiring replacement volumes. Buyer and Seller shall cooperate to minimize any incremental costs associated with replacement gas.

Buyer is required to use all reasonable efforts to maintain purchases of spot gas at a 100% load factor. In addition, Buyer is required to purchase a Minimum Annual Volume ("MAV") equal to 95% of the MDQ times the number of days in the relevant

contract year. If Buyer fails to purchase the MAV, then for the amount of any shortfall, Buyer shall indemnify Seller for the theoretical opportunity costs associated with replacement market(s).

**10. Supply Security:**

Seller is required to support Buyer's and TCPL's applications for necessary regulatory authorizations and shall demonstrate sufficient gas supply to such regulatory bodies as required to obtain the necessary authorizations. Seller is responsible for all costs of evaluating and testifying to Seller's reserves, deliverability and supply as required in connection with obtaining and maintaining the required transportation capacity and regulatory authorizations.

**11. Force Majeure:**

An event of Force Majeure is defined as an event beyond the reasonable control of either party and includes: (i) curtailments of transportation service on NOVA (at Empress), TCPL or Iroquois; (ii) curtailments of downstream transportation; and (iii) events of Force Majeure declared by Buyer's customers not within the reasonable control of Buyer. Lack of funds or inability to pay do not constitute an event of Force Majeure.

In the event of Force Majeure, Seller shall indemnify Buyer for all costs associated with any unutilized capacity from Empress, Alberta to the delivery point off Iroquois. In the event of Force Majeure declared by Seller, Seller shall provide Buyer with a prorata share of Seller's Alberta gas supply (excluding dedicated reserves), unless there is a curtailment of NOVA firm service at Empress in which case Seller shall provide Buyer with a prorata share of Seller's deliveries at Empress. In the event of Force Majeure declared by Buyer, Buyer shall use commercially reasonable efforts to provide Seller with spot gas markets.



**Coastal**  
The Energy People

1997 JAN 27 P 2: 13

January 24, 1997 REC'D DOE/EE

Ms. Allyson Reilly  
Office of Natural Gas  
U.S. Department of Energy  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585

RE: Application of Coastal Gas Marketing Company for an Order Authorizing  
the Long-Term Importation of Natural Gas from Canada, Docket No.  
FE97-03-NG, filed January 13, 1997.

Dear Ms. Reilly:

In support of the above-referenced application, enclosed are 15 copies and an original of the regulatory version of the "Gas Purchase Agreement for the U.S. Northeast Market Area Off of Iroquois Gas Transmission System Between Coastal Gas Marketing Company and Producer." Included in the copies are the signature pages for the contracts between Coastal Gas Marketing Company and Rio Alto Exploration Ltd., Pinnacle Resources Ltd., and Jordan Petroleum Ltd.

Should you have any questions, please call me at (202) 331-4665.

Truly yours,

Susan W. Ginsberg  
Manager, Regulatory Affairs

Enclosures

**Coastal Gas Marketing Company**

A SUBSIDIARY OF THE COASTAL CORPORATION  
2000 M ST NW • SUITE 300 • WASHINGTON DC 20036 • 202/466-7430



ORIGINAL

March 25, 1996

EST JUN 27 P 2:13

Producer  
Address Line  
Calgary AB

Attention: Marketing Department

RE: GAS PURCHASE AGREEMENT FOR THE U.S. NORTHEAST MARKET AREA  
OFF OF IROQUOIS GAS TRANSMISSION SYSTEM ("IROQUOIS") BETWEEN  
COASTAL GAS MARKETING COMPANY ("Buyer") AND PRODUCER  
("Seller")

To confirm our recent agreement, this letter ("Letter") outlines the general terms and conditions to which our companies (the "Parties" hereto) have agreed with respect to the subject netback purchase arrangement. The overall nature of the arrangement is that Buyer shall market certain volumes of Seller's gas, under a netback price arrangement, in the U.S. Northeast to various customers of Buyer ("Customers").

Buyer is in the process of obtaining, for subsequent reassignment to Seller, firm transportation capacity for the gas subject to this Letter as follows:

- (i) Buyer has requested firm transportation service on TransCanada PipeLines Limited ("TCPL") from Empress, the interconnect with TCPL of NOVA Corporation ("NOVA"), to Iroquois, Ontario for the term provided in the next two sentences ("TCPL Service"). The Parties acknowledge that the subject TCPL Service will be part of TCPL's facilities application for expansion of facilities for an in-service date estimated to be November 1, 1997 ("TCPL 1997 Expansion Facilities") and an estimated expiry of October 31, 2007.
- (ii) Buyer has requested firm transportation on Iroquois Natural Gas Transmission ("Iroquois") from Iroquois, Ontario to various interconnects off of Iroquois.
- (iii) Of such TCPL Service and Iroquois Service, Buyer will allocate to Seller \_\_\_\_\_  $10^3 M^3$  per day of TCPL Service (equal to the MDQ hereunder before incorporation of Fuel Gas as outlined in Section 3) and \_\_\_\_\_ MMBtu/day of Iroquois Service (collectively referred to as "Seller's Allocated Transport Capacity").

Coastal Gas Marketing Company

A SUBSIDIARY OF THE COASTAL CORPORATION  
ROYAL BANK BUILDING • SUITE 1650 • 235 8TH AVE S.W. • CALGARY AB T2P 1C9 • 403/763-2526 • FAX 403/763-2522

1. **Conditions Precedent and Date of First Delivery**

The "Date of First Delivery" shall be the latter of November 1, 1997 and the first day of the month immediately following the month in which the last of the following conditions precedent is satisfied.

- (i) Buyer and Seller shall have obtained all regulatory licenses (short term is acceptable if long term is not required by the National Energy Board of Canada), removal permits (short term is acceptable if a long term permit is not required by regulators), U.S. import authorizations (including state and local authorization as applicable), necessary in Buyer's sole opinion to complete this transaction all collectively referred to as the "Regulatory Authorizations".
- (ii) Buyer shall have obtained TCPL Service, or a portion thereof, in order to commence deliveries.
- (iii) Buyer shall have obtained Iroquois Service, or a portion thereof, in order to commence deliveries.
- (iv) In the event that Buyer has not obtained or waived all conditions precedent prior to November 1, 1997, either Buyer or Seller may on or before December 31, 1997 give notice to terminate this Letter by giving the other Party prior written notice of termination to be effective January 31, 1998, which termination is conditional on these conditions precedent not being satisfied prior to January 31, 1998.

2. **Term**

- (a) This Letter shall be effective as of the date executed by Seller, with delivery and purchase obligations estimated to commence November 1, 1997 and shall be subject to the ongoing availability of the TCPL Service. Subject to the provisions hereunder, this Letter shall remain in effect for a primary "Term" of ten (10) years extending through to the termination date of the TCPL Service, which is expected to be October 31, 2007.
- (b) The "Contract Year(s)" shall be from the first day of November of a calendar year through the following calendar year's thirty-first day of October. The first Contract Year shall commence on the Date of First Delivery and end on the first date of October 31 thereafter.

3. **Volume**

- (a) The Maximum Daily Quantity ("MDQ") shall be \_\_\_\_\_  $10^3\text{m}^3$  per day PLUS associated fuel, line loss and shrinkage on TCPL ("Fuel Gas").

- (b) Gas volumes resold by Buyer shall be sold as either "Spot Gas" (all volumes other than Term Gas) or as "Term Gas" (long term sales arrangements to Customers with a term greater than \_\_\_\_\_). For Term Gas, the specific terms and conditions of each Term Gas arrangement must be approved by Seller prior to the commencement of the subject Term Gas arrangement.

4. **Delivery Point**

The "Delivery Point" shall be at NOVA's Empress border delivery station at the inlet to TCPL.

5. **Resale Point**

The "Resale Point" shall be various delivery points off of Iroquois.

6. **Netback Revenues**

- (a) Buyer shall pay Seller by cheque or wire transfer (as directed by Seller) on or before the twenty-fifth day (or the next business day if the twenty-fifth is not a banking business day) of each month succeeding the month of gas delivery, "Netback Revenues" associated with gas sold at the Resale Point determined by Buyer from the following calculation:

The Netback Revenues shall be calculated by using the volume weighted average price per MMBtu received by Buyer from Customers for both Spot Gas and Term Gas deliveries during the preceding month ("Resale Price") MINUS (i) all tariff transportation costs from the Delivery Point to the Resale Point that are incurred by Buyer on behalf of Seller for the delivery of the Spot and Term Gas including, without limitation, fixed and variable charges, penalties (unless caused by Buyer), fees and taxes; MINUS (ii) the Operations Fee; MINUS (iii) the Price Incentive Fee; MINUS (iv) all reasonable third party expenses incurred by Buyer to deliver, or cause to be delivered, the gas hereunder (including pipeline financial guarantees, transaction costs associated with financial derivatives agreed to by Seller and costs imposed by a government or regulatory authority); MINUS (v) any hedging losses; PLUS (vi) any hedging gains and MINUS (vii) any costs associated with Replacement Gas obtained to replace gas not available from Seller, for any reason other than those excused by Force Majeure.

Where Operations Fee and the Price Incentive Fee shall be determined as follows.

- The "Operations Fees" shall be \_\_\_\_\_. The Operations Fee shall be applied to all volumes requested by Buyer at the Delivery Point.



- A "Price Incentive Fee" shall be applied to all volumes requested by Buyer at the Delivery Point and shall be determined with the following table:


- "New York City-Gate Index" means, in relation to a month, the monthly index price for Gas purchases and sales at or near the Resale Point. For the purposes of determining a monthly price index (for the Price Incentive Fee), the Parties shall use the "City-Gate Prices" for "Iroquois, Zone 2, IT" (unless an FT number is published, in which case the FT number shall be used) as published by Pasha Publications Inc.'s "Gas Daily" for the subject month. For the purposes hereunder, if a monthly index price is not identified in the subject section of the subject publication, then the monthly index shall be deemed to be the arithmetic average for the range of prices published for the subject section. If Gas Daily ceases to be published or ceases to publish such index price, then the Parties shall endeavour to agree on a replacement monthly price index effective with date of such cessation which reflects the value of Gas at the Resale Point, provided that prior to agreement by the Parties on such index, either Party may refer the determination thereof to arbitration by a single arbitrator pursuant to the arbitration provisions herein.
- (b) In the event that Seller desires to hedge its revenues hereunder utilizing financial derivative products, then upon such notification to Buyer, the Parties shall endeavor to (but shall not be obligated to) mutually agree upon such derivatives pricing as it applies to the Resale Point. Upon mutual agreement and provided that Buyer can secure contracts or swap transactions to implement such hedge, the resulting monthly hedging gain and or loss shall be accounted for in the Netback Revenue calculation.
- (c) The price for Spot Gas shall be the average price received by Buyer from Customers for Spot Gas transactions at the Resale Point.
- (d) For a period starting November 1, 1996 and ending two (2) years after termination of this Letter, Seller shall have audit rights to review those records of Buyer's business as are necessary to review Buyer's calculation of the Netback Revenues. No adjustment in any

payment made will be made or allowed unless such claim is brought within two (2) years of the date of payment was due.

**7. Transportation**

- (a) Buyer and Seller shall operate this netback arrangement utilizing firm transportation to the Delivery Point and from the Delivery Point to the Resale Point. Seller shall obtain, hold and operate all NOVA transportation necessary to the Delivery Point. Buyer shall obtain, hold and operate the Seller's Allocated Transport Capacity pursuant to the assignment provisions herein.
- (b) Buyer shall arrange for the subject TCPL Service and Iroquois Service on behalf of Seller. Buyer shall then permanently assign Seller's Allocated Transport Capacity to Seller (and Seller shall accept such permanent assignment), and thus Seller shall become the primary shipper of record with TCPL and Iroquois. The permanent assignment of Seller's Allocated Transport Capacity shall be effected by the Parties immediately on Buyer's receipt of each of the TCPL Service and the Iroquois Service executing TCPL's and Iroquois's respective standard assignment and novation agreement(s) for Seller's Allocated Transport Capacity in accordance with TCPL's and Iroquois's respective standard procedures.
- (c) Seller shall be responsible for, and do all things necessary to satisfy TCPL's and Iroquois's credit requirements for Seller's Allocated Transport Capacity. In the event Seller is unable to satisfy TCPL's and/or Iroquois's credit requirements, then Buyer shall provide creditworthiness to TCPL and/or Iroquois, as applicable, in such form as Buyer determines appropriate and deduct the actual cost of such credit arrangements from the Netback Revenues.
- (d) Upon Seller executing a precedent agreement or a transportation service agreement or taking permanent assignment of Seller's Allocated Transport Capacity, Seller shall appoint Buyer as agent to operate Seller's Allocated Transport Capacity for the Term hereunder ("Transport Agency"). Such Transport Agency shall be effected by the Parties forthwith executing a letter addressed to each of TCPL and Iroquois (from Seller) in the form attached hereto. Such Transport Agency shall appoint Buyer as Seller's agent to operate Seller's Allocated Transport Capacity. In such capacity as Seller's agent, Buyer shall place all nominations, manage fuel and inventory accounts and associated imbalances, receive all pipeline statements including invoices, and make payments to each of TCPL and Iroquois, all on Seller's behalf. Subject to any early termination hereunder, the Parties shall do all things to ensure the Transport Agency remains in effect for the Term hereunder.
- (e) In the event that Buyer is unable for any reason to make the permanent assignment or Seller fails to take or qualify for such permanent assignment of the subject TCPL Capacity and/or

the Iroquois Capacity, for any reason, then Buyer shall hold the Seller's Allocated Transport Capacity (or applicable portion thereof) on behalf of Seller; and pursuant to the terms and conditions of this Letter, Seller shall indemnify and hold Buyer harmless for all costs and charges that are associated with the obligations assumed by Buyer for Seller's Allocated Transport Capacity (or just the TCPL portion, or just the Iroquois portion, as the case may be).

#### 8. - - Seller's Supply Assurances

- (a) Seller shall deliver each day at the Delivery Point the quantity of gas requested by Buyer up to the MDQ. In the event Seller fails to deliver the quantity requested by Buyer (a "Delivery Default"), Seller shall indemnify Buyer for all incremental costs in acquiring replacement volumes ("Replacement Gas") including any costs incurred by customers of Buyer affected by such Delivery Default in acquiring replacement volumes and delivery of same to Buyer's Customers. Buyer and Seller shall cooperate to minimize any incremental costs associated with such Replacement Gas.
- (b) Seller shall actively support Buyer's and TCPL's applications to the applicable regulatory bodies and shall demonstrate sufficient supply to such regulatory bodies (including without limitation the E.U.B. and the N.E.B.) as may be necessary to: (i) obtain any Regulatory Authorizations including, without limitation, a Long Term Alberta Removal Permit; (ii) successfully support TCPL's facilities application; and (iii) obtain, separately or in conjunction with Buyer, a Long Term Export License.
- (c) Seller shall be responsible for all costs for evaluating and testifying to Seller's reserves, deliverability and supply as required in connection with Buyer or Seller obtaining and maintaining the Seller's Allocated Transport Capacity and the Regulatory Authorizations.

#### 9. Buyer's Take Commitment

- (a) With respect to Term Gas, the load factor and take commitment shall be as outlined in the relevant Schedule "A". With respect to Spot Gas, Buyer shall use all reasonable commercial efforts to maintain purchases hereunder at one hundred percent (100%) load factor. Furthermore, unless Seller in a notice in writing directs Buyer to the contrary, Buyer shall use all commercially reasonable commercial efforts to ensure any quantities not requested hereunder as Term Gas are resold as Spot Gas at the Resale Point.
- (b) Buyer shall, in good faith, provide Term Gas opportunities to all members of the Iroquois Group on an equitable basis. This equitable basis shall incorporate their then current volumes of Spot Gas which are available for dedication to a potential Term Gas arrangement. With respect to Spot Gas, Buyer shall, in good faith, treat all members of the

Iroquois Group equitably. For the purposes hereunder the "Iroquois Group" means the group of producers who are selling gas to Buyer under agreements with Buyer which are substantially similar to this Letter for all material commercial terms and conditions.

- (c) In addition to the provision of subsection 9(a) above, subject to relief for Buyer due to Force Majeure, Buyer shall request, and purchase if available, a "**Minimum Annual Volume**" equal to ninety-five percent (95%) **MULTIPLIED BY** the MDQ, **MULTIPLIED BY** the number of days in the relevant Contract Year. In the event Buyer fails to request the Minimum Annual Volume ("**Take Default**"), then for the resulting "**Shortfall Volume**", Buyer shall indemnify Seller for the theoretical opportunity costs associated with replacement market(s) at the Resale Point. The per unit opportunity cost to be applied to the Shortfall Volume shall be the positive difference, if any, between the arithmetic average of the Iroquois Price hereunder for the subject Contract Year. **MINUS** the arithmetic average of the Iroquois Monthly Index prices for the subject Contract Year.
- (d) The greater of the volume initially requested by Buyer and the volume actually delivered pursuant to that request shall be used in determining whether Buyer has satisfied any take obligations hereunder.

#### 10. Force Majeure

- (a) Events beyond the reasonable control of either Party shall constitute "Force Majeure". Without limiting the generality of the foregoing, Force Majeure shall specifically include curtailments of NOVA delivery service at Empress, curtailments of the TCPL Service, curtailments of the Iroquois Service, curtailments of transportation service downstream of the Resale Point affecting the gas hereunder, and events of Force Majeure declared by Buyer's Customers not within the reasonable control of Buyer hereunder.
- (b) In the event of Force Majeure, pursuant to the nature of this netback arrangement, Seller shall indemnify Buyer for all costs associated with any unutilized capacity, or the mitigation thereof, from the Delivery Point to the Resale Point associated with Seller's Allocated Transport Capacity. In the event of Force Majeure declared by Seller, Seller shall provide Buyer with a prorata share of Seller's Alberta gas supply (excluding specific reserves that are contractually dedicated to third parties), unless there is curtailment of firm service by NOVA at the Empress Border in which case Seller shall provide Buyer with a prorata share of Seller's deliveries at Empress. In the event of Force Majeure declared by Buyer, then Buyer shall use commercially reasonable efforts to provide Seller with Spot Gas markets. Lack of funds or inability to pay shall not constitute an event of Force Majeure.

**11. Arbitration**

In the event that (a) there is a dispute between the Parties with respect to the calculation of the Netback Revenues; or (b) there is a material change in government regulations such that the purposes of this Agreement are frustrated; or (c) the Parties are unable to agree on a replacement for a price index used herein that is no longer available, then such matter shall be subject to binding arbitration. Upon written notice of a request for arbitration by either Buyer or Seller, the Parties shall use the British Columbia Commercial Arbitration Act and the services of the British Columbia Arbitration Center to select a single independent arbitrator. The arbitration shall be "baseball" arbitration wherein the arbitrator shall select either the Seller's or the Buyer's final offer. The Arbitrator shall select the offer that best reflects the netback arrangement contemplated by the Parties; i.e., an index price for gas at the Resale Point as described hereunder net of all costs, expenses and fees from the Delivery Point to the Resale Point.

**12. Seller's Right to a Third Party Purchaser**

In the event Buyer is unable to sell Seller's Spot Gas at the Resale Point, then subject to Buyer's consent, which consent shall not be unreasonably withheld. Seller may direct Buyer to resell Seller's gas to a "Third Party Purchaser" at the Resale Point. In such event, such sale to a Third Party Purchaser shall not compromise or frustrate Buyer's right to request Term Market Gas. Revenue received by Buyer for such sale to the Third Party Purchaser shall be deemed to be a Spot Gas sale.

**13. Replacement of Price Indexes if Indexes are No Longer Published or Available**

In the event the monthly price index references agreed to hereunder cease to exist or are no longer published, the Parties will meet within twenty (20) days of a written request by either Party to determine a replacement price index for the specific index, which must be replaced. If agreement on a new monthly price index is not reached within sixty (60) days then the matter will be submitted to Arbitration in accordance with Section 11. Any change shall be effective as of date the subject monthly price index reference was no longer available.

**14. Sole Remedy and Limitation on Damages**

The remedies outlined hereunder for Buyer and/or Seller's failure to perform their respective delivery and receipt obligations are Buyer's and Seller's sole remedies. Furthermore, neither Buyer nor Seller shall be liable to the other for any consequential, incidental or punitive damages resulting from a breach of this Letter.

**15. Seller's Right to Suspend Delivery and Then Terminate in the Event of Failure To Pay**

If the failure to pay an undisputed amount continues for five (5) consecutive business days after the day payment is due and such late payment is not the fault of Seller, then Seller, in addition to any other remedy hereunder, may immediately suspend further deliveries of gas under this Letter, until the overdue amount inclusive of interest is fully paid. If failure to pay continues for an additional five (5) business days after the suspension is in effect, then Seller may terminate this Letter immediately.

**16. Buyer's Right to Suspend Purchases and Then Terminate in the Event of a Sustained Failure to Deliver**

If a Delivery Default is experienced for more than ten (10) consecutive days or fifteen days in aggregate during a Contract Year, then Buyer, in addition to any other remedy hereunder, may suspend purchases from Seller hereunder until further notice, in which case Seller shall indemnify Buyer for incremental costs associated with obtaining Replacement Gas for the duration of such suspension. Alternatively, at Buyer's sole discretion, Buyer may terminate this Letter at any time during such period of suspension.

**17. Measurement and Conversions**

- (a) All gas to be delivered hereunder shall be measured as to volume, quality and heating value by TCPL in accordance with the provisions set out in TCPL's tariff, in effect from time to time, at the meters installed, operated and maintained by TCPL at the Delivery Point and the heating value of the delivered gas shall be determined by instruments operated by TCPL. The measurements and all other volume, quality and heating value measurements as made by TCPL shall be accepted by the Parties and utilized for all purposes of this Letter.
- (b) All gas to be delivered hereunder shall be measured as to volume, quality and heating value by Iroquois in accordance with the provisions set out in Iroquois' tariff, in effect from time to time, at the meters installed, operated and maintained by Iroquois at the Resale Point and the heating value of the delivered gas shall be determined by instruments operated by Iroquois. The measurements and all other volume, quality and heating value measurements as made by Iroquois shall be accepted by the Parties and utilized for all purposes of this Letter.
- (c) All conversions to be done for or in relation to this Letter from imperial units of measurement to metric units or vice versa shall be done by utilizing the conversion utilized by TCPL from time to time at the Delivery Point.

18. **Regulatory Authorization Costs**

Each Party shall be responsible for its own third party expenses associated with obtaining the Regulatory Authorizations, subject to the following:

- (i) Seller shall be responsible for all costs associated with evaluating and testifying to matters pertaining to its supply;
- (ii) Buyer shall be responsible for all costs associated with describing and testifying to matters pertaining to the downstream transportation and end-use of the gas hereunder;
- (iii) Buyer shall be responsible for all costs associated with obtaining the U.S. Import Authorizations;
- (iv) Seller shall be responsible for all costs associated with obtaining the Alberta E.U.B. Removal Permit;
- (v) Buyer shall determine Seller's prorata share of common third party costs associated with the N.E.B. processes for both the TCPL facilities expansion and the long term Export License (for the TCPL Service hereunder). Seller shall then forthwith reimburse Buyer such share of the common third party costs, however in no event shall the cost reimbursed by Seller under this subsection (v) be greater than \_\_\_\_\_.

19. **Other**

- (a) Each of the Parties shall from time to time and at all times after the date of this Letter, on reasonable written request to do so, do all such further acts and execute and deliver, or cause to be done, executed or delivered all such further acts, deeds, documents, assurances and things as may be reasonably required in order to fully perform and to more effectively implement and carry out in the terms of this Letter.
- (b) This Letter outlines the general terms of our agreement. The Parties agree to replace this Letter with a more comprehensive agreement (the "Formal Contract"). The Formal Contract will contain other standard terms and conditions commonly found in long term gas supply arrangements.
- (c) Until this Letter is replaced with the Formal Contract, this Letter shall be the contract between the Parties.

- (v) Buyer shall determine Seller's prorata share of common third party costs associated with the N.E.B. processes for both the TCPL facilities expansion and the long term Export License (for the TCPL Service hereunder). Seller shall then forthwith reimburse Buyer such share of the common third party costs, however in no event shall the cost reimbursed by Seller under this subsection (v) be greater than \$15,000.

19. Other

- (a) Each of the Parties shall from time to time and at all times after the date of this Letter, on reasonable written request to do so, do all such further acts and execute and deliver, or cause to be done, executed or delivered all such further acts, deeds, documents, assurances and things as may be reasonably required in order to fully perform and to more effectively implement and carry out in the terms of this Letter.
- (b) This Letter outlines the general terms of our agreement. The Parties agree to replace this Letter with a more comprehensive agreement (the "Formal Contract"). The Formal Contract will contain other standard terms and conditions commonly found in long term gas supply arrangements.
- (c) Until this Letter is replaced with the Formal Contract, this Letter shall be the contract between the Parties.

Agreed to by Rio Alto Exploration Ltd. this 28 day of MARCH, 1996.

COASTAL GAS MARKETING COMPANY

Per: [Signature]

Name: Mike Broadfoot  
Vice President

Title: \_\_\_\_\_

Per: [Signature]

Name: CLARK C. SMITH  
PRESIDENT

Title: \_\_\_\_\_

RIO ALTO EXPLORATION LTD.

Per: [Signature]

Name: [Signature]

Title: \_\_\_\_\_

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



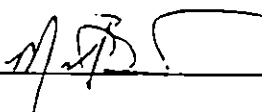
(c) Until this Letter is replaced with the Formal Contract, this Letter shall be the contract between the Parties.

Agreed to by Pinnacle Resources Ltd. this \_\_\_\_\_ day of \_\_\_\_\_, 1996.

COASTAL GAS MARKETING COMPANY

PINNACLE RESOURCES LTD.

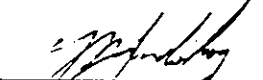
Per: 

Per: 

Name: Mike Broadfoot  
Title: Vice President

Name: Nuttall  
Title: President

Per: 

Per: 

Name: CLARK C. SMITH  
Title: PRESIDENT

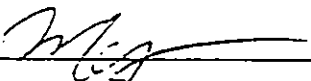
Name: Tom Lindskog  
Title: Vice President, Exploration

DGS

- (b) This Letter outlines the general terms of our agreement. The Parties agree to replace this Letter with a more comprehensive agreement (the "Formal Contract"). The Formal Contract will contain other standard terms and conditions commonly found in long term gas supply arrangements.
- (c) Until this Letter is replaced with the Formal Contract, this Letter shall be the contract between the Parties.

Agreed to by Jordan Petroleum Ltd. this \_\_\_\_\_ day of \_\_\_\_\_, 1996.

**COASTAL GAS MARKETING COMPANY**

Per: 

Name: Mike Broadfoot

Title: Vice President

Per: 

Name: CLARK C. SMITH  
PRESIDENT

Title: \_\_\_\_\_ W

**JORDAN PETROLEUM LTD.**

Per: 

Name: FRANK WALSH, V.P.  
MARKETING & CORP. DEV.

Title: \_\_\_\_\_

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



With respect to this Agency appointment, all relevant correspondence, statements and verbal communication should be directed to Shipper at the following address:

Producer.  
Address Line  
Calgary AB  
Attention:

Phone Number: (403)  
Fax Number: (403)

Yours very truly,  
PRODUCER

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Agreed to by COASTAL GAS MARKETING COMPANY' this \_\_\_\_\_ day of \_\_\_\_\_, 1996.

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Acknowledged by TRANSCANADA PIPELINES LIMITED this \_\_\_\_\_ day of \_\_\_\_\_, 1996.

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

March 25, 1996

Iroquois Gas Transmission System  
600 1 Corporate Drive  
Shelton CT 06484-6211

To Whom it May Concern:

RE: APPOINTMENT OF SHIPPER'S AGENT FOR FIRM TRANSPORTATION SERVICE CONTRACT DATED \_\_\_\_\_ BETWEEN IROQUOIS GAS TRANSMISSION SYSTEM ("IROQUOIS") AND PRODUCER ("SHIPPER") FOR FIRM TRANSPORTATION SERVICE FROM WADDINGTON.

Pursuant to the "Gas Purchase Contract" dated March 25, 1996, effective November 1, 1997 and continuing for the term of the Gas Purchase Contract, Shipper hereby appoints Coastal Gas Marketing Company ("Coastal") as it's duly authorized Agent. This Agency appointment shall terminate coincident with the termination of the Gas Purchase Contract. Shipper shall notify Empire in writing prior to any termination of this Agency appointment.

As Shipper's Agent, Coastal will place all receipt and delivery nominations on Shipper's behalf, manage Shipper's fuel and inventory accounts and associated imbalances, receive all pipeline statements including invoices, and make payments to Empire on Shipper's behalf. All relevant correspondence, statements and verbal communication from Empire in this regard will be directed to Coastal at the following address:

Coastal Gas Marketing Company  
c/o Coastal Gas Marketing Canada  
a division of Coastal Canada Petroleum Inc.  
1650, 335 - 8 Avenue SW  
Calgary AB T2P 1C9  
Attention: DEBBIE WHITE  
Coordinator, Transport Services  
Phone Number: (403) 750-2606  
Fax Number: (403) 750-2622

With respect to this Agency appointment, all relevant correspondence, statements and verbal communication should be directed to Producer at the following address:

Producer.  
Address Line  
Calgary AB  
Attention:

Phone Number: (403)  
Fax Number: (403)

Yours very truly,  
**PRODUCER**

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Agreed to by COASTAL GAS MARKETING COMPANY this \_\_\_\_ day of \_\_\_\_\_, 1996.

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Acknowledged by IROQUOIS GAS TRANSMISSION SYSTEM this \_\_\_\_ day of \_\_\_\_\_, 1996.

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

March 25, 1996

TransCanada PipeLines Limited  
111 5th Avenue SW  
Calgary AB T2P 4K5

To Whom it May Concern:

**RE: APPOINTMENT OF SHIPPER'S AGENT FOR FIRM TRANSPORTATION SERVICE CONTRACT DATED \_\_\_\_\_ BETWEEN TRANSCANADA PIPELINES LIMITED ("TCPL") AND PRODUCER ("SHIPPER") FOR FIRM TRANSPORTATION SERVICE FROM EMPRESS TO WADDINGTON.**

Pursuant to the "Gas Purchase Contract" dated March 25, 1996, effective November 1, 1997 and continuing for the term of the Gas Purchase Contract, Shipper hereby appoints Coastal Gas Marketing Company ("Coastal") as its duly authorized Agent. This Agency appointment shall terminate coincident with the termination of the Gas Purchase Contract. Shipper shall notify TCPL in writing prior to any termination of this Agency appointment.

As Shipper's Agent, Coastal will place all receipt and delivery nominations on Shipper's behalf, manage Shipper's fuel and inventory accounts and associated imbalances, receive all pipeline statements including invoices, and make payments to TCPL on Shipper's behalf. All relevant correspondence, statements and verbal communication from TCPL in this regard will be directed to Coastal at the following address:

Coastal Gas Marketing Company  
c/o Coastal Gas Marketing Canada  
a division of Coastal Canada Petroleum Inc.  
1650, 335 - 8 Avenue SW  
Calgary AB T2P 1C9  
Attention: DEBBIE WHITE  
Coordinator, Transport Services  
Phone Number: (403) 750-2606  
Fax Number: (403) 750-2622

With respect to this Agency appointment, all relevant correspondence, statements and verbal communication should be directed to Shipper at the following address:

Producer.  
Address Line  
Calgary AB  
Attention:

Phone Number: (403)  
Fax Number: (403)

Yours very truly,  
**PRODUCER**

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Agreed to by COASTAL GAS MARKETING COMPANY ' this \_\_\_\_\_ day of \_\_\_\_\_, 1996.

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Acknowledged by TRANSCANADA PIPELINES LIMITED this \_\_\_\_\_ day of \_\_\_\_\_, 1996.

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



March 25, 1996

Iroquois Gas Transmission System  
600 1 Corporate Drive  
Shelton CT 06484-6211

To Whom it May Concern:

RE: APPOINTMENT OF SHIPPER'S AGENT FOR FIRM TRANSPORTATION  
SERVICE CONTRACT DATED \_\_\_\_\_ BETWEEN  
IROQUOIS GAS TRANSMISSION SYSTEM ("IROQUOIS") AND PRODUCER  
("SHIPPER") FOR FIRM TRANSPORTATION SERVICE FROM  
WADDINGTON.

Pursuant to the "Gas Purchase Contract" dated March 25, 1996, effective November 1, 1997 and continuing for the term of the Gas Purchase Contract, Shipper hereby appoints Coastal Gas Marketing Company ("Coastal") as its duly authorized Agent. This Agency appointment shall terminate coincident with the termination of the Gas Purchase Contract. Shipper shall notify Empire in writing prior to any termination of this Agency appointment.

As Shipper's Agent, Coastal will place all receipt and delivery nominations on Shipper's behalf, manage Shipper's fuel and inventory accounts and associated imbalances, receive all pipeline statements including invoices, and make payments to Empire on Shipper's behalf. All relevant correspondence, statements and verbal communication from Empire in this regard will be directed to Coastal at the following address:

Coastal Gas Marketing Company  
c/o Coastal Gas Marketing Canada  
a division of Coastal Canada Petroleum Inc.  
1650, 335 - 8 Avenue SW  
Calgary AB T2P 1C9  
Attention: DEBBIE WHITE  
Coordinator, Transport Services  
Phone Number: (403) 750-2606  
Fax Number: (403) 750-2622

With respect to this Agency appointment, all relevant correspondence, statements and verbal communication should be directed to Producer at the following address:

Producer.  
Address Line  
Calgary AB  
Attention:

Phone Number: (403)  
Fax Number: (403)

Yours very truly,  
**PRODUCER**

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Agreed to by COASTAL GAS MARKETING COMPANY this \_\_\_\_ day of \_\_\_\_\_, 1996.

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Acknowledged by IROQUOIS GAS TRANSMISSION SYSTEM this \_\_\_\_ day of \_\_\_\_\_, 1996.

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## IROQUOIS PROJECT

### TCPL Service - Export Volume

	TCPL 103m3	Iroquois MMBtu
Jordan Petroleum Ltd.	112.0	4,000
Morrison Petroleum Ltd.	140.6	5,000
Rio Allo Exploration Ltd.	140.6	5,000

OFFICE OF FOS ENERGY  
NATURAL GAS DIVISION  
SERVICE LIST  
OFE DOCKET NO. 97-03-NG

# COMPANY NAME

NAME(S), COMPANY, ADDRESS

PHONE NUMBER

APPLICANT:

1 Coastal Gas Marketing Company

W.O. Strong III  
Attorney for Coastal Gas Mktg. Company  
Coastal Gas Marketing Company  
Coastal Tower  
Nine Greenway Plaza  
Houston, Texas 77046-0995  
  
Susan W. Ginsberg  
Manager, Regulatory Affairs  
Coastal Gas Marketing Company  
2000 M Street, N.W.  
Suite 300  
Washington, D.C. 20036

(713) 877-1400

(202) 331-4665

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

RECEIVED A 10:58

REC'D DOE/FE

COASTAL GAS MARKETING COMPANY

FE DOCKET NO. 97-03-NG

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

DOE/FE ORDER NO. 1253

FEBRUARY 13, 1997

I. DESCRIPTION OF REQUEST

On January 13, 1997, Coastal Gas Marketing Company (CGM) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA)<sup>1/</sup> and DOE Delegation Order Nos. 0204-111 and 0204-127, for authorization to import up to 14 MMcf per day of Canadian natural gas for a period of ten years commencing on November 1, 1997. CGM, a Delaware corporation with its principal place of business in Houston, Texas, intends to purchase the imported natural gas from Rio Alto Exploration Ltd. (5 MMcf per day); Pinnacle Resources Ltd. (5 MMcf per day); and Jordan Petroleum Ltd. (4 MMcf per day) (collectively the Suppliers) pursuant to the terms of letter agreements dated March 25, 1996<sup>2/</sup> (Letter Agreements). The Letter Agreements between CGM and Suppliers provides for a netback pricing arrangement under which CGM pays a price based on average revenues minus transportation charges and other fees/expenses. The imported natural gas will become part of CGM's supply portfolio to serve CGM's existing and new markets. These markets consist principally of local distribution companies, electric generation companies, and industrial end-users. In addition, CGM anticipates using the imported gas, via displacement, to satisfy some of its supply obligations to its Eagle point refinery in Westville, New Jersey.

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1/ 15 U.S.C. § 717b.

2/ CGM and the Suppliers are negotiating formal contracts to replace the Letter Agreements.

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 CGM at South Comack, New York, or at some other pipeline interconnection which would allow CGM to reach its U.S. northeast markets.

## II. FINDING

The application filed by CGM has been evaluated to determine if the proposed import arrangement meets the public interest requirements of section 3 of the 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 CGM 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. Coastal Gas Marketing Company (CGM) is authorized to import up to 14 MMcf per day of Canadian natural gas for a period

of ten years, beginning on November 1, 1997, under the terms and conditions of the letter agreements dated March 25, 1996, with Rio Alto Exploration Ltd., Pinnacle Resources Ltd, and Jordan Petroleum Ltd. This natural gas may be imported at Waddington, New York, or at alternative border points with transportation facilities accessible by CGM.

B. CGM shall file with the Office of Natural Gas & Petroleum Import and Export Activities 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, CGM shall provide written notification to the Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy, Room 3F-056, FE-35, 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.

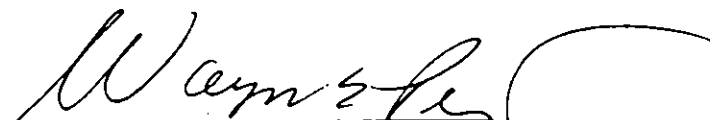
D. With respect to the natural gas imports authorized by this Order, CGM shall file with the Office of Natural Gas & Petroleum Import and Export Activities, within 30 days following each calendar quarter, a quarterly report indicating by month the volumes and prices of natural gas imported pursuant to this Order. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, CGM must report by month, the volumes in Mcf by supplier and the average purchase price of gas per MMBtu



delivered at the international border and paid to Rio Alto Exploration Ltd, Pinnacle Resources Ltd, and Jordan Resources Ltd. Whenever imports have occurred at an entry point other than Waddington, New York, these volumes and prices must be reported separately. In addition, CGM shall provide to the extent possible, a breakdown of the import volume showing the amount sold in each State and to each of its customers.

E. The first quarterly report required by Ordering Paragraph D of this Order is due not later than January 30, 1998, and should cover the period from November 1, 1997, until the end of the fourth calendar quarter, December 31, 1997.

Issued in Washington, D.C. on February 13, 1997.



Wayne E. Peters  
Manager, Natural Gas Regulation  
Office of Natural Gas & Petroleum  
Import and Export Activities  
Office of Fossil Energy



January 23, 1998

Office of Fuels Programs  
Fossil Energy  
Room 3F-056  
FE-50  
Forrestal Building  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585  
Attn: Larine Moore

RE: DOE/FE Order No. 1202, FE Docket No. 96-52-NG; No. 1253, FE Docket No. 97-03-NG; and No. 1275, FE Docket No. 97-36-NG

Dear Ms. Moore:

Pursuant to ordering paragraph C of the Orders Granting Long-Term Authorization to Import Natural Gas from Canada, issued in the above-referenced dockets on September 24, 1996; February 13, 1997; and May 23, 1997, Coastal Gas Marketing Company hereby reports that the first imports of natural gas occurred on November 1, 1997. This notice should have been provided to you by November 12, 1997. However, due to administrative oversight, this notice is being provided late.

Should you have any questions, please contact me at (202) 331-4665.

Truly yours,

Susan W. Ginsberg  
Director, Regulatory Affairs



September 12, 2000

Mr. John Glynn  
U.S. Department of Energy  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585

RE: Docket No. FE95-104-NG, Coastal Gas Marketing Company  
Docket No. FE96-52-NG, Coastal Gas Marketing Company  
Docket No. FE97-03-NG, Coastal Gas Marketing Company  
Docket No. FE97-36-NG, Coastal Gas Marketing Company  
Docket No. FE97-37-NG, Coastal Gas Marketing Company  
Docket No. FE97-48-NG, Engage Energy US, L.P.

RECEIVED  
DOE/FE  
SEP 11 P 3:06

Dear Mr. Glynn:

Pursuant to 10 C.F.R., Part 590.405, Engage Energy US, L.P. ("Engage") requests that the above-referenced long-term gas import authorizations be transferred from the current holder to Westcoast Gas Services Delaware (America) Inc. ("WGSIDelaware"). The authorizations granted to Coastal Gas Marketing Company were not transferred to Engage when the limited partnership was formed. However, Engage has continued to report import volumes on a quarterly basis for these dockets.

Engage is a Delaware limited partnership owned by CGM, Inc.; WGSIDelaware; and Westcoast Delaware U.S.A. WGSIDelaware is a Delaware corporation, with its principal place of business to be located in Southfield, Michigan. WGSIDelaware is a wholly-owned subsidiary of Westcoast Gas Services (America) Inc., which ultimately is owned by Westcoast Energy Inc., a major Canadian natural gas company based in Vancouver, British Columbia. Effective October 1, 2000, Engage will be transferring some of the partnership interests to WGSIDelaware. The above-referenced authorizations are part of the assets to be transferred, subject to approval from the Department of Energy.

In accordance with 10 C.F.R., Part 590, Engage is submitting a check for \$300, which represents the \$50 fee per application. Should you have any questions regarding the requested transfer, please call me at (202) 331-4665.

Truly yours,

A handwritten signature in cursive script that reads "Susan W. Ginsberg".

Susan W. Ginsberg  
Director, Regulatory Affairs

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

DOE/FE  
MARCH 19 1997

---

WESTCOAST GAS SERVICES )  
DELAWARE (AMERICA) INC. )  
(Successor to Coastal Gas Marketing Company )  
and Engage Energy US, L.P.) )

---

FE DOCKET NO. 97-03-NG

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

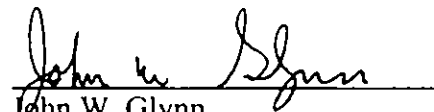
DOE/FE ORDER NO. 1253-A

On February 13, 1997, the Office of Fossil Energy (FE) of the Department of Energy (DOE) granted long-term authorization to Coastal Gas Marketing Company (CGM) in DOE/FE Order No. 1253 <sup>1/</sup> (Order 1253) to import from Canada up to 14 MMcf per day of natural gas for a ten year period beginning on November 1, 1997.

On September 21, 2000, the Office of Fossil Energy was notified by Engage Energy US, L.P.(Engage), (successor to CGM), a Delaware limited partnership owned by CGM, Inc., Westcoast Gas Services Delaware (America) Inc. (WGS Delaware), and Westcoast Delaware U.S.A., that effective October 1, 2000, it will be transferring some of its partnership interests to WGS Delaware. Engage is requesting that the import authorization issued in Order 1253 be transferred from CGM to WGS Delaware.

Accordingly, pursuant to section 3 of the Natural Gas Act, the import authorization granted by DOE/FE Order No. 1253 is transferred from Coastal Gas Marketing Company to Westcoast Gas Services Delaware (America) Inc. All terms and conditions in Order 1253 shall remain in full force and effect.

Issued in Washington, D.C., on September 29, 2000.

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



November 8, 2000

Via Courier

Office of Fuels Programs  
Fossil Energy  
U.S. Department of Energy  
Forrestal Building, Room 3F-056, FE-50  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585

Attention: Mr. John Glynn, Manager, Natural Gas Regulation

Re: Name Change for the following Long-term Import Authorizations:

- DOE/FE Order No. 1128 Docket No. FE 95-104 NG, WGSJ Delaware
- DOE/FE Order No. 1202 Docket No. FE 96-52 NG, WGSJ Delaware
- DOE/FE Order No. 1253 Docket No. FE 97-03 NG, WGSJ Delaware
- DOE/FE Order No. 1275 Docket No. FE 97-36 NG, WGSJ Delaware
- DOE/FE Order No. 1282 Docket No. FE 97-37 NG, WGSJ Delaware
- DOE/FE Order No. 1332 Docket No. FE 97-48 NG, WGSJ Delaware

REC'D DOE/FE  
NOV 14 1999 A 10:44

Dear Mr. Glynn:

Pursuant to 10 C.F.R., Part 590.405, Engage Energy America Corp. ("Engage America") successor to Westcoast Gas Services Delaware (America) Inc. ("WGSJ Delaware"), respectfully requests that the name of the current holder of the above referenced long-term Import Authorizations be changed to the new entity, Engage Energy America Corp.

Engage America is a Delaware Corporation with its principal place of business in Southfield, Michigan. All communications and correspondence concerning the above referenced authorizations should be addressed to Ms. Josie Verellen, Engage Energy America Corp. c/o Engage Energy Canada, L.P., Suite 1100, 421 - 7<sup>th</sup> Avenue SW, Calgary, Alberta, Canada, T2P 4K9. Facsimile: (403) 269-5909.

Engage America is submitting a Cheque for US\$350.00 payable to the Treasurer of the United States, which represents the \$50 filing fee per application. If further information or documentation is required in support of this request, please contact me at (403) 297-1479.

Yours truly,

**ENGAGE ENERGY AMERICA CORP.**

  
Josie M. Verellen, Engage Energy Canada, L.P.  
Regulatory Administrator

cc: Patricia French, Manager, Regulatory Affairs

Enclosure - Cheque \$350.00 US

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

DOE/FE  
2001 10 A 9:37

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ENGAGE ENERGY AMERICA CORP. )  
(Successor to Westcoast Gas Services )  
Delaware (America) Inc.)

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FE DOCKET NO. 97-03-NG

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

DOE/FE ORDER NO. 1253-B

On February 13, 1997, the Office of Fossil Energy (FE) of the Department of Energy (DOE) granted long-term authorization to Coastal Gas Marketing Company (CGM) in DOE/FE Order No. 1253 <sup>1/</sup> (Order 1253) to import from Canada up to 14 MMcf per day of natural gas for a ten year period beginning on November 1, 1997.

On September 29, 2000, FE transferred the long-term import authorization granted in Order 1253 from CGM to Westcoast Gas Services Delaware (America) Inc. (WGSi).<sup>2/</sup>

On November 9, 2000, Engage Energy America Corp.(Engage America), a successor to WGSi and a Delaware corporation with its principal place of business in Southfield, Michigan, requested that FE change the name on the import authorization issued in DOE/FE Order No.1253-A to Engage America.

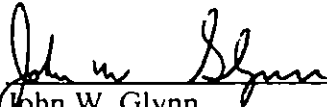
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<sup>1/</sup> 1 FE ¶ 71,374 .

<sup>2/</sup> DOE/FE Order No.1253-A.

Accordingly, pursuant to section 3 of the Natural Gas Act, the long-term import authorization granted by DOE/FE Order No. 1253, as amended in DOE/FE Order No. 1253-A, is transferred from Westcoast Gas Services Delaware (America) Inc. to Engage Energy America Corp. All terms and conditions of Order 1253, as amended, shall remain in full force and effect.

Issued in Washington, D.C., on November 20, 2000.

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





March 20, 2001

Via Courier

Office of Fuels Programs  
Fossil Energy  
U.S. Department of Energy  
Forrestal Building, Room 3F-056, FE-50  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585

2001 MAR 20 PM 12:19  
DOE/FE

Attention: Mr. John Glynn, Manager, Natural Gas Regulation

Re: Name Change for the following 6 Long-term Import Authorizations & one Blanket:

- DOE/FE Order No. 1128 Docket No. FE 95-104 NG, Engage Energy America Corp.
  - DOE/FE Order No. 1202 Docket No. FE 96-52 NG, Engage Energy America Corp.
  - DOE/FE Order No. 1253 Docket No. FE 97-03 NG, Engage Energy America Corp.
  - DOE/FE Order No. 1275 Docket No. FE 97-36 NG, Engage Energy America Corp.
  - DOE/FE Order No. 1282 Docket No. FE 97-37 NG, Engage Energy America Corp.
  - DOE/FE Order No. 1332 Docket No. FE 97-48 NG, Engage Energy America Corp.
- Blanket: DOE/FE Order No. 1622 Docket No. FE 00-58 NG, Engage Energy America Corp.

Dear Mr. Glynn:

Pursuant to 10 C.F.R., Part 590.405, Engage Energy America L.L.C. ("Engage America") successor to Engage Energy America Corp. formerly Westcoast Gas Services Delaware (America) Inc., respectfully requests that the name of the current holder of the above referenced long-term Import Authorizations be changed to the new entity Engage Energy America L.L.C.

Engage America is a Delaware Corporation with its principal place of business in Southfield, Michigan. All communications and correspondence concerning the above referenced authorizations should be addressed to Ms. Josie Verellen, Engage Energy America L.L.C., c/o Engage Energy Canada, L.P., Suite 1100, 421 - 7<sup>th</sup> Avenue SW, Calgary, Alberta, Canada, T2P 4K9. Facsimile: (403) 269-5909.

Engage America is submitting a Cheque for US\$350.00 payable to the Treasurer of the United States, which represents the \$50 filing fee per application. If further information or documentation is required in support of this request, please contact me at (403) 297-1479.

Yours truly,

ENGAGE ENERGY AMERICA L.L.C.

Josie M. Verellen, Engage Energy Canada, L.P.  
Regulatory Administrator

cc: Patricia French, Manager, Regulatory Affairs

Enclosed - Cheque \$350.00 US

Engage Energy Canada, L.P. 1100, 421 7th Ave. S.W., Calgary, Alberta, Canada T2P 4K9

Phone: (403) 297-0333 Fax: (403) 269-5909

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State of Delaware  
Office of the Secretary of State

PAGE 1

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE DO HEREBY CERTIFY THAT THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF CONVERSION OF A DELAWARE CORPORATION UNDER THE NAME OF "ENGAGE ENERGY AMERICA CORP." TO A DELAWARE LIMITED LIABILITY COMPANY, CHANGING ITS NAME FROM "ENGAGE ENERGY AMERICA CORP." TO "ENGAGE ENERGY AMERICA LLC", FILED IN THIS OFFICE ON THE TWENTY-SEVENTH DAY OF DECEMBER, A.D. 2000, AT 3:00 CLOCK P.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE EFFECTIVE DATE OF THE AFORESAID CERTIFICATE OF CONVERSION IS THE TWENTY-NINTH DAY OF DECEMBER, A.D. 2000.



*Edward J. Freel*

Edward J. Freel, Secretary of State

2703410 8100V

001652523

AUTHENTICATION: 0883657

STATE OF DELAWARE  
SECRETARY OF STATE  
DIVISION OF CORPORATIONS  
FILED 03:00 PM 12/27/2000  
001682523 - 2703610

**CERTIFICATE OF CONVERSION**  
**OF**  
**ENGAGE ENERGY AMERICA CORP.**  
**INTO A LIMITED LIABILITY COMPANY**  
**UNDER SECTION 18-216**  
**OF THE LIMITED LIABILITY COMPANY ACT**

Engage Energy America Corp., a Delaware corporation, hereby certifies as follows:

**FIRST:** Engage Energy America Corp. was duly formed and its original certificate of incorporation was filed with the Secretary of State of Delaware on January 7, 1997.


**SECOND:** The name of the entity prior to conversion is: Engage Energy America Corp.

**THIRD:** The name of the Delaware Limited Liability Company as set forth in its Certificate of Formation is: Engage Energy America LLC.

**FOURTH:** The effective date of the conversion to a Delaware Limited Liability Company shall be at the close of business on December 29, 2000.

IN WITNESS WHEREOF, this certificate has been subscribed this 27<sup>th</sup> day of December, 2000, by the undersigned who affirms the statements made herein are true under penalties of perjury.

ENGAGE ENERGY AMERICA CORP.

By:   
Name: David G. Unruh  
Title: Director

State of Delaware  
Office of the Secretary of State

PAGE 2

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE DO HEREBY CERTIFY THAT THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "ENGAGE ENERGY AMERICA LLC" FILED IN THIS OFFICE ON THE TWENTY-SEVENTH DAY OF DECEMBER, A.D. 2000. AT 3 O'CLOCK P.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE EFFECTIVE DATE OF THE AFORESAID CERTIFICATE OF FORMATION IS THE TWENTY-NINTH DAY OF DECEMBER, A.D. 2000.



*Edward J. Freel*  
Edward J. Freel, Secretary of State

2703410 8100V

001652523

AUTHENTICATION: 0883657

STATE OF DELAWARE  
SECRETARY OF STATE  
DIVISION OF CORPORATIONS  
FILED 03:00 PM 12/27/2000  
001652523 - 4703410

**CERTIFICATE OF FORMATION**  
**OF**  
**ENGAGE ENERGY AMERICA LLC**

This Certificate of Formation of Engage Energy America LLC (the "LLC"), dated as of December 27, 2000, is being duly executed and filed by Timothy J. McCourt, an authorized person, to form a limited liability company under the Delaware Limited Liability Company Act (6 Del. C. §18-101, et seq.).

- FIRST:** The name of the limited liability company is Engage Energy America LLC.
- SECOND:** The address of its registered office in the State of Delaware is 1209 Orange Street, Wilmington, Delaware 19801. The name of its Registered Agent at such address is The Corporation Trust Company.
- THIRD:** The effective date of this Certificate of Formation shall be at the close of business on December 29, 2000.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation as of the date first above written.

By: /s/ Timothy J. McCourt  
Timothy J. McCourt  
Authorized Person

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

APR 19 2001

ENGAGE ENERGY AMERICA L.L.C.  
(Successor to Engage Energy America Corp.)

FE DOCKET NO. 97-03-NG

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

DOE/FE ORDER NO. 1253-C

On February 13, 1997, the Office of Fossil Energy (FE) of the Department of Energy (DOE) granted long-term authorization to Coastal Gas Marketing Company (CGM) in DOE/FE Order No. 1253 <sup>1/</sup> (Order 1253) to import from Canada up to 14 MMcf per day of natural gas for a ten year period beginning on November 1, 1997.

On September 29, 2000, FE transferred the long-term import authorization granted in Order 1253 from CGM to Westcoast Gas Services Delaware (America) Inc. (WGS1).<sup>2/</sup>

On November 9, 2000, FE transferred the long-term import authorization granted in Order 1253 from WGS1 to Engage Energy America Corp.<sup>3/</sup>

On April 5, 2001, Engage Energy America L.L.C., a successor to Engage Energy America Corp. and a Delaware corporation with its principal place of business in Southfield, Michigan, requested that FE change the name on the import authorization issued in Order No.1253 to Engage Energy America L.L.C.

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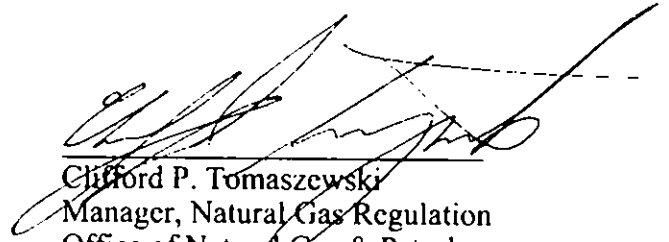
<sup>1/</sup> 1 FE ¶ 71,374 .

<sup>2/</sup> DOE/FE Order No.1253-A.

<sup>3/</sup> DOE/FE Order No.1253-B.

Accordingly, pursuant to section 3 of the Natural Gas Act, the long-term import authorization granted by DOE/FE Order No. 1253, as amended in DOE/FE Order No. 1253-A and DOE/FE Order No. 1253-B, is transferred from Engage Energy America Corp. to Engage Energy America L.L.C. All terms and conditions of Order 1253, as amended, shall remain in full force and effect.

Issued in Washington, D.C., on April 19, 2001.



Clifford P. Tomaszewski  
Manager, Natural Gas Regulation  
Office of Natural Gas & Petroleum  
Import & Export Activities  
Office of Fossil Energy