

# ENGAGE

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June 25, 1997

U.S. Department of Energy  
Office of Natural Gas & Petroleum  
Import and Export Activities  
1000 Independence Avenue, S.W.  
FE-53, Room 3H-087  
Washington, D.C. 20587

To whom it may concern:

Pursuant to 10 C.F.R. §590.103(a), enclosed are an original and fifteen (15) copies of the Application of Engage Energy US, L.P. for an Order Authorizing the Long-Term Importation of Natural Gas from Canada at Emerson to serve markets off Viking 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.

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

Sincerely,

*Susan W. Ginsberg*

Susan W. Ginsberg  
Director, Regulatory Affairs

Enclosures

cc: Sandy MacCulloch  
Lon Strong

ORIGINAL

UNITED STATES OF AMERICA  
BEFORE THE DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY  
OFFICE OF NATURAL GAS & PETROLEUM  
IMPORT & EXPORT ACTIVITIES

Engage Energy US, L.P.  
(Successor in interest to  
Coastal Gas Marketing Company) ) Docket No. FE97-48-NG

APPLICATION OF ENGAGE ENERGY US, L.P.  
FOR AN ORDER AUTHORIZING  
THE LONG-TERM IMPORTATION  
OF NATURAL GAS FROM CANADA  
AT EMERSON

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, Engage Energy US, L.P., Successor in interest to Coastal Gas Marketing Company, ("Engage", or "Applicant") submits this application for an order authorizing Engage to import natural gas from Canada for transportation on Viking Gas Transmission Company ("Viking") for its overall supply pool to supply markets in the U.S. Gulf Coast area, Midwest, and Northeast. Engage requests that this authorization be granted for a term of ten years, commencing November 1, 1998. In support hereof, Engage submits the following:

I.

The exact legal name of Applicant is Engage Energy US, L.P.. Engage is a limited partnership 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. Engage 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  
Engage Energy US, L.P.  
9 Greenway Plaza  
Houston, Texas 77046-0995

Attorney for Engage Energy  
US, L.P.

Tel: (713) 877-1400

Fax: (713) 877-6714

Susan W. Ginsberg  
Director, Regulatory Affairs  
Engage Energy US, L.P.  
2000 M Street, N.W.  
Suite 300  
Washington, D.C. 20036

Tel: (202) 331-4665

Fax: (202) 331-4617

III.

Engage requests authorization from the Office of Fossil Energy, Office of Natural Gas & Petroleum Import & Export Activities to import up to 30.5 MMcf per day of Canadian natural gas for a period of ten years, commencing on November 1, 1998. The imported gas will be part of the pool of gas from which Engage supplies its markets in (1) the U.S. Gulf Coast area and (2) the U.S. Northeast and Midwest with access to supplies from the Gulf Coast.

IV.

The gas to be imported will be produced in the Provinces of Alberta and British Columbia, Canada and supplied by the following six producers ("Suppliers") equally: Canadian Natural Resources

Limited (5.083 MMcf/day), Enerplus Energy Marketing Inc. (5.083 MMcf/day), Pinnacle Resources Ltd. (5.083 MMcf/day), Ranger Oil Limited (5.083 MMcf/day), Rio Alto Exploration Ltd. (5.083 MMcf/day), and TriLink Resources Ltd. (5.083 MMcf/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 the Canada-U.S. border at a point near Emerson, Manitoba, where the gas will move on Viking. The Suppliers have requested firm transportation on TCPL as part of its 1997 Expansion Facilities. Engage has a contract with Viking for firm transportation commencing November 1, 1997 for a 15-year term.

While Emerson, Manitoba, will be the primary export point for the suppliers' gas, Engage 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 Engage 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 Engage's portfolio of supply available to serve all of Engage's existing and new markets. At the present time, Engage 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 Engage's application is for the importation of natural gas from Canada, with which the United States has in effect a free trade agreement, Engage submits that its application meets the public interest.

VII.

Engage 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.

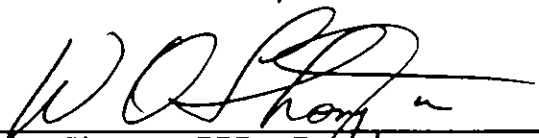
Engage submits the following Exhibits in support of this application:

- Exhibit A: Opinion of Counsel
- Exhibit B: Gas Purchase Agreement for the U.S. Gulfcoast Market Area between Engage Energy US, L. P. and Producer

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

requests authorization from the Department of Energy to import natural gas from Canada on Viking pursuant to the terms and conditions stipulated herein for a period of ten (10) years commencing on November 1, 1998.

Respectfully submitted,  
ENGAGE ENERGY US, L.P.

  
\_\_\_\_\_  
W.O. Strong III, Esquire  
Attorney for Engage Energy US, L.P.  
9 Greenway Plaza  
Houston, Texas 77046-0995  
Tel: (713) 877-1400

Dated at Houston, Texas,  
this 24<sup>th</sup> day of June, 1997

EXHIBIT A:  
Opinion of Counsel

# ENGAGE

W.O. STRONG III  
SENIOR STAFF ATTORNEY  
ENGAGE ENERGY US, L.P.

June 24, 1997

Mr. Clifford Tomaszewski  
U.S. Department of Energy  
Office of Fossil Energy  
Office of Natural Gas & Petroleum  
Import & Export Activities  
1000 Independence Avenue, S.W.  
Room 3H087  
Washington, D.C. 20001

Re: Long-Term Importation of Natural Gas from Canada by  
Engage Energy US, L.P., Docket No. FE97-\_\_-NG

Dear Mr. Tomaszewski:

As counsel for Engage Energy US, L.P. ("Engage"), Applicant in the above-referenced proceeding, I have reviewed the Certificate of Incorporation and Bylaws of Engage, and such other documents as I have deemed necessary in order to advise you that:

1. Engage 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. Engage has the requisite corporate authority to import natural gas from Canada.

Truly yours,

  
W.O. Strong III

Attorney for  
Engage Energy US, L.P.



EXHIBIT B:

Gas Purchase Agreement for the U.S.  
Gulfcoast Market Area between Engage  
Energy US, L.P. and Producer



**Coastal**  
The Energy People

September 11, 1996

Producer  
Address Line  
Calgary AB

Dear Marketing Department,

**RE: GAS PURCHASE AGREEMENT FOR THE U.S. GULFCOAST MARKET AREA  
ACCESSED VIA TCPL, VIKING AND ANR 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. Gulfoast to various customers of Buyer as designated by Buyer, including affiliates of Buyer, or alternatively Buyer itself if previously agreed to by the Parties ("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 between TCPL and NOVA Corporation ("NOVA"), to Emerson, Manitoba 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, 1998 ("TCPL 1998 Expansion Facilities"). The term of the TCPL Service is ten (10) years, from November 1, 1998 through October 31, 2008.
- (ii) Buyer has requested firm transportation on Viking Gas Transmission Company ("Viking") from Emerson, Manitoba to Marshfield, Wisconsin ("Viking Service"). The Parties acknowledge that the subject Viking Service will be part of Viking's facilities application for expansion of facilities for an in-service date estimated to be November 1, 1997 ("Viking 1997 Expansion Facilities"). The term of the Viking Service is fifteen (15) years from November 1, 1997 through October 31, 2012.
- (iii) Buyer has requested firm backhaul transportation on ANR Pipeline Company ("ANR") from Marshfield, Wisconsin to various points on ANR in the state of Louisiana ("ANR Service"). The term of the ANR Service is eleven (11) years from November 1, 1997 through October 31, 2008.

**Coastal Gas Marketing Company**

A SUBSIDIARY OF THE COASTAL CORPORATION  
ROYAL BANK BUILDING • SUITE 1650 • 325 6TH AVE S.W. • CALGARY, AB T2P 1C9 • 403/750-2800 • FAX 403/750-2622

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JK

- (iv) Of such TCPL Service, Viking Service and ANR Service, Buyer will allocate to Seller \_\_\_\_\_  $10^3\text{M}^3$  per day of TCPL Service (equal to the MDQ hereunder before addition of Fuel Gas as outlined in Section 4) and \_\_\_\_\_ MMBtu/day of Viking Service and \_\_\_\_\_ MMBtu/day of ANR Service (collectively referred to as "Seller's Allocated Transport Capacity").

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

The "Date of First Delivery" shall be the latter of November 1, 1998 or 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 Viking Service, or a portion thereof, in order to commence deliveries.
- (iv) Buyer shall have obtained ANR Service, on a portion thereof, in order to commence deliveries.
- (v) In the event that Buyer has not obtained or waived all conditions precedent prior to November 1, 1998, either Buyer or Seller may on or before December 31, 1998 give notice to terminate this Letter by giving the other Party prior written notice of termination to be effective January 31, 1999, which termination is conditional on these conditions precedent not being satisfied prior to January 31, 1999.

**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, 1998. Subject to the provisions hereunder, this Letter shall remain in effect for a "Term" of ten (10) years extending through to the termination date of the TCPL Service, which is expected to be October 31, 2008.

- (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.
- (c) The Parties acknowledge that the Viking Service has a term that extends beyond the Term hereunder. Seller shall have no rights and/or obligations with respect to the Viking Service beyond the Term hereunder.

**3. Early Commencement of Viking Service and ANR Service**

- (a) The Parties hereto acknowledge that the Viking Service and ANR Service commence November 1, 1997 (irrespective of the commencement date of the TCPL Service).
- (b) For the "Interim Period" between November 1, 1997 and the commencement of the TCPL Service, Seller shall have no rights and/or obligations hereunder associated with the Viking Service and the ANR Service. Buyer shall be responsible for all obligations associated with the Viking Service and ANR Service for such Interim Period.

**4. Volume**

- (a) The Maximum Daily Quantity ("MDQ") shall be \_\_\_\_\_  $10^3 m^3$  per day PLUS associated fuel, line loss and shrinkage on TCPL ("Fuel Gas") and is based on the volume TCPL portion of Seller's Allocated Transport Capacity.
- (b) Gas volumes resold by Buyer shall be sold either as "Spot Gas" (all volumes other than Term Gas) or as "Term Gas" (long term sales arrangements to Customers with a term greater than thirty-one (31) days). For Term Gas, the specific terms and conditions of each Term Gas arrangement must be approved by Seller (verbal approval from Seller shall be acceptable) prior to the commencement of the subject Term Gas arrangement.

**5. Delivery Point**

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

**6. Resale Point**

The "Resale Point" shall be various intrastate and interstate interconnection points on the "Southeast Leg" of ANR Pipeline Company in the state of Louisiana. Such interconnection points shall include, among others, Columbia Gulf Transmission - Patterson, Texas Eastern Transmission

Corporation - St. Landry, Texas Gas Transmission Corporation - Eunice and Transcontinental Gas Pipe Line Corporation - Eunice.

**7. 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:

(b) 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 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 solely 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.

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

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

(ii) 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:


- (iii) Where the "Gulfcoast Price" shall be the weighted average price received by Buyer from Customers at the Point of Resale for both Spot Gas and Term Gas.
- (iv) Where the "Gulfcoast Monthly Index" shall be the arithmetic average of the index prices for the subject month, as published by McGraw Hill Inc. in their publication entitled "Inside F.E.R.C.'s Gas Market Report", in the table titled "Prices of Spot Gas Delivered to Pipelines", for the following five points:

Company	Point Description
Columbia Gulf Transmission Co.	Louisiana
Texas Eastern Transmission Corp.	East Louisiana
Texas Gas Transmission Corp.	Zone SL
Transcontinental Gas Pipeline Corp.	Zone 3
The Henry Hub	

- (d) 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 NYMEX 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. If a financial hedging transaction is agreed to by the parties, Buyer shall send a confirmation of such financial transaction to Seller.
- (e) The price for Spot Gas shall be the average price received by Buyer from Customers for Spot Gas transactions at the Resale Point.
- (f) For a period starting with the commencement of deliveries hereunder and ending two (2) years after termination of this Letter, Seller shall have audit rights to review those records of Buyer's business related to the purchase or resale of gas hereunder 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 payment was due.

**8. 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 agency provisions herein.

- (b) Buyer shall arrange for the subject TCPL Service, Viking Service and ANR Service on behalf of Seller. Buyer shall then endeavour to permanently assign Seller's Allocated Transport Capacity to Seller (and Seller shall accept such permanent assignment), and thus Seller is intended to become the primary shipper of record with TCPL and Viking. 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, the Viking Service and the ANR Service executing TCPL's and Viking's respective standard assignment and novation agreement(s) for Seller's Allocated Transport Capacity in accordance with TCPL's Viking's, and ANR's respective standard procedures. Such assignments shall be at the transportation rate in effect in the assignor's contract with each respective pipeline.
- (c) Seller shall be responsible for and do all things necessary to satisfy TCPL's, Viking's and ANR's credit requirements for Seller's Allocated Transport Capacity. Such credit requirements may include, among other things, Letters of Credit in favour of TCPL and/or Viking, and/or ANR. In the event Seller is unable to satisfy TCPL's and/or Viking's and/or ANR's credit requirements, then Buyer shall provide creditworthiness to TCPL and/or Viking and/or ANR, as applicable, in such form as Buyer determines to be appropriate. Buyer shall deduct the actual and/or allocated 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, Viking and ANR (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, Viking and ANR, 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 subject Viking capacity and/or the subject ANR capacity, for any reason, then Buyer shall hold the Seller's Allocated Transport Capacity (or just the TCPL portion, or just the Viking portion or just the ANR portion, as the case may be) 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 Viking portion, or just the ANR portion, as the case may be).

- (f) The Parties acknowledge that Seller shall have no rights and/or obligations with respect to Seller's Allocated Transport Capacity for the period beyond October 31, 2008. Thus, effective November 1, 2008, Seller shall permanently assign Seller's Allocated Transport Capacity to Buyer (and Buyer shall accept such permanent assignment). Such permanent assignment of Seller's Allocated Transport Capacity shall be effected by the Parties executing TCPL's, Viking's and ANR's respective standard assignment and novation agreements for Seller's Allocated Transport Capacity in accordance with TCPL's, Viking's and ANR's then current respective standard procedures. Such assignments shall be at the transportation rate in effect in the assignor's contract with each respective pipeline. For greater certainty, Seller shall act in accordance with Buyer's directions with respect to renewal rights on TCPL and ANR.

**9. 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, TCPL's and Viking's applications to the applicable regulatory bodies and shall demonstrate sufficient supply to such regulatory bodies (including without limitation the E.U.B., the N.E.B. and F.E.R.C.) 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.

**10. Buyer's Take Commitment**

- (a) With respect to Term Gas, the 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 upon written notice directs Buyer to the contrary, Buyer shall use all commercially reasonable 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 Gulfcoast Group on an equitable basis. This equitable basis shall incorporate their then current volumes of Spot Gas that 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 Gulfcoast Group equitably. For the purposes hereunder the "Gulfcoast Group" means the group of producers who are selling gas to Buyer under agreements with Buyer that are substantially similar to this Letter in all material commercial terms and conditions.
- (c) In addition to the provisions of subsection 10(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 Gulfcoast Price hereunder for the subject Contract Year, MINUS the arithmetic average of the Gulfcoast Monthly Index prices for the subject Contract Year.
- (d) The greater of the volume initially requested by Buyer or the volume actually delivered pursuant to that request shall be used in determining whether Buyer has satisfied any take obligations hereunder.
- (e) It is recognized that Buyer is buying and selling gas in the same market area as the Resale Point with many customers and for its own account and/or for the account of others not in the Gulf Coast Group and thus Buyer shall have no obligation to market Seller's gas to any particular market, for any particular term or price.

**11. 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 Viking Service, curtailments of the ANR 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.

**12. 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.

**13. 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.

**14. 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 12. Any change shall be effective as of the date the subject monthly price index reference was no longer available.

**15. 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.

**16. 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.

**17. 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.

**18. 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 transported on Viking shall be measured as to volume, quality and heating value by Viking in accordance with the provisions set out in Viking's tariff, in effect from time to time, at the meters installed, operated and maintained by Viking and the heating value of the delivered gas shall be determined by instruments operated by Viking. The measurements and all other volume, quality and heating value measurements as made by Viking shall be accepted by the Parties and utilized for all purposes of this Letter.
- (c) All gas transported from Viking to the Resale Point hereunder shall be measured as to volume, quality and heating value by ANR in accordance with the provisions set out in ANR's tariff, in effect from time to time, at the meters installed, operated and maintained by ANR at the Resale Point and the heating value of the delivered gas shall be determined by

instruments operated by ANR. The measurements and all other volume, quality and heating value measurements as made by ANR shall be accepted by the Parties and utilized for all purposes of this Letter.

- (d) 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.

**19. 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 all third party costs associated with the N.E.B. processes for both the TCPL Expansion Facilities and the long term Export License (for the TCPL Service hereunder). Seller shall then immediately on receipt of an invoice 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 \_\_\_\_\_.

**20. Other**

- (a) Each Party 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 perform fully and to more effectively implement and carry out 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 «Company» this \_\_\_\_\_ day of \_\_\_\_\_, 1996.

**COASTAL GAS MARKETING COMPANY**

**PRODUCER**

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

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

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

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

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

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

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

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

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

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

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

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

UNITED STATES OF AMERICA  
DEPARTMENT OF ENERGY  
OFFICE OF FOSSIL ENERGY

REC'D DOE/FE  
NOV 11 1997 1:26

\_\_\_\_\_  
ENGAGE ENERGY US, L.P.  
\_\_\_\_\_

)  
)  
)  
FE DOCKET NO. 97-48-NG

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

DOE/FE ORDER NO. 1332

NOVEMBER 6, 1997

I. DESCRIPTION OF REQUEST

On June 25, 1997, as supplemented on September 8, 1997, Engage Energy US, L.P. (Engage) 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 30.5 MMcf per day of Canadian natural gas for a ten-year term beginning on November 1, 1998. Engage is a limited partnership within the State of Delaware with its principal of business in Houston, Texas.

Under the proposed import arrangement, Engage intends to purchase the imported natural gas from six Canadian producers: Canadian Natural Resources (5.083 MMcf per day); Enerplus Energy Marketing Inc. (5.083 MMCF per day); Pinnacle Resources Ltd. (5.083 MMCF per day); Ranger Oil Limited (5.083 MMcf per day); Rio Alto Exploration Ltd. (5.083 MMCF per day); and Tri Link Resources Ltd. (5.083 MMCF per day) (collectively the Suppliers) pursuant to the terms of letter agreements dated August 31, 1996<sup>2/</sup> (Letter Agreements). The Letter Agreements between Engage and these six Suppliers provide for a netback pricing arrangement under which Engage pays a price based on average monthly revenues, minus transportation charges and other fees/expenses. The imported natural gas will become part of Engage's supply

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<sup>1/</sup> 15 U.S.C. § 717b.

<sup>2/</sup> Engage and the Suppliers are negotiating formal contracts to replace the Letter Agreements.

portfolio to serve Engage's existing and new markets in the U.S. Northeast, the Midwest, and the Gulf Coast. These markets consist principally of local distribution companies, electric generation companies, and industrial end-users. Engage presently markets in the U.S. Northeast in excess of 500 MMcf/d of natural gas.

The gas to be imported will be produced in the Provinces of Alberta and British Columbia, Canada, and transported by the NOVA Gas Transmission Ltd. (NOVA) pipeline system to Empress, Alberta, where NOVA interconnects with TransCanada PipeLines Limited (TCPL).<sup>3/</sup> TCPL will transport the gas to the United States/Canadian border near Emerson, Manitoba/Noyes, Minnesota, to the interconnect of TCPL and Viking Gas Transmission Company (Viking).<sup>4/</sup> In addition, Engage has requested firm backhaul transportation arrangements with ANR Pipeline Company (ANR)<sup>5/</sup> to various interconnects in the State of Louisiana. Although Emerson is the primary import point, Engage also requests the flexibility to import the gas at other border points.

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<sup>3/</sup> Engage has requested firm transportation for 10 years on TCPL from Empress, Alberta, from the interconnect of TCPL and NOVA Corporation to Emerson, Manitoba. The TCPL transportation is part of its 1998 expansion project with an in-service date of November 1, 1998.

<sup>4/</sup> Engage has requested firm transportation for 15 years on Viking from Emerson to Marshfield, Wisconsin, and North Branch, Minnesota, pursuant to a Side Letter dated October 17, 1996. The transportation is part of Viking's 1997 Expansion Facilities with an in-service date of November 1, 1997.

<sup>5/</sup> The ANR transportation to various points in the State of Louisiana is for 11 years beginning on November 1, 1997.



## II. FINDING

The application filed by Engage 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 Engage 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. Engage Energy US, L.P. (Engage) is authorized to import up to 30.5 MMCF per day of Canadian natural gas for a ten-year term, beginning on November 1, 1998, under the terms and conditions of the Letter Agreements dated August 31, 1996, with Canadian Natural Resources, Enerplus Energy Marketing Inc., Pinnacle Resources Ltd., Ranger Oil Limited, Rio Alto Exploration Ltd. and Tri Link Resources Ltd. This natural gas may be imported near Emerson, Manitoba/Noyes, Minnesota, or at alternative border points where transportation facilities are accessible to Engage.

B. At such time the Letter Agreements with the six Canadian producers have been replaced with formal gas purchase contracts, Engage shall file them with the Office of Natural Gas & Petroleum Import and Export Activities within 30 days of their execution. Engage shall also file a copy of its firm 11-year backhaul transportation agreement with ANR Pipeline Transmission Company once finalized.

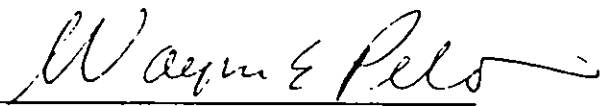
C. Within two weeks after deliveries begin, Engage shall provide written notification to the Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy, Room 3F-056, FE-34, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the first import delivery of natural gas authorized in Ordering Paragraph A above has occurred.

D. With respect to the natural gas imports authorized by this Order, Engage 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, Engage 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 Canadian Natural Resources, Enerplus Energy Marketing Inc., Pinnacle Resources Ltd., Ranger Oil Limited, Rio Alto Exploration Ltd, and

Tri Link Resources Ltd. Whenever imports have occurred at an entry point other than Emerson, Manitoba/Noyes, Minnesota, 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. In addition, Engage 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, 1998, until the end of the fourth calendar quarter, December 31, 1998.

Issued in Washington, D.C. on November 6, 1997.

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



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.

REC'D 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  
2000 09 A 757

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WESTCOAST GAS SERVICES )  
DELAWARE (AMERICA) INC. )  
(Successor to Engage Energy US, L.P.) )

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FE DOCKET NO. 97-48-NG

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

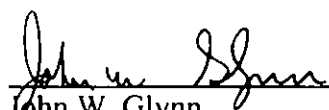
DOE/FE ORDER NO. 1332-A

On November 6, 1997, the Office of Fossil Energy (FE) of the Department of Energy (DOE) granted long-term authorization to Engage Energy US, L.P. (Engage) in DOE/FE Order No. 1332 <sup>1/</sup> (Order 1332) to import from Canada up to 30.5 MMcf per day of natural gas for a ten year period beginning on November 1, 1998.

On September 21, 2000, the Office of Fossil Energy was notified by Engage Energy US, L.P.(Engage), a Delaware limited partnership owned by Coastal Gas Marketing, 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 interests to WGS Delaware. Engage is requesting that the import authorization issued in Order 1332 be transferred from Engage to WGS Delaware.

Accordingly, pursuant to section 3 of the Natural Gas Act, the import authorization granted by DOE/FE Order No. 1332 is transferred from Engage Energy US, L.P. to Westcoast Gas Services Delaware (America) Inc. All terms and conditions in Order 1332 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 11 - 9 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 Verellen*  
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

REC'D DOE/FE  
2000 NOV 30 A 9:40

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

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FE DOCKET NO. 97-48-NG

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

DOE/FE ORDER NO. 1332-B

On November 6, 1997, the Office of Fossil Energy (FE) of the Department of Energy (DOE) granted long-term authorization to Engage Energy US, L.P. (Engage) in DOE/FE Order No. 1332 <sup>1/</sup> (Order 1332) to import from Canada up to 30.5 MMcf per day of natural gas for ten year period beginning on November 1, 1998.

On September 29, 2000, FE transferred the long-term import authorization granted in Order 1332 from Engage 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.1332-A to Engage America.

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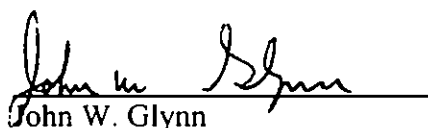
<sup>1/</sup> 1 FE ¶ 71,487.

<sup>2/</sup> DOE/FE Order No.1332-A.



Accordingly, pursuant to section 3 of the Natural Gas Act, the long-term import authorization granted by DOE/FE Order No. 1332, as amended in DOE/FE Order No. 1332-A, is transferred from Westcoast Gas Services Delaware (America) Inc. to Engage Energy America Corp. All terms and conditions of Order 1332, 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

REC'D DOE/FE  
MARCH 20 1999

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 O'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 03:40 PM 12/21/2000  
001 682523 - 2709610

**CERTIFICATE OF CONVERSION**  
**OF**  
**ENGAGE ENERGY AMERICA CORP.**  
**INTO A LIMITED LIABILITY COMPANY**  
**UNDER SECTION 18-214**  
**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 17<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.

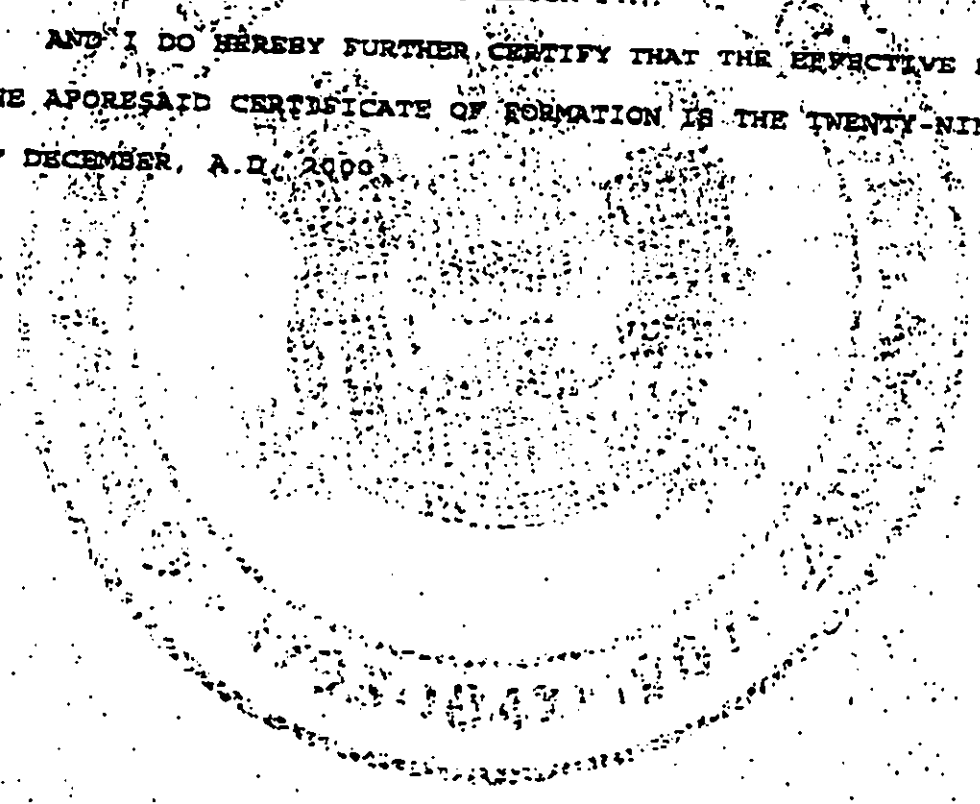
By:   
Name: David G. Unruh  
Title: Director

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  
001652323

AUTHENTICATION: 0883657

STATE OF DELAWARE  
SECRETARY OF STATE  
DIVISION OF CORPORATIONS  
FILED 03:00 PM 12/27/2000  
001652523 - 2703410

**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. 97-48-NG

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

DOE/FE ORDER NO. 1332-C

On November 6, 1997, the Office of Fossil Energy (FE) of the Department of Energy (DOE) granted long-term authorization to Engage Energy US, L.P. (Engage) in DOE/FE Order No. 1332 <sup>1/</sup> (Order 1332) to import from Canada up to 30.5 MMcf per day of natural gas for ten year period beginning on November 1, 1998.

On September 29, 2000, FE transferred the long-term import authorization granted in Order 1332 from Engage to Westcoast Gas Services Delaware (America) Inc. (WGSJ).<sup>2/</sup>

On November 9, 2000, FE transferred the long-term import authorization granted in Order 1332 from WGSJ 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.1332 to Engage Energy America L.L.C.

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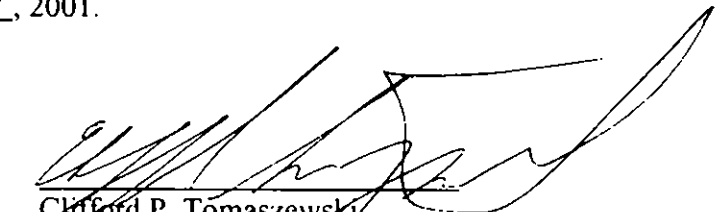
<sup>1/</sup> 1 FE ¶ 71,487.

<sup>2/</sup> DOE/FE Order No.1332-A.

<sup>3/</sup> DOE/FE Order No.1332-B.

Accordingly, pursuant to section 3 of the Natural Gas Act, the long-term import authorization granted by DOE/FE Order No. 1332, as amended in DOE/FE Order No. 1332-A and DOE/FE Order No. 1332-B, is transferred from Engage Energy America Corp. to Engage Energy America L.L.C. All terms and conditions of Order 1332, 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