

ORIGINAL

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

PROGAS U.S.A., INC., AS AGENT)
)
FOR THE CITY OF DULUTH)

F.E Docket No. 99-27 -NG

APPLICATION OF PROGAS U.S.A., INC.,
AS AGENT FOR THE CITY OF DULUTH, FOR LONG-TERM
AUTHORIZATION TO IMPORT NATURAL GAS FROM CANADA

PROGAS U.S.A., INC.
AS AGENT FOR THE CITY OF DULUTH
FOR LONG-TERM AUTHORIZATION TO IMPORT NATURAL GAS FROM CANADA

Pursuant to Section 3 of the Natural Gas Act ("NGA"), 15 U.S.C. Section 717b, as amended by section 201 of the Energy Policy Act of 1992 ("Energy Policy Act")(P.L. 102-486) ProGas U.S.A., Inc. ("ProGas") submits this application, as agent for the City of Duluth ("Duluth"), for long-term authorization to import natural gas from Canada. In support of this application, ProGas, as agent for Duluth, respectfully shows as follows:

I.
GENERAL

The exact legal name of ProGas is ProGas U.S.A., Inc. and the exact legal name of Duluth is The City of Duluth, a Minnesota municipal corporation. Correspondence and communications concerning this application should be directed to:

Charles H. Shoneman
Bracewell & Patterson, L.L.P.
Attorneys at Law
2000 K Street NW Ste 500
Washington, DC 20006-1872
Phone: (202) 828-5800

Michelle Voinorosky
ProGas U.S.A., Inc.
3300, 400 Third Avenue S.W.
Calgary, Alberta
T2P 4H2
Phone: (403) 296-0606

Jim Larson
2150 Dain Bosworth Plaza
60 South Sixth Street
Minneapolis, Minnesota 55402
Phone: (612) 349-6868

Edward Krause,
Water & Gas Department
414 West 1st Street
Duluth, Minnesota 55816-9001
Phone: (218)723-3588

II.
BACKGROUND

Duluth is a municipal corporation under the laws of the State of Minnesota, with its primary address being 414 West 1st Street, Duluth, Minnesota. Duluth operates its own municipal distribution service and provides natural gas to industrial, commercial and residential customers. ProGas is a corporation incorporated under the laws of Delaware, with its principal place of business at 400, Third Avenue S.W., Suite 3300, Calgary, Alberta, Canada. ProGas is actively engaged in the business of purchasing and reselling natural gas throughout the United States.

III.
AUTHORIZATION REQUESTED

ProGas, as agent for Duluth, requests authorization to import up to 6,457 Gjs (6,120 Mmbtu) per day of natural gas, plus fuel, shrinkage and line loss, on a long term basis from November 1, 1999 through October 31, 2009. As confirmed in the attached Exhibit "A", importation of natural gas from Canada is within both ProGas' and Duluth's corporate powers.

Duluth entered into a firm natural gas supply agreement dated June 23, 1998 with ProGas Limited, ProGas's parent company (the "Agreement"). A copy of this Agreement is attached as Exhibit "B" to this application. Under the Agreement, ProGas Limited, will ship the gas through Alberta on the NOVA Gas Transmission Ltd. pipeline to its interconnection with TransCanada PipeLines Ltd. ("TCPL") at Empress, Alberta. Duluth will purchase the gas from ProGas Limited at Empress, Alberta and ship it on its capacity on the TCPL system to the U.S./Canadian International boundary at Noyes, Minnesota. At Noyes, Duluth will import the gas into the United States. Duluth will ship the gas from Noyes using its capacity on the Great Lakes Gas Transmission System ("Great Lakes").

Under the terms of the Agreement, the price of the gas sold by ProGas Limited to Duluth is based on a published index which is adjusted each month to reflect current market conditions. The price of the gas sold also contains a premium to reflect the priority and security of long term firm gas supply.

ProGas Limited has agreed to act as agent for Duluth in the operation and management of the TCPL and Great Lakes transportation capacity held and paid for by Duluth. In addition, ProGas has agreed to act as agent for Duluth in the procurement and administration of necessary import authorizations. As such ProGas, as agent for Duluth, will be the primary point of contact with the Office of Fossil Energy (O.F.E.) with respect to matters that may arise in connection with the requested import authorization, including any reporting requirements. Notwithstanding ProGas' role as agent, Duluth will be the importer of record and ultimately responsible for the import of gas.

IV. PUBLIC INTEREST

The Energy Policy Act provides that the importation of natural gas from a nation with which there is in effect a free trade agreement shall be deemed to be within the public interests, and that applications for such importation shall be granted without modification or delay¹. Because this application is for the importation of natural gas from Canada, a nation with which the United States has a free trade agreement, ProGas, as agent for Duluth, submits that this application is within the public interest.

¹Energy Policy Act of 1992, Title II - Natural Gas, Pub. L. No. 102-486 (1992)

V.
REPORTING REQUIREMENTS

With respect to the imports made pursuant to the long-term authorization requested herein, within two weeks after deliveries begin under the long-term authorization, ProGas, as agent for Duluth will notify the Office of Fuels Programs ("OFP") in writing of the date that the first import of natural gas occurred. Additionally, ProGas, as agent for Duluth, will file with the OFP within thirty (30) days following each calendar quarter, a quarterly report showing by month the total volume imported and the average purchase price per MMBtu of gas paid at the international border. The price information for a particular month will include such information as OFE may require to be filed.

VI.
CONCLUSION

WHEREFORE, for the foregoing reasons ProGas, as agent for Duluth, respectfully requests that the OFE expeditiously consider the instant application and pursuant to section 3 of the NGA, as amended by section 201 of the Energy Policy Act, grant the requested long-term import authorization. ProGas, as agent for Duluth, submits that a grant of such authorization would be consistent with the public interest.

Respectfully submitted:



Charles H. Shoneman, Esq.
Bracewell & Patterson, L.L.P.
A Registered Limited Liability Partnership
2000 K Street NW Ste 500
Washington, DC 20006-1872
Phone: (202) 828-5800

ATTORNEY FOR PROGAS U.S.A., INC.

April 9, 1999

106438.01

EXHIBIT "A"



CITY OF DULUTH

OFFICE OF CITY ATTORNEY
410 City Hall • Duluth, Minnesota 55802-1198
218/723-3368

March 26, 1999

John Glynn
U.S. Department of Energy
Office of Natural Gas and Petroleum Importing
1000 Independence Avenue S.W.
Room 3F056
Washington, DC 20001

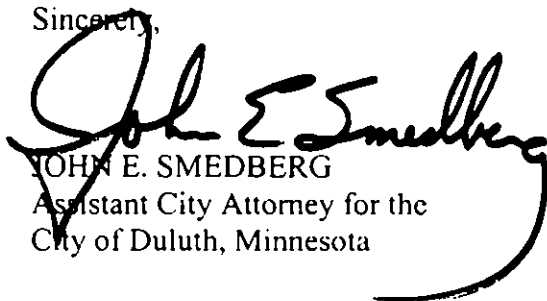
Re: Application of the City of Duluth, Minnesota
and ProGas U.S.A., Inc. for Authorization to
Import Natural Gas from Canada
FE Docket No. 99-_____ -NG

Dear Mr. Glynn:

As legal counsel for the Water and Gas Department of the City of Duluth, I have reviewed the Home Rule Charter of the City of Duluth and the City's ordinances together with relevant statutes of the State of Minnesota affecting the operation of a utility by a Minnesota Home Rule Charter City of the First Class and such other documents as I have deemed necessary in order to advise you that:

1. The City of Duluth is a duly authorized Minnesota municipal corporation operating under a Home Rule Charter under the laws of the State of Minnesota and as such has all requisite power and authority to own and operate municipal utilities including its present gas utility; and
2. The City of Duluth has the requisite authority, both under its Home Rule Charter and under the statutes of the State of Minnesota, to import natural gas from Canada.

Sincerely,



JOHN E. SMEDBERG
Assistant City Attorney for the
City of Duluth, Minnesota

JES/blj

Citizens and government working together to provide an environment in which our
community can enhance its quality of life and continue to prosper

An Equal Opportunity Employer



ProGas U.S.A., Inc.

3300, 400 Third Avenue S.W.
Calgary, Alberta
Canada T2P 4H2
Telephone: (403) 296-0600
Telecopier: (403) 266-0354

April 1, 1999

Mr. John Glynn
U.S. Department of Energy
Office of Natural Gas and Petroleum Importing
1000 Independence Avenue S.W.
Room 3F056
Washington, DC 20001
U.S.A.

Dear Mr. Glynn:

Re: Application of ProGas U.S.A., Inc., as agent for the City of Duluth for Long-term
Authorization to Import Natural Gas from Canada
FE Docket No. 99 - _____ - NG

As counsel for ProGas U.S.A. Inc., (the "Company"), in the above-referenced proceeding, I have reviewed the Certificate of Incorporation and Bylaws of the Company, and such other documents as I have deemed necessary in order to advise you that:

1. The Company 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;
2. The Company has the requisite corporate authority to import natural gas from Canada; and
3. The Company has the requisite corporate authority to act as agent for a party in the procurement and administration of Long-term Authorizations to Import Natural Gas from Canada.

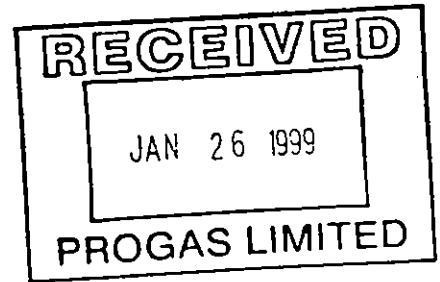
Yours truly,

ProGas U.S.A., Inc.

Michelle L. Voinorosky
Legal Counsel

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EXHIBIT "B"



GAS SALES AGREEMENT

between

PROGAS LIMITED

and

CITY OF DULUTH

dated

June 23, 1998

THIS GAS SALES AGREEMENT made as of the 23rd day of June, 1998 between:

PROGAS LIMITED
("Seller")

- and -

CITY OF DULUTH
("Buyer")

BACKGROUND:

Buyer is the City of Duluth, in the state of Minnesota, who requires long term gas supply for its customer base and wishes to contract for gas supply from Seller to meet its consumption requirements; and

Seller has committed to it, a pool of gas supply in western Canada and Seller has agreed to sell a portion of this gas supply to Buyer;

In consideration of the following mutual covenants the parties agree as follows:

ARTICLE I - INTERPRETATION

1.1 Definitions

The following terms, when used in this Agreement, will have the following meanings:

- (a) "Business Day" means any day except Saturdays, Sundays, statutory holidays and banking holidays under the laws of Alberta, or the laws applicable to the jurisdiction of Buyer;
- (b) "Canadian Regulatory Authorities" means each governmental agency or other authority in Canada which has jurisdiction over any matter relevant to Seller's rights and obligations hereunder, including without limitation the National Energy Board, the Alberta Energy and Utilities Board, the Alberta Petroleum Marketing Commission, the Federal Governor-in-Council, and any Provincial Lieutenant Governors-in-Council;
- (c) "Commencement Date" will have the meaning set forth in Section 3.2;
- (d) "Contract Year" means, with respect to the first "Contract Year" the period commencing on the Commencement Date and ending on the thirty first (31st) day of October following the Commencement Date and with respect to any succeeding "Contract Year" the period of twelve (12) consecutive months beginning on November 1 and ending on October 31 of the following calendar year;
- (e) "Daily Contract Quantity" or "DCQ" means the lesser of 6,457 GJ (6,120 MMBtu x 1.055056 = 6,457 GJ) per day plus Fuel or the TCPL capacity plus Fuel contracted for by Buyer;
- (f) "Day" means day as defined in the TCPL tariff;
- (g) "Downstream Pipeline(s)" means TCPL and GLGT;
- (h) "Fuel" means, subject to Section 4.2, the amount of fuel required pursuant to the TCPL tariff to transport the Scheduled Daily Delivery from the Point of Delivery to the interconnection of TCPL and GLGT, at or near Emerson, Manitoba;
- (i) "gas" means natural gas of the quality specified in Article VIII;

- (j) "Heat Value" means the heat value as measured and calculated by TCPL at the Point of Delivery;
- (k) "Imbalance Charges" means any scheduling penalties, imbalance penalties, unauthorized overrun penalties, operational flow order penalties, banking charges or similar penalties, fees or charges assessed by TCPL or NOVA for failure to satisfy TCPL or NOVA's balance or nomination requirements;
- (l) "NOVA" means NOVA Corporation of Alberta;
- (m) "Point of Delivery" has the meaning set forth in Article VII;
- (n) "Price" has the meaning set forth in Article V;
- (o) "Scheduled Daily Delivery" means the volume of gas, up to the DCQ, which Buyer requests Seller to cause to be delivered to the Point of Delivery for Buyer's account during any one (1) day;
- (p) "TCPL" means TransCanada PipeLines Limited;
- (q) "Upstream Pipeline(s)" means NOVA or any other transporters designated to transport Seller's gas to the Point of Delivery;
- (r) "U.S. Regulatory Authorities" means each state or federal governmental agency or other authority in the United States of America which has or may accept jurisdiction over the matter in question, including without limitation the United States Department of Energy (Fossil Energy), the Federal Energy Regulatory Commission, and other state or federal agencies; and
- (s) "GLGT" means Great Lakes Gas Transmission.

ARTICLE II - CONDITIONS PRECEDENT

2.1 The obligations of Seller and Buyer to deliver and purchase the DCQ will not arise prior to the satisfaction of each of the following conditions (the "Conditions") unless such conditions are waived by written agreement by both Buyer and Seller:

- (a) the receipt by Seller from the appropriate Canadian Regulatory Authorities of all necessary permits, licences, certificates or authorizations for the removal of gas from Alberta, the export and sale of gas to Buyer, and the transportation of such gas from the area of production to the Point of Delivery, on terms and conditions acceptable to Seller and Buyer;
- (b) the receipt by Buyer from the appropriate Canadian Regulatory Authorities and U.S. Regulatory Authorities, of all permits, licences, certificates, or authorizations required for the purchase of Seller's gas, and the transportation and delivery of such gas from the Point of Delivery to the City of Duluth on terms acceptable to Buyer and Seller;
- (c) the completion by Seller, of all necessary transportation arrangements to the Point of Delivery on the facilities of the Upstream Pipelines on terms acceptable to Seller and Buyer; and

(d) the completion by Buyer of all necessary firm transportation arrangements from the Point of Delivery to the City of Duluth on the facilities of the Downstream Pipelines on terms acceptable to Buyer and Seller.

- 2.2 Each of the parties will proceed with due diligence to apply for and receive their respective authorizations and arrangements set forth above by or before June 1, 1999, and to keep the other party informed as to the status. Each of the parties will use due diligence to maintain and extend, if necessary, any such authorization which may expire during the Term. With respect to the authorizations outlined in Section 2.1(b) and (c), Seller will use reasonable efforts to obtain Canadian export and U.S. import authorizations on behalf of Buyer and otherwise assist Buyer in obtaining same. The parties agree that the term of authorizations required from Canadian Regulatory Authorities and U.S. Regulatory Authorities may be initially for terms shorter than the term of this Agreement and notwithstanding Section 2.1, Buyer and Seller will rely on such short term authorizations to sell and purchase gas under this Agreement until the long term authorizations covering the term of this Agreement have been obtained.
- 2.3 Buyer will reimburse Seller for any U.S. customs import merchandising fees or any other import taxes or levies which may be payable by Seller, or Seller's affiliate, if applicable, as importer, upon the import of the Buyer's gas into the United States.

ARTICLE III - TERM OF AGREEMENT, COMMENCEMENT

3.1 Term

This Agreement will become effective from the date first above written and will continue in full force and effect until October 31, 2009 ("Initial Term"). Buyer will have the right to extend this Agreement for an additional five (5) years to October 31, 2014, provided that Buyer serves Seller with written notice of its exercise of this right prior to November 1, 2006. Seller will use reasonable efforts to remind Buyer of this date but will not be liable to Buyer in the event that it does not.

3.2 Commencement Date

Subject to the fulfilment or waiver of the Conditions set forth in Article II, the obligation of the parties to sell and purchase the DCQ will commence November 1, 1999 ("Commencement Date").

ARTICLE IV - CONTRACT QUANTITIES; DELIVERIES

4.1 Delivery Obligation

(a) Scheduled Daily Delivery

Subject to the fulfilment of the Conditions set forth in Article II and the remaining provisions of this Agreement, on each day commencing on and after the Commencement Date and continuing until the end of the term of this Agreement, Seller will cause to be delivered and sell, and Buyer will purchase and cause to be received, the Scheduled Daily Delivery, up to the DCQ, at the Point of Delivery.

(b) Failure to Deliver

- (i) If, on any day, Seller does not deliver sufficient gas at the Point of Delivery to meet the Scheduled Daily Delivery, for reasons other than Force Majeure, Seller will have the right, but not the obligation, to deliver replacement volumes from other locations, provided that Buyer has transportation service available and that

Seller pays the cost of such alternate transportation service up to the replacement volume to the extent that such cost exceeds the amount otherwise payable by Buyer for transportation of gas delivered by Seller under this Agreement.

- (ii) In the event that Seller should elect not to or cannot deliver replacement volumes from other locations, Buyer will have the right to purchase such gas from alternate sources.
- (iii) In the event Buyer purchases replacement volumes as outlined in (ii) above, and the failure of Seller to deliver was not excused by an event of Force Majeure, Seller will pay Buyer, the positive difference, if any, obtained by subtracting the Price from the Spot Price. For the purposes of this paragraph, "Spot Price" means the "Daily Spot Gas Price at Empress" under the column "Price (\$/GJ) and sub-column "Avg." for the relevant day or weekend as reported in the Canadian Gas Price Reporter (published by Canadian Enerdata Ltd.).
- (iv) The remedies in this Section will be the sole remedies of Buyer in the event Seller fails to deliver, and in no event will Seller be responsible for incidental, special or punitive damages.

4.2 Fuel

In the event that the Fuel requirements in TCPL's tariff increase, any corresponding increase in the DCQ will be conditional on Seller obtaining additional firm transportation on the Upstream Pipelines.

4.3 Purchase Obligation

All gas required by the City of Duluth up to the DCQ will be acquired by Buyer from Seller and Buyer will not displace the supply available under this Agreement, or any other agreement which may be in place between Seller and Buyer and its affiliates, with supply from any other source.

4.4 Supply Security Report

- (a) Seller shall provide to Buyer, in every even numbered calendar year, a report prepared by an independent consultant agreeable to both Seller and Buyer, acting reasonably, respecting reserves and deliverability supply under contract and available to Seller ("Consultant's Report"). The Consultant's Report shall contain a two-part supply test that (1) ensures that remaining Gas reserves and supply under contract to Seller are adequate to meet all of Seller's then existing firm Gas sales obligations using reasonably forecasted load factors; including the obligations under this Agreement; and (2) ensures that there is sufficient deliverability to support all Seller's then existing firm Gas sales obligations, including the obligations under this Agreement, using reasonably forecasted load factors for the then current Contract Year and the next following four (4) Contract Years or to the end of the Term of this Agreement, whichever is less. The first Consultant's Report will be due on or by June 30, 1999.
- (b) If any Consultant's Report provided to Buyer indicates deficiencies in Seller's ability to meet its firm gas sales obligations during the period of the Consultant's Report, then Seller shall: (1) provide Buyer with information setting forth its plans to correct such deficiencies; (2) have a period to correct the deficiency equal to one half (1/2) the period between the date of the Consultant's Report and the time that the deficiency was forecasted to occur ("Cure Period"); and (3) use reasonable efforts to correct such deficiencies by contracting for additional supplies in accordance with its then existing

contracting practice and while these deficiencies remain uncorrected, not enter into any new long-term firm sales and curtail deliveries under all interruptible sales agreements to the extent that such sales have contributed to the deficiency.

- (c) If at the end of the Cure Period the deficiency has not been corrected, Buyer may, within thirty (30) days of the end of the Cure Period, permanently reduce the DCQ in accordance with the information contained in the Consultant's Report, for the year(s) in which deficiencies are projected, to a level where the pro rata reduction of all the DCQ's of the existing firm sales obligations included in the Consultant's Report, including the DCQ under this Agreement, would pass the two-part supply test outlined above.
- (d) If Buyer does not exercise its option to reduce the DCQ as set forth in Section 4.4 (c), then in no event will Seller be liable to Buyer if Seller is unable to deliver quantities of gas above the level to, and the period for, which Buyer could have so reduced the DCQ.

ARTICLE V - PRICE

5.1 Price

- (a) The Price will be the monthly AECO Index per GJ plus the NOVA Charge, plus the Premium per MMBtu where:

"AECO Index" means the "Alberta Spot Price - AECO C / NIT" for the relevant Month, in \$Cdn/GJ, as reported in the Canadian Gas Price Reporter (published by Canadian Enerdata Ltd.), under the table titled "Monthly Canadian and U.S. Natural Gas Price Summary" in the section titled "Canadian Domestic Gas Prices".

"NOVA Charge" means the firm transportation charge for transporting the DCQ from AECO C to Empress, Alberta, as billed by NOVA to Seller, converted to a per GJ equivalent using the heat value reported by NOVA for the month, and divided by the number of GJs purchased in the relevant month.

"Premium" means \$0.03 U.S./MMBtu

- (b) Prior to adding the Premium, the NOVA Charge, and the AECO Index will be converted to an MMBtu equivalent and converted to a U.S. dollar equivalent using the average of the noon spot exchange rates for the U.S. dollar in terms of Canadian dollars for the relevant month as published by the Bank of Canada ("\$/Cdn/\$US Ex") as follows:

$[\text{NOVA Charge} + \text{AECO Index } (\$/\text{Cdn}/\text{GJ})] \times 1.055056 + \$/\text{Cdn}/\text{US Ex}$

- (c) The AECO Index may be replaced with another index agreeable to both parties with the understanding that the Premium will remain and if an alternate index is used, and any applicable adjustments to the as-billed transportation charges would be made to the price to deliver the DCQ to Empress.

5.2 Taxes

- (a) Seller shall pay or cause to be paid, all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to its delivery at the Point of Delivery. Buyer shall pay or cause to be paid, all Taxes on or with respect to the Gas at or after its delivery at the Point of Delivery. If a party is required to remit or pay Taxes which are the other party's responsibility, such party shall promptly reimburse the other party for the Taxes. If either Party is entitled to an exemption from any Taxes or charges, that Party shall furnish the other party with any necessary exemption or resale certificate to benefit from the exemption.

- (b) If any Goods and Services Tax ("GST") imposed pursuant to the Excise Tax Act (Canada), as amended from time to time, is payable in connection with Gas purchased, the GST shall be paid by Buyer to Seller, as agent for the federal government of Canada, and Seller shall remit the GST as required by law. If Buyer is entitled to an exemption from GST, Seller will use reasonable efforts to assist Buyer in obtaining this exemption.

ARTICLE VI - BILLING AND PAYMENTS

6.1 Monthly Statements and Payments

- (a) On or before the tenth (10th) day of each month ("Invoice Date"), Seller will provide Buyer with a statement for the preceding month (the "Sale Month") showing the total quantity of gas delivered and the total amount payable by Buyer stated in U.S. dollars ("the U.S. Dollar Sum"). Buyer agrees to deposit the U.S. dollar sum by wire transfer in Seller's account at the Bank of Montreal, Calgary, Alberta, Canada, or such other bank as may be designated by Seller, on or before the twentieth (20th) day of each month ("Payment Date"). In the event that Buyer has not received Seller's statement on or before the Invoice Date, the Payment Date will be extended one (1) day for each day that Seller's statement is late. If the Payment Date is not a Business Day, then payment will be due on the Business Day closest and prior to the Payment Date.
- (b) If the actual daily and total quantity of gas delivered in the Sales Month is not available from the measuring pipeline before the Invoice Date, Seller may at its option, render a statement containing Seller's best estimate of the daily and total quantity of gas delivered in the Sales Month, and the total amount payable by Buyer ("Estimate"). Buyer will deposit in Seller's account the Estimate by the Payment Date. Seller will render the final statement for such Sales Month with Seller's statement for the next succeeding Sales Month. Seller's statement for such next succeeding month will reflect an adjustment for any difference between the Estimate and the final statement for the previous Sales Month.

6.2 Failure to Pay

- (a) If Buyer fails to deposit the U.S. Dollar Sum, or any portion thereof, in Seller's account by the Payment Date, interest thereon will accrue as provided in Section 6.3. If Buyer's failure to pay continues for two (2) days beyond the Payment Date, Seller may, in addition to all other remedies, thereafter suspend the sale of gas provided that Seller must first have notified Buyer in writing twenty-four (24) hours prior to exercising such right of its intent to do so. If after Buyer receives such notice:
- (i) Buyer pays the amount so due to Seller within such twenty-four (24) hour period; or
- (ii) Buyer in good faith disputes the amount of any such statement and pays to Seller such amounts as it concedes to be correct and within such twenty-four hour period either (1) furnishes a bond; or (2) deposits the disputed amount in escrow, in either case under terms reasonably satisfactory to Seller and sufficient to guarantee payment to Seller of the amount ultimately found due upon such bill after a final determination which may be reached either by agreement or judgement of the courts,

Seller will not be entitled to suspend further sales of gas provided that Seller will be entitled to immediately suspend sales of gas upon default of the terms of any bond or escrow established.

- (b) If the default of payment continues after the expiration of the ten (10) days after the commencement of a suspension or a bond or escrow is in default, Seller may thereafter, in addition to any other rights Seller may have, terminate this Agreement.

6.3 Interest

If either party fails to pay any amount when due and claimed, and such amount is not successfully disputed by such party or if refunds are due, interest on any amount finally determined to be due will accrue at the rate equal to the annual U.S. Base Lending Rate of interest plus two (2) percent announced from time to time by the bank used or designated by Seller.

6.4 Financial Security

If, at any time, Seller, in its sole judgement, reasonably determines that the ability of Buyer to make payments due to Seller has become impaired or unsatisfactory or, Buyer exceeds, or is about to exceed the credit limit then in effect, as from time to time established by Seller, then by notice, Seller may require Buyer to prepay or provide an irrevocable letter of credit in Seller's favour in a form and having such terms and conditions as Seller shall reasonably specify, issued by a major bank which is, and remains acceptable, to Seller. Such prepayment will be made to, or such letter of credit received by, Seller within two (2) Business Days after Seller's request. In the event that Buyer does not comply with the request within the stated time, Seller may suspend deliveries of gas until the request has been complied with.

6.5 Early Termination

(a) If either party:

- (i) fails to deliver or purchase and the failure extends over a period of thirty (30) consecutive days, and such failure is not excused under this Agreement;
- (ii) or its assets, becomes the subject of any proceeding (whether initiated by it or another person) under bankruptcy or insolvency laws, including without limitation, proceedings under the *Companies' Creditors' Arrangement Act* (Canada),
- (iii) becomes the subject of any proceeding for liquidation, reorganization or winding up (whether initiated by it or by another person),
- (iv) has a receiver or a receiver manager of all or any part of its assets appointed by a court of competent jurisdiction or by a creditor;
- (v) commits an act of bankruptcy as defined in the *Bankruptcy and Insolvency Act* (Canada),
- (vi) commits any other act or omission which would entitle any of its creditors to initiate a process or proceeding to take possession of any of its assets or to have any of its assets distributed among such creditors, or
- (vii) fails to make when due any payment to the other party required under this Agreement and such failure is not remedied within five (5) days after written notice of such failure is given to it by the non-defaulting party;
- (viii) or deliveries have been suspended for a period of ten (10) days under Section 6.4,

(each of the foregoing events will be considered an "Event of Default") then, in addition to any and all other remedies available, the other party ("Non -Defaulting Party") will have the right to terminate this Agreement with written notice to the other party ("Termination Notice").

- (b) In the event that a Party terminates this Agreement under this Section ("Terminating Party") the Terminating Party will have the right to designate an early termination date ("Early Termination Date") as any date on or after the Event of Default. Upon the Early Termination Date, the Terminating Party will have the right to liquidate all of the remaining obligation under this Agreement by:
- (i) Determining the Market Value, as defined below, and a settlement payment in an amount equal to the difference between such Market Value and the Contract Value, as defined below, which shall be due to the Buyer if such Market Value exceeds the Contract Value and to the Seller if the opposite is the case; and
 - (ii) Discounting each amount then due under clause (i) above to present value in a commercially reasonable manner as at the time of liquidation (to take account of period between the date of liquidation and the date on which such amount would have otherwise been due); and
 - (iii) Setting off or aggregating, as appropriate, any or all settlement payments (discounted as appropriate) and (at the election of the Terminating Party) any or all other amounts owing between the parties under this Agreement so that all such amounts are aggregated and/or netted to a single liquidated amount payable by one party to the other. The net amount due shall be paid by the close of business on the Business Day following the Early Termination Date.
- (c) For purposes of this Section, "Contract Value" means the amounts of the Gas remaining to be delivered or purchased under this Agreement multiplied by the Price per unit, and "Market Value" means the amount of Gas remaining to be delivered or purchased under this Agreement multiplied by the market price per unit determined by the Terminating Party in a commercially reasonable manner. The rate of interest used in calculating net present value shall be determined by the Terminating Party in a commercially reasonable manner. The parties agree that remaining obligations under this Agreement shall constitute a "forward contract" within the meaning of the United States Bankruptcy Code.
- (d) The Terminating Party's rights under this Section are the sole and exclusive remedy of the Terminating Party. The Terminating Party shall give notice that a liquidation pursuant to this Section has occurred to the other party, no later than the Business Day following such liquidation, provided that failure to give such notice shall not affect the validity or enforceability of the liquidation or give rise to any claim against the Terminating Party.

6.6 Currencies

All references to currency, unless otherwise specified, are to lawful money of Canada. Any necessary conversions from either U.S. or Canadian currency with respect to any charges for any month will be calculated at the rate of exchange for such month being the average of the noon spot exchange rates for the U.S. dollar in terms of Canadian dollars or vice versa for such month as published by the Bank of Canada.

6.7 Inspection

Each party will have the right to inspect and examine, at reasonable times, the records and pipeline statements of the other party pertaining to the purchase and sale of gas. If any overcharge or undercharge is discovered, Seller will refund the amount of the overcharge paid by

Buyer or Buyer will pay the amount of the undercharge, within thirty (30) days after the final determination. No retroactive adjustment is required for any discrepancy beyond a period of twelve (12) months from the date it occurred. Both parties agree to request any applicable transporter for records under their agreements with the transporting pipelines if required to settle a dispute.

ARTICLE VII - POINT OF DELIVERY

7.1 Point of Delivery

The Point of Delivery will be the point of interconnection between the facilities of NOVA and TCPL at or near Empress, Alberta, Canada.

7.2 Title and Possession

Possession of and title to gas sold by Seller to Buyer will pass from Seller to Buyer at the Point of Delivery. Until the gas reaches the Point of Delivery, as between Seller and Buyer, Seller will be deemed to be in control of, have possession of, and be responsible for such gas after which Buyer will be deemed to be in control of, have possession of, and be responsible for such gas. Seller warrants that it will at the time of delivery have good title to all gas sold to Buyer, free and clear of all liens, encumbrances and claims whatsoever and that Seller will indemnify Buyer and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of any or all persons to the title of said gas, which arise prior to title passing to Buyer.

7.3 Delivery Pressure

The gas will be delivered to TCPL at TCPL's line pressure at the Point of Delivery.

7.4 Transportation

- (a) Seller will be responsible for payment of all transportation charges on the Upstream Pipelines. Subject to Section 7.4(b), Buyer will be responsible for payment of all transportation and related charges, such as Imbalance Charges, on the Downstream Pipelines.
- (b) It is the intention of the parties that Buyer will appoint Seller its agent to operate and administer the Downstream Pipeline capacity for Buyer, and the parties will cooperate and use reasonable efforts to obtain cooperation from the pipelines to accomplish this objective. Seller will be entitled to use the Downstream Pipeline capacity for its own purposes to the extent that Buyer is not fully utilizing the capacity or is not requesting the full DCQ provided that Seller will pay Buyer any variable costs as billed by the Downstream Pipeline associated with such use.

ARTICLE VIII - QUALITY AND MEASUREMENT

8.1 Quality

The quality, pressure and temperature of the Gas to be delivered shall be in accordance with the quality, pressure and temperature specifications and remedies set by NOVA. The parties acknowledge that the quality standards and remedies set by NOVA may change from time to time and agree to accept and incorporate such changes in this Agreement as such changes occur. In the event that quality, pressure and temperature standards of NOVA do not conform to those of TCPL, and TCPL refuses to transport Gas delivered under this Agreement, unless otherwise mutually agreed by Buyer and Seller, such event will be considered an event of Force Majeure.

8.2 Measurement

The volume and associated heating value of all Gas delivered shall be calculated from measurements taken at the facilities installed, operated and maintained by TCPL at the Point of Delivery. The volume and associated heating value of the Gas, reported by TCPL as received for Buyer's account, subject to verification by Seller, shall be used by Seller for billing purposes and Buyer shall cooperate with Seller by using best efforts to ensure that such information is available to Seller prior to the Invoice Date set forth in Section 6.1.

8.3 Conversions

Where required, standards of measurement will be converted to metric measures or to imperial measures. The conversion of any quantity or value referred to below will be done, where required, using the following equivalent factors as set by the Gas Industry Standards Board:

1 MMBtu (dry) x 1.055056 = 1GJ
1 MMBtu (dry) = 1 Dekatherm

1 MMcf x 28.32784 = 1 10³m³

ARTICLE IX - NOMINATIONS AND BALANCING

9.1 Nominations

By at least two (2) days prior to the commencement of each Month, Buyer will provide Seller with an estimate of the anticipated Scheduled Daily Delivery(s) for the following month. Buyer may advise Seller of any changes to the Scheduled Daily Delivery by providing sufficient advance notice to Seller to allow Seller to meet the nomination deadlines set by the Upstream and Downstream Pipelines. Seller will advise Buyer of Seller's nomination deadlines or changes to same. The parties agree to use best efforts to arrange nominations on non Business Days. If no nomination or change to the Scheduled Daily Delivery is received by Seller for any day, the last nomination, or Scheduled Daily Delivery, will remain in effect.

9.2 Imbalances

Buyer and Seller agree to use best efforts to minimize imbalances and circumstances that may give rise to Imbalance Charges. If Imbalance Charges are imposed on either party by pipelines transporting gas, as a result of the delivery, non-delivery, receipt or non-receipt of gas, Buyer and Seller will use best efforts and cooperate to expeditiously ascertain the cause of, mitigate and resolve, such Imbalance Charges. Subject to Section 7.4, it is the intent of the parties that the party responsible for causing the Imbalance Charges will be responsible for paying same, but only to the extent that such party was directly responsible and the charges could not have been reasonably avoided by the party incurring them.

ARTICLE X - FORCE MAJEURE

- 10.1 Except with regard to a party's obligation to make payments due under this Agreement, in the event either party fails, wholly or in part, to carry out its obligations under this Agreement, including the obligation to deliver or take delivery of Gas, and such failure is caused by, or is a consequence of a Force Majeure condition, if such party gives notice and particulars of the Force Majeure condition to the other party as soon as reasonably possible, then the obligations of the party giving such notice, insofar as they are affected by such a Force Majeure condition, will be suspended during the continuance of the Force Majeure condition.
- 10.2 Force Majeure conditions are those events or conditions not caused by, and beyond the reasonable control of, the affected party. Force Majeure conditions include, without limitation: acts of God, natural disaster, war, insurrection or other unlawful act against public order or authority; failure of any third party processor or transporter of Gas to receive, process, transport

or deliver Gas, even if such failure is not caused by a Force Majeure condition, provided that the party affected has contracted or arranged for firm transportation service and the failure is not caused by the party affected; failure of processing and field production facilities of, or supply from, producers contracted to Seller, but only to the extent that such failure can be demonstrated to render Seller unable to obtain supply from its contracted supply sources in western Canada above the level of its then existing firm sales obligations; explosion, fire, freezing or other accidents or acts of sabotage causing breakage of, or damage to, machinery, lines of pipe or field and delivery facilities, or temporary failure of Gas supply due to similar causes; inability to obtain, or a revocation or adverse amendment of, licenses or other necessary regulatory authorizations or where continued performance would be in violation of an order, legislation, regulation or similar direction of a government, board, agency or court having jurisdiction, which has been resisted in good faith.

- 10.3 The term Force Majeure specifically excludes lack of finances, unprofitability, and the loss, interruption, or curtailment of interruptible transportation or loss, interruption, or curtailment of firm transportation not utilizing primary receipt and delivery points on any transporter necessary to effect receipt and/or delivery of Gas, unless the same event also curtails firm transportation between primary receipt and delivery points. A Force Majeure condition affecting either party's performance under this Agreement will not relieve the non-performing party of liability to the extent that the negligence of the non-performing party or its affiliates was the proximate cause of the event, and to the extent the non-performing party fails to remedy the situation and remove or overcome the cause of the event with due diligence and all reasonable dispatch.
- 10.4 Notwithstanding the foregoing, in the event that a Force Majeure condition affects only a portion of the pool supply available for delivery by Seller, Seller shall deliver to Buyer, Buyer's pro rata share of the available supply. Buyer's pro rata share will be the percentage resulting from the DCQ divided by the total quantity of Seller's firm sales obligations on each day during the period of the Force Majeure. During the period when deliveries of Gas from Seller's supply pool are affected by a Force Majeure event, provided Seller has met its obligations under this section, Seller may, but will not be obligated to, seek out any Gas supplies which may be available outside Seller's then current contracted supply pool.

ARTICLE XI - RENEGOTIATION AND ARBITRATION

11.1 Cessation of Publication of Index

- (a) In the event that the publication used to determine the AECO Index is no longer published, the parties will negotiate in good faith to agree upon a mutually satisfactory replacement publication that represents the market price for thirty (30) day firm supplies of Gas at AECO/NIT. The effective date of such replacement publication used to determine the Empress Index will be the first Day of the Month following cessation of publication of the index or indices being replaced.
- (b) If pursuant to good faith negotiations, Seller and Buyer are unable to agree on a replacement index or indices within thirty (30) days of the date that the index or indices that had been used is no longer published, then either Party may refer the matter to arbitration pursuant to Article XII of this Agreement.

11.2 Non-Representative Price

(a) Renegotiation

After November 1, 2001, either party may, by written notice to the other party prior to May 1 of any Contract Year, request renegotiation of the AECO Index and/or the Premium. Any changes will be effective no earlier than the commencement of the following Contract

Year unless otherwise mutually agreed. The purpose of such renegotiation will be to reach agreement on a Price which will result in an overall Price for gas supplies purchased under this Agreement which is reasonably equivalent to prices for alternate firm gas supplies available to Buyer under similar terms and conditions, including an Empress, Alberta delivery point, and a term of at least five (5) years with comparable reliability and flexibility of service as provided under this Agreement. Either party may initiate a renegotiation only twice during the Initial Term of the Contract.

(b) **Referral to Arbitration**

If the parties fail to reach agreement on a Price or any component of the Price following a notice for renegotiation, unless otherwise mutually agreed, the matter will be submitted to Arbitration pursuant to Article XII. The Arbitrator(s) will determine an overall Price for gas under this Agreement which is reasonably equivalent to prices for alternate firm gas supplies available to Buyer under similar terms and conditions including an Empress, Alberta delivery point, a term of at least five (5) years with comparable reliability and flexibility of service as provided under this Agreement. In reaching such determination, the Arbitrators will have regard to the following:

- (i) the security of supply and indemnity obligations backing Seller's obligation to deliver, compared to alternate firm gas supply options available;
 - (ii) the period of time for which a firm commitment to supply is made;
 - (iii) the flexibility of the Buyer to adjust levels of take;
 - (iv) the transportation capacity management service provided by Seller for Buyer; and
 - (v) Seller's assistance to Buyer in obtaining regulatory authorization and ongoing regulatory support
- (c) Notwithstanding any other provision of this Section, unless otherwise agreed to by Seller, if an AECO Index or other in-Alberta index is agreed to or imposed by arbitration, at least the actual NOVA cost, as billed by NOVA, to transport gas to Empress, will be added to the AECO Index.

ARTICLE XII - ARBITRATION

12.1 Upon written notice from either party requiring arbitration under this Agreement as required herein or as agreed to by the parties, unless otherwise agreed to by the parties the following will apply:

- (a) the arbitration will be referred to the British Columbia International Commercial Arbitration Centre ("BCICAC") and finally resolved by arbitration under the rules of the BCICAC ("BCICAC Rules");
- (b) the place of arbitration will be Vancouver, British Columbia, Canada;
- (c) the case will be administered by the BCICAC in accordance with the "Procedures for cases under the BCICAC Rules";
- (d) each notice demanding arbitration will include a suggested arbitrator. Within fifteen (15) days following receipt of such notice, the party receiving notice will accept the arbitrator or propose an alternative arbitrator. If the parties are unable to select a single arbitrator within thirty (30) days from the date of notice, the arbitrators selected by each party will promptly select a third and the arbitration hearing will be held within sixty (60) days from

the date of notice of arbitration. Unless otherwise mutually agreed, the Hearing will not exceed thirty (30) days. Each party will pay all costs for presenting its position and the costs of the arbitrator, elected by such party in the case of a three (3) arbitrator panel. All costs for the hearing facilities and for the single arbitrator or the third arbitrator, if applicable, will be divided equally between Buyer and Seller; and

- (e) the decision of the arbitrator(s) will be delivered within thirty (30) days from the date of the conclusion of the Hearing. The decision of the arbitrator (a majority vote if an arbitration panel is used) will be final and binding, subject only to such appeal as may be permitted for binding arbitration decisions under the International Commercial Arbitration Act of British Columbia, and any regulatory approvals which may be required. The parties agree to use due diligence in obtaining such regulatory approvals.

- 12.2 Pending the outcome of any such arbitration, the terms in effect immediately prior to such arbitration will remain in effect. Any modification approved by the arbitrator(s) will be effective prospectively only, and such modification will become effective on the later of the first day of the first month following the decision of the arbitrators, or the date that all required regulatory authorizations have been received, but in no event earlier than the first day of the Contract Year following the date on which notice of the renegotiation that resulted in such arbitration was given.

ARTICLE XIII - LAWS AND REGULATORY BODIES

- 13.1 This Agreement is governed and construed in accordance with the Laws of Alberta, without recourse to the rule of conflict of laws. The parties submit to the courts of Alberta for the interpretation and enforcement hereof.

ARTICLE XIV - TRANSFER AND ASSIGNMENT

- 14.1 Either party may, without relieving itself of its obligations under this Agreement, assign any of its rights and obligations hereunder to an entity with which it is affiliated at the time of such assignment. Otherwise no assignment of any of the rights and obligations under this Agreement will be made by a party without the prior written consent of the other party, which consent will not be withheld unreasonably.

ARTICLE XV - NOTICES

- 15.1 All nominations and changes to the recipient party nominations shall be forwarded to the recipient party by telecopy prior to the latest time that such party is able to effect the necessary change of flow with the applicable transporter, and will remain in effect until replaced by a new nomination. Except where verbal notice is provided for, other notices, statements or bills will be in writing and delivered by telecopier or similar type of telecommunication, or by hand to the recipient party at the applicable address for service. Any such notice, statement, bill or other document delivered by telecommunication or hand to the addressee will be deemed to have been received at the time of delivery or at the time of transmission in the case of telecommunication, during normal office hours of the recipient party. In the event that any notices, statements or bills cannot be delivered by telecommunication then they may be delivered by means of overnight mail or courier using the fastest available form of delivery. The address for service and notices will be as follows, subject to change by written notice:

ProGas Limited
3300, 400 Third Avenue S.W.
Calgary, Alberta
T2P 4H2

City of Duluth
Department of Water and Gas
414 W. First Street
Duluth, Minnesota U.S.A. 55816-9001

General:
Attention: Vice Pres., Marketing

Attention: Mr. Bud Krause

Telephone: (403) 296-0600
Facsimile: (403) 266-0354

Telephone: (218) 723-3381
Facsimile: (218) 723-3209

Nominations:

Nominations:

Attention: Manager, Operations
Facsimile: (403) 266-0366

Attention: Mr. Ken Kangas
Facsimile: (218) 723-2309

ARTICLE XVI - MISCELLANEOUS PROVISIONS

- 16.1 This Agreement constitutes the entire agreement between the parties relating to the subject matter and supersedes any other prior agreements, written or oral, between the parties concerning such subject matter unless otherwise specifically stated. No amendment will be effective unless reduced to writing and signed by both parties.
- 16.2 The parties recognize the commercial sensitivity of the terms of this Agreement and agree to keep the terms confidential and not to divulge any of the contents to any other person, firm or corporation or other entity, except to the extent required by regulatory or judicial authorities.
- 16.3 No waiver by either party of any one or more defaults in performance of any of the provisions of this Agreement will operate or be construed as a waiver of any future default, whether of a like or difference character.
- 16.4 All references to legislation in this Agreement are intended to also apply to amendments, re-enactments, and any successor legislation which substantially adopts or duplicates such legislation.

IN WITNESS WHEREOF the parties have signed this Agreement on the dates indicated below their signatures.

PROGAS LIMITED

CITY OF DULUTH

Per: [Signature]

Per: [Signature]

Title: VICE PRESIDENT MARKETING + TRANS.

Title: Systems Operations Manager

Per: [Signature]

Date: January 15, 1999

Title: President & CEO

Date: January 13, 1999

DEPT.	INIT.
Res	
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UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

REC'D DOE/FE
MAY 20 1999 A 11:44

CITY OF DULUTH, MINNESOTA

FE DOCKET NO. 99-27-NG

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

DOE/FE ORDER NO. 1484

MAY 20, 1999

I. DESCRIPTION OF REQUEST

On April 4, 1999, ProGas U.S.A., Inc. (ProGas U.S.A.) filed an application with the Office of Fossil Energy (FE) of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),^{1/} and DOE Delegation Order Nos. 0204-111 and 0204-127, as agent for the City of Duluth, Minnesota (Duluth), requesting authorization for Duluth to import natural gas from Canada. Duluth would import up to 6,120 MMBtu^{2/} per day of natural gas, and gas required for pipeline transportation, from November 1, 1999, through October 31, 2009. Duluth, a municipal corporation that owns and operates natural gas distribution facilities, provides natural gas to industrial, commercial, and residential customers. It will be the importer of record and ultimately responsible for the import of this gas. ProGas U.S.A., as agent for Duluth, is responsible for the procurement and administration of the proposed import authorization, including filing all reports required by DOE with respect to sales transactions made pursuant to the authorization. ProGas U.S.A., a Delaware corporation with its principal place of business in Calgary, Alberta, Canada, is beneficially owned by ProGas Limited, a private Canadian corporation. ProGas U.S.A. primarily purchases natural gas from ProGas Limited and resells the supplies directly to end-users and others throughout the United States.

The imports will take place under a gas sales agreement between Duluth and ProGas Limited dated June 23, 1998. ProGas Limited will act as agent for Duluth in matters related to the operation and management of the firm transportation capacity held and paid for by Duluth on pipeline systems in Canada and the United States. Duluth will take delivery of the gas from ProGas Limited at the Empress, Alberta, interconnection between the pipeline facilities of

^{1/} 15 U.S.C. § 717b.

^{2/} One MMBtu is equal to approximately one Mcf of natural gas

TransCanada PipeLines Limited (TCPL) and Nova Corporation of Alberta (NOVA), and has arranged downstream pipeline transportation on TCPL and Great Lakes Gas Transmission Company (GLGT). The gas will be imported at the international border near Noyes, Minnesota, and then will be transported by GLGT. No new pipeline facilities would be constructed. The gas sales contract between Duluth and ProGas Limited provides that Duluth will pay a price that will be adjusted monthly based on an index quoted in Canadian Enerdata Ltd.'s *Canadian Gas Price Reporter* under the category "Alberta Spot Price." Duluth will also pay the transportation charges assessed by NOVA and a premium of \$0.03 (U.S.) per MMBtu on the volumes taken.

II. FINDING

The application filed by ProGas U.S.A., on behalf of Duluth, has been evaluated to determine if the proposed import arrangement meets the public interest requirement 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 import 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 Duluth 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. The City of Duluth (Duluth), Minnesota, is authorized to import up to 6,120 MMBtu (approximately 6,120 Mcf) per day of natural gas from Canada beginning November 1, 1999, through October 31, 2009. This gas will be imported at Noyes, Minnesota, consistent with the

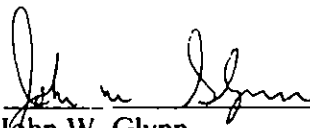
terms and conditions of the gas sales agreement between Duluth and ProGas Limited dated June 23, 1998.

B. With respect to the natural gas imports authorized by this Order, ProGas U.S.A., as agent for Duluth, will file with the Office of Natural Gas & Petroleum Import & Export Activities, within 30 days following each calendar quarter, quarterly reports indicating whether imports of natural gas have been made by Duluth. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, ProGas U.S.A. must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu (in U.S. dollars) delivered at the international border. The monthly price information will itemize separately the premium charged per MMBtu by ProGas Limited on the volumes taken by Duluth and any management fees.

C. The reports described in Ordering Paragraph B of this Order will be filed with the Office of Natural Gas & Petroleum Import & Export Activities, Fossil Energy, Room 3E-042, FE-34, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585.

D. The first quarterly report required by Ordering Paragraph B of this Order is due not later than January 30, 2000, and should cover the period from November 1, 1999, until the end of the fourth calendar quarter, December 31, 1999.

Issued in Washington, D.C., on May 20, 1999.



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