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# UNITED STATES OF AMERICA BEFORE THE DEPARTMENT OF ENERGY OFFICE OF FUELS PROGRAMS, FOSSIL ENERGY

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Midland Cogeneration Venture Limited Partnership	)	Docket No. 90-17-NG
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# APPLICATION OF MIDLAND COGENERATION VENTURE LIMITED PARTNERSHIP FOR AN ORDER AMENDING EXISTING AUTHORIZATION TO IMPORT NATURAL GAS FROM CANADA

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Midland Cogeneration Venture	)	
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Pursuant to Section 3 of the Natural Gas Act, 15 U.S.C. § 717(b) and 10 C.F.R. § 590.201-209, of the Regulations of the Department of Energy, 10 C.F.R. Part 509, Midland Cogeneration Venture Limited Partnership ("MCV") hereby requests an amendment to the authorization to import natural gas from Canada, previously granted to MCV through DOE/FE Opinion and Order No. 418, which was issued in FE Docket No. 90-17-NG on August 14, 1990, and which continues through October 31, 2004. The need for the amended authorization arises from the execution of a new gas supply agreement between MCV and it current supplier, the term of which agreement continues through October 31, 2010. The new agreement follows the provisions of the September 1, 1989, MCV-NCO Agreement reviewed in the Opinion and Order No. 418 with minor changes to provisions such as volumes and pricing to better reflect the parties current needs. In support of its request to amend its authorization to import Canadian natural gas, MCV states as follows:

### I. INTRODUCTION

#### A. Description of MCV

The exact legal name of applicant is Midland Cogeneration Venture Limited Partnership. MCV is a limited partnership organized under the laws of the State of

Michigan. Its principal place of business is located at 100 Progress Place, Midland, Michigan 48640. MCV has been organized for the purpose of constructing, operating and managing a natural gas-fired combined-cycle cogeneration facility located in Midland, Michigan.

The cogeneration facility that MCV operates was originally designed to have a generating capacity of approximately 1,370 megawatts. The Federal Energy Regulatory Commission has certified MCV's facility as a qualifying cogenerating facility under the Public Utility Regulatory Policies Act of 1978, 16 U.S.C. §§ 2601-45. Electricity produced by the facility is sold to Consumers Energy Company pursuant to a 35-year power purchase agreement. Electricity and steam output from the facility are sold to The Dow Chemical Company pursuant to a steam and electric power sales agreement. Steam is also sold to the Dow Corning Corporation pursuant to a steam purchase agreement. MCV also makes electric sales to third parties.

The MCV facility currently consumes between 110,000 and 300,000 Mcf of natural gas daily. MCV obtains gas supplies necessary to meet these requirements from domestic and Canadian sources through firm transportation arrangements utilizing Canadian natural gas pipelines, interstate natural gas pipelines and Michigan intrastate pipeline, distribution and storage facilities. The imported natural gas is transported from the international border near Emerson, Manitoba through the pipeline systems of Great Lakes Gas Transmission Limited Partnership.

### Communications regarding this notification should be directed to the following:

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#### B. Background Of These Proceedings

On September 1, 1989, MCV and North Canadian Oils Limited (NCO, which was succeeded in turn by Norcen Energy Resources Ltd., and subsequently by Union Pacific Resources Inc., which has been renamed Anadarko Canada Corporation) entered into a gas purchase agreement under which MCV was to purchase 10 MMcf per day of Canadian natural gas on a long-term basis until November 1, 2000, provided that Seller had the option to extend the Agreement for an additional three years upon 12 months' prior notice. On August 14, 1990, MCV was granted import authority for this transaction in DOE/FE Opinion and Order No. 418 (1 FE ¶ 70,344). Opinion and Order No. 418 granted authorization for this import transaction, as well as a related transaction between MCV and Poco Petroleum for a period through October 31, 2004. The gas was to be imported from Emerson, Manitoba through the pipeline systems of Great Lakes Gas Transmission Limited Partnership.

Because the Seller failed to exercise an option to extend the September 1, 1989 Agreement, MCV and Anadarko Canada Corporation (then named Union Pacific Resources Inc.<sup>1</sup>) entered into a subsequent agreement on May 23, 2000, to effectively extend service for the option period. The new agreement followed the provisions of the September 1, 1989, MCV-NCO Agreement reviewed in the Opinion and Order No. 418 with minor changes. This Agreement is slated to expire on October 31, 2002. In order to

<sup>&</sup>lt;sup>1</sup> The Department of Energy, Office of Fuels Programs, Fossil Energy was notified of this name change on October 19, 2000.

continue the underlying transaction without interruption, MCV and Anadarko Canada Corporation have entered into a new agreement which, again, follows the provisions of the September 1, 1989 MCV-NCO Agreement. The point of import, the origins of the gas, and the parties (allowing for the Seller's acquisition by Norcen, which was merged with Union Pacific, which in turn has been renamed Anadarko Canada Corporation) remain the same.

## C. Summary Of The Agreement

On December 7, 2001, MCV and Anadarko Canada Corporation executed a new Long-Term Gas Agreement (the Agreement), a copy of which is attached hereto as Appendix I.

The new agreement makes the following changes:

- The name of the Seller has been changed Anadarko Canada Corporation;
- The term "NOVA Price" is defined as the "Alberta Spot Price AECO C/N.I.T.(7A)"
  as published in Canadian Gas Price Reporter under the table titled "Canadian
  Domestic Gas Prices" in US\$/MMbtu for the month of delivery;
- The 10,219 MMBtu per day Daily Contract Quantity has been decreased to 10,000 MMBtu;
- The price provisions reference the NOVA Price reported for the subject month of gas flow plus an adjustment of US \$0.02/MMBtu;
- Should the NOVA Price index cease to be published, the price provision now
  includes procedures for establishing a replacement index if the parties are unable to
  agree upon one;
- The price provision requires MCV to reimburse Seller for 100% of the final published and approved transportation rates paid by the Seller, plus fuel charges;
- The term of the Agreement is specified as commencing on November 2, 2002 and continuing through October 31, 2010;
- The provision allowing for review by parties of applications for or amending licenses, certificates, permits, etc. is amended to provide for situations where the reviewing party finds such licenses, certificates, permits, etc. unacceptable;

- The delivery provision has been amended to provide for the assignment of transportation service agreements if MCV exercises its right to terminate the Agreement;
- The provision governing Remedies for Daily Deficiency has been updated to reflect the NOVA Price index;
- Parties are granted the right to withhold delivery or payment or terminate the
  Agreement should the other party make and assignment for the benefit of creditors,
  become bankrupt, default on a payment, fail to provide credit assurance, or become
  unable to pay its debt; and
- Seller agrees to provide a parental guaranty to Buyer.

## II. DESCRIPTION OF RELIEF REQUESTED

MCV respectfully requests that its authorization to import Canadian natural gas be amended to allow MCV to import Canadian gas purchased from Anadarko through October 31, 2010, consistent with the terms and conditions contained in the Agreement.

## III. THE REQUESTED AGREEMENT IS IN THE PUBLIC INTEREST

DOE/FE concluded in Order 305-B concerning a similar amendment to an MCV import authorization,

Under section 3 of the NGA, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486), 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 related applications must be granted without modification or delay.

Moreover, approval of the requested amendment to MCV's import authorization is in the public interest because the gas imported thereunder is competitive, is needed, and is secure.

In Order No. 418, the Department of Energy ("DOE") found that competitiveness of the imported gas would be assured by "flexible contract arrangements which permit the parties to respond to changing market conditions over the life of the import." 1 FE ¶ 70,344 (Aug. 14, 1990). The pricing mechanism contained in the Agreement is mostly unchanged, except for the modifications set forth above. The prices continue to be adjusted to reflect the changes in the net fuel equivalent of the avoided cost rate for generated power.

In Order No.418, the DOE also concluded that the need for imported gas was demonstrated. The DOE has noted that the "[n]eed for a gas supply is intrinsically related to its anticipated marketability." Policy Guidelines, 49 Fed. Reg. 6684, 6686. Gas that is shown to be competitive is presumptively needed.

In addition to this presumption, MCV's obligations under its long-term electric and steam sales agreements demonstrate an actual need for gas to be provided under the Amended Agreement. Under its agreement with Consumers Power Company, MCV is obligated to provide up to 1,240 megawatts over a term of 35 years. The extension provide by the Agreement is a critical component of MCV's efforts to arrange a competitively priced, long-term fuel supply portfolio consistent with that power sale obligation.

Finally, in Order No. 418, DOE found the supply of gas to be secure. The arrangement with Anadarko Canada Corporation, as reflected by the Agreement, continues to be a dependable and reliable source of supply. The reliability of this source of gas continues to be supported by the proximity of MCV's facility to the Canadian border.

#### IV. ENVIRONMENTAL CONSIDERATIONS

No new facilities will be constructed as a result of the Agreement. In Order No. 418, DOE noted that it had completed a review of the environmental impact of the pipeline system required to implement the imports. MCV knows of no potential harmful environmental impact as a result of the amendment sought herein.

#### V. RELATED MATTERS

MCV knows of no other proceedings pending before the DOE or FERC which are related to the matters contained herein. .

#### VI. MCV'S AUTHORITY

A statement from MCV's General Counsel is attached as Appendix 2, indicating that, in his opinion, MCV has the authority under its partnership agreement and Michigan Law to enter into the Agreement to import gas from Canada. Additionally, a copy of the verification of this application is provided as Appendix 3.

#### VII. CONCLUSION

MCV believes that this Application for an Order Amending Existing

Authorization to Import Natural Gas from Canada is consistent with the public interest as set forth in Section 3 of the NGA and that MCV's imports are competitively prices and are obtained from a secure and reliable supply source. These imports serve an established market for which there is a continuing need through the term requested herein and which need cannot be reliably served through other supply sources. They are also

supported by the DOE's conclusion, based upon its interpretation of section 3 of the NGA as amended, that 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 related applications must be granted without modification or delay.

Wherefore, MCV respectfully requests that the Department of Energy, Office of Fuels Programs, Fossil Energy issue an Order amending the Existing Authorization to Import Natural Gas From Canada consistent with the natural gas purchase Agreement between MCV and Anadarko Canada Corporation, provided herewith.

Respectfully submitted,
MIDLAND COGENERATION VENTURE

LIMITED PARTNERSHIP

By: 7 W/W C

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Dated 3/26, 2002

## APPENDIX 1

December 7, 2001
Long-Term Gas Agreement
Between
Midland Cogeneration Venture Limited Partnership
And
Anadarko Canada Corporation

#### LONG-TERM GAS AGREEMENT

This Agreement is made effective the 7th day of December 2001, between Midland Cogeneration Venture Limited Partnership ("MCV" or "Buyer") and Anadarko Canada Corporation ("ACC" or "Seller") for the purpose of entering into a long-term gas supply arrangement on the terms and conditions that follow. In this Agreement, Seller and Buyer may also be referred to individually as "Party" or collectively as "Parties."

- 1. <u>Definitions</u>. The terms used in this Agreement are defined as follows:
  - 1.1. The term "Btu" shall mean one (1) British Thermal Unit, the amount of heat required to raise the temperature of one (1) pound of distilled water one (1) degree Fahrenheit at sixty (60) degrees Fahrenheit at a constant pressure of fourteen and seventy-three hundredths per square inch absolute (14.73 psia). Btu is measured on a dry basis.
  - 1.2. The term "Business Day" shall mean any calendar day exclusive of Saturdays, Sundays, and statutory holidays under the laws of the Province of Alberta and exclusive of any day that the Federal Reserve Bank in the United States is not open for business.
  - 1.3. The term "Buyer" shall mean MCV or Midland Cogeneration Venture Limited Partnership.
  - 1.4. The term "Buyer's Transporter" shall mean transporters with whom Buyer has contracted with for the movement of gas from the Delivery Point to the Midland point on Great Lakes Gas Transmission Limited Partnership pipeline.
  - 1.5. The term "Canadian Regulatory Authorities" shall mean each provincial or local governmental agency or other authority in the Province of Alberta that has jurisdiction over the sale and removal from Alberta of gas to be sold and purchased hereunder, including without limitation, the Alberta Energy and Utilities Board, the provincial authority and each federal authority in Canada that has jurisdiction over the export from Canada of gas to be sold and purchased hereunder, including without limitation, the National Energy Board.
  - 1.6. The term "Daily Contract Quantity" or "DCQ" shall mean 10,000 MMBtu of gas per day.
  - 1.7. The term "day" shall mean the reference date for any calendar date on which the 24 hour period starts and shall mean a period of 24 consecutive hours, coextensive with the "day" as defined by the Receiving Pipeline.
  - 1.8. The term "Delivery Pipeline" shall mean the pipeline company authorized to ship gas or the physical facilities owned or operated by a pipeline company to deliver gas at the Delivery Point.
  - 1.9. The term "Delivery Point" shall mean the point specified in Exhibit A to this Agreement.
  - 1.10. The term "Force Majeure" has the meaning attributed to it in Section 10 of this Agreement.
  - 1.11. The term "gas" shall mean any mixture of hydrocarbon and non-combustible gases in a gaseous form consisting primarily of methane and includes natural gas produced from gas wells (gas well gas), gas that immediately prior to being produced from a reservoir is in solution with crude oil or dispersed in an intimate association with crude oil or in contact with crude oil across a gas-oil contact (casinghead gas), or residue gas resulting from the processing of either or both casinghead gas and gas well gas.
  - 1.12. The term "Gas Daily Monthly" shall mean the price as published in Platts Gas Daily Price Guide " for Mich.-Consum. Energy" as published in the "Monthly Contract Index" section under the column "Monthly Index".
  - 1.13. The term "GST" shall mean any amounts payable by Buyer for the goods and services tax imposed pursuant to the Excise Tax Act (Canada) or any similar or replacement value added or sales or use tax enacted under successor legislation.
  - 1.14. The term "MMBtu" shall mean one million Btu's, measured on a dry basis. For purposes of this agreement 1 MMBtu shall equal 1.055056 Gigajoules.
  - 1.15. The term NOVA shall mean the transportation system of NOVA Gas Transmission Ltd.

- 1.16. The term "NOVA Price" shall mean the "Alberta Spot Price AECO C/N.I.T.(7A)" as published in Canadian Gas Price Reporter under the table titled "Monthly Canadian and U.S. natural gas price summary" under the category titled "Canadian Domestic Gas Prices" in US\$/MMbtu for the month of delivery.
- 1.17. The term "price" shall mean the price as determined pursuant to Section 4 of this Agreement.
- 1.18. The term "Prime Rate" shall mean the fluctuating per annum lending rate of interest from time to time published by CITIBANK, NA, or its successor, for its best commercial customers
- 1.19. The term "Receiving Pipeline" shall mean the pipeline company authorized to ship gas or the physical facilities owned or operated by a pipeline company to receive gas at the Delivery Point.
- 1.20. The term "Seller" shall mean ACC or Anadarko Canada Corporation.
- 1.21. The term "Seller's Transporter" shall mean transporters with whom Seller has contracted with for the movement of gas from the NOVA Inventory Transport point to the Delivery Point
- 1.22. The term "Spot Price" shall mean for any day the price on that day as published in the Canadian Gas Price Reporter in its "Canadian domestic gas price report" section under the table titled "Daily Spot Gas Price at AECO & Nova Inventory Transfer" under the column titled "Avg. Price US\$/MMBtu".
- 1.23. The term "TPCL" shall mean TransCanada PipeLines Limited.
- 1.24. The term "United States Regulatory Authorities" means each federal, state and local governmental agency or other authority in the United States that has jurisdiction over the sale, import into the United States, transportation on facilities of Buyer's Transporters, construction or operation of Buyer's plant or sale of electricity there from, or other related matter, including, without limitation, the Office of Fossil Energy of the United States Department of Energy, the Federal Energy Regulatory Commission, and the Michigan Public Service Commission.
- 1.25. The term "U.S. Spot Price" shall mean for any day the price on that day as published in Platts Gas Daily for "Mich.-Consum. Energy" in its "Daily Price Survey" section under the column "Midpoint".

#### 2. Conditions Precedent.

- 2.1. Seller and Buyer will use diligent efforts to satisfy the following conditions precedent to this Agreement and keep each other advised as to their progress in satisfying such conditions.
  - 2.1.1. Seller obtaining all necessary certificates, permits, licenses and authorizations from Canadian Regulatory Authorities for the transactions contemplated by this Agreement for the entire term of this Agreement, including the sale and removal of the gas from the province in which the gas is produced and the export of the gas from Canada;
  - 2.1.2. Seller entering into agreements required to transport the gas to be sold hereunder to the Delivery Point on a firm basis, including, without limitation, transportation agreements with Canadian transporters for the entire term of this Agreement or if not for the entire term, for a term which together with contract renewal rights currently available to Seller would allow for gas transportation to the Delivery Point during the entire term of this Agreement:
  - 2.1.3. Buyer obtaining all necessary certificates, permits, licenses, and authorizations from United States Regulatory Authorities for the transactions contemplated by this Agreement for the entire term of this Agreement including the purchase and importation of gas from Canada and for the firm transportation of gas in the United States.

- 2.1.4. Buyer entering into agreements required to transport the gas to be purchased hereunder from the Delivery Point on a firm basis, including without limitation, transportation agreements with United States transporters for the entire term of this Agreement or if not for the entire term, for a term which together with contract renewal rights currently available to Buyer would allow for gas transportation from the Delivery Point during the entire term of this Agreement;
- 2.1.5. Buyer will provide a letter to Seller by December 15, 2001 indicating that the volumes purchased under this Agreement are for U.S. consumption and as such, are currently zero-rated for GST purposes.
- 2.2. With respect to each Party applying for the necessary regulatory authorizations from the respective jurisdictions, each Party will make the necessary applications by no later than December 15, 2001.
- Prior to applying for or amending any certificate, permit, license, or authorization necessary 2.3. for the transactions contemplated by this Agreement at or upstream of Buyer's cogeneration plant and prior to entering into any contract for the transportation of gas to be sold hereunder at or upstream of Buyer's cogeneration plant, each Party shall allow the other Party the opportunity to review and comment on such application or proposed contract. Upon receipt by either Party, on terms and conditions satisfactory to such Party, of any of its respective certificates, permits, licenses, authorizations, or proposed contracts referred to in this section, such Party shall promptly transmit to the other Party a copy of such certificate. permit, license, authorization, or proposed contract. If any such certificate, permit, license, authorization or agreement is not reasonably satisfactory to the receiving Party, the transmitting Party shall use commercially reasonable efforts, in a timely manner, to obtain such amendment or amendments to any such certificate, permit, license or authorization, or to appeal or review such certificate, permit, license, authorization or agreement, or to seek amendment or amendments to any agreement to make such certificate, permit, license, authorization or agreement reasonably satisfactory to the receiving Party. Acceptance by the receiving Party of the terms and conditions of such certificate, permit, license, authorization or agreement shall not be unreasonably withheld. If an application or appeal made by either Party for a certificate, permit, license or other authorization or agreement referred to above is denied, or not obtained, that Party shall promptly so notify the other Party. If the receiving Party does not notify the transmitting Party within twenty (20) Days the receiving Party will be deemed to have accepted the subject certificate, permits, license. authorization or agreement.
- 2.4. If any one or more of the preceding conditions precedent in this Section 2.1 above is not satisfied or waived by the Party in whose benefit it operates on or before March 1, 2002, the Parties hereto shall be released and discharged from all obligations hereunder except as provided in Section 19.3.
- Quantity. Seller agrees to deliver and sell and MCV agrees to receive and purchase each day 10,000 MMI3tu/day of gas, on a firm basis, in accordance with the terms and conditions of this Agreement.

#### 4. Price.

- 4.1. The price to be paid by Buyer to Seller for all quantities of gas delivered hereunder inclusive of all taxes and other adjustments or costs not specifically provided for herein shall be equal to the NOVA Price reported for the subject month of gas flow plus an adjustment of U.S. \$0.02/MMBtu.
- 4.2. Should the NOVA Price reported in U.S. \$/MMBtu cease to be published, Buyer and Seller shall identify and agree on a replacement index. In the event that Buyer and Seller cannot agree on a replacement index within 30 days after the commencement of negotiations, either Party may request the matter be submitted to arbitration for determination in accordance with Section 18 herein.

- 4.3. In the event that the Parties do not agree on a replacement index or a replacement index has not been established pursuant to Section 18, by the time that the next invoice is to be sent by Seller pursuant to Section 8.1, Seller shall invoice Buyer based on the last available price established pursuant to Section 4.1 (the "interim price"). Following the establishment of a replacement index, by agreement or arbitration, the interim price paid for all quantities of gas shall be adjusted to reflect the price(s) determined pursuant to the replacement index for the period during which the interim price was in effect. The Buyer or Seller, as applicable, shall pay/refund the difference between the interim and final prices to the other party within ten (10) business days.
- 4.4. In addition to the price determined in 4.1 above, the Buyer will reimburse Seller for 100% of the final published and approved transportation rates paid by the Seller to transport the gas from Nova Inventory Transfer to the Delivery Point on the pipeline systems of NOVA and TCPL, plus fuel charges on the respective pipelines, less any charges due pursuant to Section 12 herein.
- 4.5. Seller shall be responsible for all taxes prior to the Delivery Point. Buyer shall be responsible for all taxes at and after the Delivery Point.
- 5. <u>Term.</u> Deliveries and receipts of gas shall commence on November 1, 2002 and, subject to Sections 13 and 15, shall continue through October 31, 2010.

#### 6. Measurement, Quality and Pressure.

- 6.1. The volume and gross heating value of all gas purchased will be measured by the Receiving Pipeline in accordance with its tariff. The Receiving Pipeline's measurements will be used by the Parties for all purposes under this Agreement.
- 6.2. The quality, heating value, pressure, and temperature of gas sold and delivered at the Delivery Point must meet or exceed the requirements of the Receiving Pipeline's tariff.
- 6.3. Buyer shall not be obligated to purchase and may reject without notice any gas not meeting the requirements of the Receiving Pipeline's tariff ("Non-Conforming Gas"). Non-Conforming Gas that has been delivered by Seller and has been rejected by Buyer pursuant to this clause shall be considered a failure to deliver and the provisions of Section 11 shall apply for any such failure. In the event Receiving Pipeline will accept Non-Conforming Gas subject to the requirement to pay penalties, Buyer shall have the option to accept or reject Non-Conforming Gas and to the extent that Non-Conforming Gas is accepted by Buyer, any penalties levied by the Receiving Pipeline on Buyer in consequence of their acceptance of Non-Conforming Gas shall be deducted from the price to be paid Seller hereunder so that the responsibility for such penalty burdens is borne entirely by Seller.

#### 7. Deliveries.

- 7.1. Exhibit A hereto sets forth the Delivery Point under this Agreement. Seller shall not use any other point to deliver gas without Buyer's written consent, which Buyer may grant or withhold in its sole discretion.
- 7.2. To the extent that the procedures for the delivery of gas set forth herein conflict with the rules and tariffs of any authorized transporter, the transporter's rules and tariffs will control and the Parties shall cooperate fully with each other in complying with such rules and tariffs.
- 7.3. Seller agrees that transportation service agreements with NOVA and TCPL described in Section 2.1.2 will, if requested by Buyer, be assigned to Buyer in a volume equal to the DCQ if Buyer exercises its right to terminate this Agreement pursuant to Section 16.3. At the conclusion of this Agreement on October 31, 2010, if Buyer has not exercised its right to terminate this Agreement pursuant to Section 16.3, Seller agrees that upon request by Buyer, Seller shall make an assignment to Buyer of the transportation service agreements with NOVA and TCPL as such agreements are described in Section 2.1.2. Buyer shall receive the rights and obligations, including renewal rights, associated with the assigned transportation service contracts.

7.4. Notwithstanding Section 7.3, if the minimum contract renewal notice period or the minimum renewal period of one or more of the transportation service agreements change(s) during the term of this Agreement the Parties agree to adjust the assignment rights established pursuant to Section 7.3 to ensure that Seller or Buyer is not required to renew the NOVA or TCPL transportation service contracts for any period beyond the term of this Agreement pursuant to Section 5 and Section 16.3 hereof.

#### Billings, Payments and Audit.

- 8.1. The unit of measurement of gas for purposes of billing shall be MMBtu's. Seller will invoice Buyer on or before the 15th day of each month for the quantity of gas delivered in the preceding month. If the actual quantity is not available to Seller prior to such day, Seller may use estimates and all necessary adjustments shall be made on the next invoice rendered after the actual quantity has been made available to Seller.
- 8.2. Unless otherwise agreed as to mode of payment, Buyer will pay Seller by wire funds transfer to the account designated by Seller on or before the 25th day of the month in which Seller's invoice is rendered. If the 25th day is not a Business Day, Buyer will make payment on or before the Business Day that precedes the 25th day. If the Seller invoices the Buyer after the 15th day of the month, Buyer will have additional days to pay the invoice equivalent to the number of days after the 15th day of the month that the Seller invoices the Buyer.
- 8.3. If Buyer does not pay the undisputed amount of the invoice when it is due, interest will accrue on the unpaid portion of the undisputed amount of the invoice until paid, before and after judgment, at the Prime Rate from time to time, plus 2% compounded monthly.
- 8.4. If payment of the undisputed amount of an invoice is not made when due to Seller, Seller may upon 5 Business Days prior notice, suspend further delivery of gas for which any such payment is alleged to remain due until such payment(s) is made in full, including interest. Notwithstanding Section 5 of this Agreement, if such payment is not made for a further 15 Business Days, Seller may at its sole option elect to terminate this Agreement in its entirety. In the event payments are due to Buyer, if such payment is not made when due to Buyer, Buyer may upon 5 Business Days prior notice suspend further purchases of gas from Seller. Notwithstanding Section 5 of this Agreement, if payment is not made for a further 15 Business Days, Buyer may at its sole option elect to terminate this Agreement in its entirety. Any right to suspend deliveries or purchases of gas and terminate this Agreement will be in addition to and not in substitution for any other remedy, as provided herein, which Seller or Buyer, as the case may be, has either at law or in equity. Neither Party shall be liable to the other Farty whatsoever for any losses or damages suffered by a Party as a consequence of any such suspension.
- 8.5. If Buyer in good faith disputes the amount of any invoice or part of an invoice then:
  - 8.5.1. it will pay the amounts, which it accepts as correct, in accordance with the procedure set forth above.
  - 8.5.2. it will provide sufficient security in a form and substance satisfactory to Seller, acting reasonably, to guarantee, pending final settlement or adjudication of the dispute, the unpaid portion of the invoice plus 180 days of interest calculated in accordance with Section 8.3, and it is understood that in the absence of an alternative agreement, payment into escrow of all disputed unpaid portions will be deemed satisfactory security to Seller.
  - 8.5.3. Seller will not be entitled to terminate this Agreement under this Section 8.5 or suspend further delivery of gas unless Buyer terminates or does not renew the security.
  - 8.5.4. if it is determined by final settlement or adjudication that all or some portion of the disputed amount of an invoice should be paid to the Seller, then Buyer shall forthwith release the applicable amount to the Seller which shall include interest on the disputed amount calculated in accordance with Section 8.3.

- 8.5.5. nothing in this Section 8.5 herein contained shall be taken to derogate from Seller's rights to independently request financial assurances under Section 13 and to terminate this Agreement in accordance with such Section.
- 8.6. Neither Party shall be entitled to dispute the quantity of gas delivered in any month or any amount paid or payable therefore, unless the dispute is raised by notice to the other Party within two (2) years after the end of the month in question.
- 8.7. For a period of two (2) years from the end of the month in which a transaction occurs, each Party shall have the right, upon reasonable notice and at reasonable times, to examine the books and records of the other Party solely to the extent necessary to verify the accuracy of any statement or calculation made under this Agreement.
- 8.8. The provisions of this Section 8 shall apply equally to any payments from the Seller to the Buyer, adjusted as required to be applicable to such payments.

#### 9. Title, Warranty and Risk Responsibility.

- 9.1. Seller represents and warrants that it has the right to sell the gas it delivers to Buyer and that the gas is free and clear of any liens, encumbrances, or adverse claims of any kind or nature whatsoever. Seller shall indemnify and hold harmless Buyer for all claims, proceedings, losses, costs, and damages arising out of a breach of this representation and warranty including, but not limited to any associated legal fees and costs.
- 9.2. Title to the gas will transfer from Seller to Buyer at the Delivery Point. As between the Parties hereto, Seller shall be, or shall be deemed to be, in exclusive control and possession of the gas sold hereunder and responsible for any loss, damage, or injury caused thereby until the gas is delivered at the Delivery Point, at which time Buyer shall be, or shall be deemed to be, in exclusive control and possession of such gas and responsible for any loss, damage, or injury caused thereby except as otherwise provided in Section 9.1.

#### 10. Force Majeure.

- 10.1. If either Party is rendered unable to perform an obligation in this Agreement due to Force Majeure, that Party must give immediate notice to the other Party by telephone or facsimile, followed promptly by a written notice to the other containing full particulars of the Force Majeure. If such notice is given, the obligations of both Parties, except for the payment of money then due, will be suspended during the event of Force Majeure to the extent that the event causes the failure to perform and neither Party shall be deemed to have failed in such obligations to the other during such occurrence or event.
- 10.2. In this Agreement, "Force Majeure" means any occurrence which is beyond the control of the Party claiming Force Majeure and which could not have been prevented or avoided by the exercise of commercially reasonable care by that Party and includes, without limiting the generality of the foregoing, the following specific occurrences: any acts of God, strikes, lockouts, acts of the public enemy, wars, sabotage, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints, civil disturbances, explosions, breakages or accident to machinery or lines of pipe, hydrate obstructions, line freeze-ups, well blowouts and craterings, freezing of wells, curtailments of or declarations of Force Majeure relating to firm transportation service by the Delivering Pipeline or the Receiving Pipeline that applies to all of that pipeline's firm customers at the Delivery Point, or acts or orders of any federal, provincial, state, or local government, regulatory authority, or court which prevents or prohibits performance of this Agreement.
- 10.3. Notwithstanding anything to the contrary herein, the Parties agree that the settlement of strikes, lockouts, or other industrial disturbances shall be entirely within the discretion of the Party experiencing such disturbance.
- 10.4. Force Majeure shall not include: lack of market; the curtailment or stoppage of interruptible transportation; the inability of either Party to meet financial obligations; lack of firm

- transportation other than as described in Section 10.2; or lack of gas supply other than for the reasons described in Section 10.2.
- 10.5. In the event of Force Majeure, the Party claiming relief must first curtail all affected interruptible sales or purchases on the Delivery Pipeline, or the Receiving Pipeline as the case may be, before suspending deliveries or takes under this Agreement and must allocate its available gas supply or markets pro rata among all firm sales or purchases on the Delivery Pipeline or the Receiving Pipeline, as the case may be.
- 10.6. The Party claiming Force Majeure will diligently and continuously attempt to cure and use all commercially reasonable efforts to resume performance and will notify the other Party when the event of Force Majeure ends.
- 10.7. In the event of Force Majeure that prevents deliveries or receipts to a Delivering Pipeline or Receiving Pipeline on a partial basis at the Delivery Point, then such Force Majeure shall excuse only that portion of the affected Party's delivery or receipt obligation under related contracts.
- 10.8. Force Majeure will not extend the term of this Agreement.

#### 11. Remedies for Daily Deficiency.

- 11.1. In the event Seller fails to deliver the DCQ for reasons not otherwise excused by either Force Majeure or Buyer's failure to take the DCQ, Seller shall be responsible for any and all incremental gas costs incurred by Buyer in replacing such gas. Seller's obligation to pay Buyer for incremental replacement gas costs shall be computed per Section 11.2 below and shall be Buyer's sole and exclusive remedy for Seller's failure to deliver except as provided in Sections 6, 12 and 15. In the event that Buyer fails to take gas for reasons not otherwise excused by either Force Majeure or Seller's failure to deliver DCQ, Buyer shall pay Seller for any decrease in the resale price of such gas as computer per Section 11.2 below. Buyer's obligation to pay Seller for such decrease shall be Seller's sole and exclusive remedy for Buyer's failure to take gas except as provided in Sections 12 and 15.
- The Seller's damages for remedies available under Section 11.1 hereof shall be calculated 11.2. in accordance with this Section 11.2. If Buyer takes less than the DCQ required to be taken for any day during any month (a "Buyer's Daily Deficiency"), then the following shall be the measure of damages; Buyer shall pay Seller an amount equal to (a) such Buyer's Daily Deficiency (expressed in MMBtu's) multiplied by the amount, if any, by which the NOVA Price exceeds the applicable Spot Price, and (b) and the amount equal to the demand charges applied by Seller's Transporter(s) that were unutilized due to Buyer's failure to take. The Buyer's damages for remedies available under Section 11.1 hereof shall be calculated in accordance with this Section 11.2. If Seller delivers less than the DCQ required to be delivered for any day during any month (a "Seller's Daily Deficiency"), then the following shall be the measure of damages: Seller shall pay to Buyer an amount equal to (a) such Seller's Daily Deficiency (expressed in MMBtu's) multiplied by the amount, if any, by which the applicable U.S. Spot Price exceeds the Gas Daily Monthly, and (b) the amount equal to the demand charges applied by Buyer's Transporter(s) that were unutilized due to Seller's failure to deliver.
- 11.3. If a Party is liable for remedies under Section 11 ("the Non-Performing Party"), the other Party ("the Performing Party") may accelerate the payment related to the non-performance by sending an invoice to the Non-Performing Party, which invoice, if so identified as being sent per this Section, shall be paid within three (3) Business Days of the receipt of the invoice. Notwithstanding Section 8.5 hereof, all amounts due under this Section 11, including disputed amounts, must be paid when due. Disputed amounts are subject to refund plus interest as set forth in Section 8.3 if found to be incorrect.
- 11.4. Each Party reserves for itself all rights, set-offs, counterclaims, and other remedies and defenses that such Party is or may be entitled to arising solely from or out of this Agreement. For further certainty, all such rights shall relate to amounts owing under this Agreement only.

- 11.5. Except as provided in Section 9, notwithstanding anything else to the contrary contained in this Agreement, neither Party shall be liable to the other Party for consequential, special, incidental, punitive, exemplary, or indirect damages, costs, expenses, injury, or other loss, in tort, contract, negligence, or otherwise, howsoever or whosoever caused.
- 12. <u>Transportation Charges</u>. Each Party will be financially responsible to the other Party for all penalty, overrun, or other incremental charges assessed by any transporting pipeline and resulting from that Party's failure to perform its obligations under this Agreement. The non-defaulting Party shall invoice the defaulting Party and the defaulting Party shall pay the non-defaulting Party the amount owing hereunder in accordance with Section 8.

#### 13. Events of Tempination and Creditworthiness of the Parties.

- 13.1. Notwithstanding anything contained in this Agreement, in the event either party (i) makes an assignment or any general arrangement for the benefit of creditors; (ii) defaults in the payment obligation to the other party under this Agreement after taking into consideration all applicable remedy periods hereunder; (iii) files a petition or otherwise commences, authorizes, or acquiesces in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors or have such petition filed or proceeding commenced against it; (iv) otherwise becomes bankrupt or insolvent (however evidenced); (v) fails to provide credit assurance or security in accordance with Sections 13.2 or 13.3 below, as the case may be, taking into consideration all applicable remedy periods hereunder; or (vi) becomes unable to pay its debts as they fall due; then the other party shall have the right to either withhold and/or suspend delivenes or payment, or terminate this Agreement without prior notice, in addition to any and all other remedies available hereunder. Each party reserves to itself all rights, set-offs, counterclaims, and other defenses which it is or may be entitled to arising from the Agreement.
- 13.2. This Agreement is subject to Seller providing, for the term of this Agreement, a parental guaranty to Buyer in the form attached hereto as Exhibit "B." Such guaranty shall be effective as of the date of this Agreement. If the Seller's guarantor is merged, acquired or otherwise controlled by another entity and no longer has a long-term credit rating of at least BBB- by Standard & Poor's, Seller will cause a substitute guaranty in the same form without change to any material obligation and in the same amount to be issued by an affiliated entity with a minimum credit rating of BBB-. In any event, if Seller's guarantor no longer has a credit rating of at least BBB- by Standard & Poor's, Buyer shall have the right to request and Seller shall have the obligation to provide financial assurances in the form of an irrevocable standby letter of credit in an amount covering two months worth of demand charges for 10,000 MMBtu/day of gas on the Great Lakes Gas Transmission Limited Partnership pipeline. The aforementioned letter of credit shall be issued by a bank having the same qualifications as those given in Section 13.3.
- 13.3. Seller shall have the right to examine the creditworthiness of Buyer at any time throughout the term of this Agreement and shall have the right to request financial assurances from Buyer to assure Buyer's ability to perform its obligations hereunder. In the event Buyer's creditworthiness becomes impaired or unsatisfactory to Seller, then Seller shall have the right to request and Buyer shall have the obligation to provide financial assurances in the form of an irrevocable standby letter of credit in an amount covering sixty-two (62) days worth of purchases and issued by a U.S. commercial bank or foreign bank with a U.S. office having a credit rating of at least "A-" from Standard & Poor's or "A3" from Moody's. Furthermore, Seller may withhold deliveries if such security is not received within five Business Days after written notice and if such security is not provided by Buyer to Seller within twenty Business Days after written notice by Seller to Buyer, Seller may terminate this Agreement. Seller agrees that upon the date of signing this Agreement, Buyer had the ability to perform its obligations hereunder.

#### 14. Representations and Warranties.

14.1. Seller hereby covenants, represents, and warrants to Buyer that Seller is a corporation duly organized, validly existing, and in good standing under the laws of the Province of Alberta;

that the transactions contemplated by this Agreement have been duly authorized by all necessary corporate action; and that this Agreement is enforceable against Seller in accordance with its terms.

- 14.2. Buyer hereby covenants, represents, and warrants to Seller that the Midland Cogeneration Venture Limited Partnership is a limited partnership duly organized, validly existing, and in good standing under the laws of the State of Michigan; that the transactions contemplated by this Agreement have been duly authorized by all necessary partnership action; and that this Agreement is enforceable against Buyer in accordance with its terms.
- 14.3. Buyer represents and warrants that it has full and complete authority to enter into and to perform this Agreement. Seller represents and warrants that it has full and complete authority to enter into and to perform this Agreement. Each person who executes this Agreement on behalf of Buyer represents and warrants that he or she has full and complete authority to do so and that Buyer will be bound thereby. Each person who executes this Agreement on behalf of Seller represents and warrants that he or she has full and complete authority to do so and that Seller will be bound thereby.
- 15. Notices. Every notice, statement, or invoice must be in writing and delivered or sent to the other Party via hand delivery, reputable private delivery service, or facsimile. Notices, statements, or invoices delivered by hand delivery, reputable private delivery service, or facsimile will be considered delivered on the Business Day on which it was received and if sent on a day that is not a Business Day, shall be considered delivered on the next Business Day after it was sent. The addresses of the Parties are provided in Sections 15.1 and 15.2.

#### 15.1. TO SELLER:

Anadarko Canada Corporation 425 – 1<sup>st</sup> Street S.W. Box 2595 Station M Calgary, Alberta T2P 4V4

Notices:

Attn: Manager, Gas Marketing

Telephone: 403-231-0565

Facsimile: 403-231-0501

Invoices:

Attn: Marketing Accounting

Telephone: 403-231-0952 Fac:

1-0952 Facsimile: 403-231-0555

Wire Transfer: INTERMEDIARY BANK: Bank of America NT & SA, New York, NY

ACCT: 6550826336

ABA: 026009593

DETAILS: For the Account of The Toronto Dominion Bank

BENEFICIARY BANK: The Toronto Dominion Bank

340 - 5th Avenue SW, Calgary AB

TRANSIT: 80609 BANK CODE: 004

ACCT: 7310437 (U.S. Funds)

DETAILS: For the account of Anadarko Canada Corporation

#### 15.2. TO EUYER:

Midland Cogeneration Venture Limited Partnership

100 Progress Place; Midland MI 48640

Notices:

Attn: Contract Administration

Telephone: 517-633-7852

Facsimile: 517-633-7857

Irivoices:

Attn: Gas Accounting

Telephone: 517-633-7854

Facsimile: 517-633-7857

Wire Transfer: BANK: U.S. Bank Trust, N.A., Minneapolis, MN

ACCT: 180121167365 ABA: 091000022

DETAILS: MI Clearing 47300196 - FBO MCV 76608640

15.3. Either Party may change its address from time to time by giving written notice of the change to the other Party.

#### 16. Right to Terminate Agreement.

- 16.1. In addition to any other remedy of Buyer under law or provided under other provisions of this Agreement, Buyer shall have the right at its election to terminate this Agreement upon twenty (20) days written notice to Seller if Seller, for any reason, other than (i) Force Majeure, (ii) Buyer's failure to take, or (iii) a failure by Buyer to pay any undisputed amounts, fails, over a period of at least sixty (60) days, to deliver an average of ninety percent (90%) of the DCQ and provided further that such failure occurred not more than one hundred forty (140) days immediately preceding the giving of such notice of termination. Seller shall have twenty (20) days after receipt of such cancellation notice to cure any failure in which case Buyer's cancellation is null and void and this Agreement shall remain in full force and effect.
- 16.2. In addition to the other remedies of Seller under law or provided under other provisions of this Agreement, Seller shall have the right at its election to terminate this Agreement upon twenty (20) days written notice to Buyer if Buyer, for any reason, other than (i) Force Majeure, (ii) Seller's failure to deliver, or (iii) a failure by Seller to pay any undisputed amounts, fails, over a period of at least sixty (60) days, to take a volume of gas not less than an average of ninety percent (90%) of the DCQ, and provided further that such failure occurred not more than one hundred forty (140) days immediately preceding the giving of such notice of termination. Buyer shall have twenty (20) days after receipt of such cancellation notice to cure any failure in which case Seller's cancellation is null and void and this Agreement shall remain in full force and effect.
- 16.3. Subject to compliance with Section 16.4, Buyer shall have the right to terminate this Agreement with 13 months prior notice to Seller if, and only if the transportation tolls paid by Seller (exclusive of fuel) to transport the gas from Nova Inventory Transfer to the Delivery Point increases by more than a cumulative of 1.5% per calendar year from the "base" tolls as at January 1, 2002.
- 16.4. Buyer shall only be entitled to exercise the termination right described in Section 16.3 prior to October 1 of any year with effect on November 1 of the subsequent year. In addition, such notice shall not be provided prior to September 1, 2003.

#### 17. Assignment.

- 17.1. The terms, covenants and conditions hereof shall be binding on the Parties hereto and on their successors and permitted assignees.
- 17.2. Either Party may assign its interest under this Agreement with the consent of the other Party, which consent shall not be unreasonably withheld, to any company that shall succeed, by merger or consolidation, to substantially all of its assets. In the event of any such assignment, such successor shall be entitled to the rights and shall be subject to the obligations of its predecessor. Seller acknowledges that pursuant to a certain Gas Backup Agreement among Consumers Energy Company (previously Consumers Power Company), The Dow Chemical Company ("Dow") and the Midland Cogeneration Venture Limited Partnership dated January 27, 1987, Buyer may be required to make an assignment to Dow of certain rights under this Agreement. Seller specifically agrees to accept such assignments, if any, made by Buyer to Dow in accordance with the aforementioned Gas Backup Agreement; provided, however, that such assignment shall not relieve Buyer of its obligations under this Agreement absent Seller's written consent.
- 17.3. Except as provided above, neither Party shall assign this Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld provided, however, either Party may transfer its interest to any parent or affiliate by assignment, merger, or otherwise without the prior approval of the other Party, but no such transfer shall operate to relieve the transferring Party of its obligations hereunder absent the other Party's written consent. Nothing herein contained shall prevent or restrict either Party

from pledging, granting a security interest in, or assigning as collateral all or any portion of such Party's interest to secure any debt or obligation of such Party under any mortgage, deed of trust, security agreement, or similar instrument. Either Party desiring to make an assignment for which it has the right pursuant to the foregoing may request a written consent within sixty (60) days prior to such assignment from the other Party evidencing its consent.

#### 18. Arbitration.

- 18.1. If the Parties are unable to resolve a disagreement regarding a replacement index for NOVA Price, Spot Price, Gas Daily Monthly, and/or U.S. Spot Price, such disagreement shall be settled by arbitration. Either Party may then commence arbitration on the issue of a replacement index for the NOVA Price or "Spot Price" by serving written notice thereof on the other Party.
- 18.2. The Parties shall each appoint one (1) arbitrator and the two (2) arbitrators so appointed will select a third arbitrator, all of such arbitrators to be qualified by education, knowledge, and experience to resolve the dispute or controversy. If either Party fails to appoint an arbitrator within ten (10) days after a request for such appointment is made by the other Party in writing, or if the two (2) appointed fail, within ten (10) days after the appointment of the second, to agree on a third arbitrator, the arbitrator or arbitrators necessary to complete a board of three (3) arbitrators will be appointed upon application by either Party therefore to The Canadian Foundation for Dispute Resolution.
- 18.3. The jurisdiction of the arbitrators will be limited to the single issue referred to arbitration and the arbitration shall be conducted pursuant to the guidelines set forth by the Commercial Arbitration Rules of The Canadian Foundation for Dispute Resolution; provided, however, that should there be any conflict between such guidelines and the procedures set forth in this Agreement, the terms of this Agreement shall control.
- 18.4. Within fifteen (15) days following selection of the third arbitrator, each Party shall furnish the arbitrators in writing its position regarding the issue being arbitrated. The arbitrators may, if they deem necessary, convene a hearing regarding the issue being arbitrated. Within thirty (30) days following the later of the appointment of the third arbitrator or of the hearing, if one is held, the arbitrators shall notify the Parties of their decision. Such decision shall be binding on the Parties hereto and shall remain in effect until and unless changed in accordance with the provisions of this Agreement.
- 18.5. Enforcement of the award may be entered in any court having jurisdiction over the Parties.
- 18.6. Each Party will pay the expenses of the arbitrator selected by or for it, and its counsel, witnesses, and employees. All other costs of arbitration will be equally divided between Parties.

#### 19. Miscellaneous.

- 19.1. Except as specifically provided in the Exhibits hereto, this Agreement shall be governed by the laws of the Province of Alberta and the Parties irrevocably attorn to the jurisdiction of the courts of the Province of Alberta.
- 19.2. A waiver of any default will not be considered a waiver of any future default, whether of a like or different character.
- 19.3. The Parties shall keep the terms of this Agreement as well as any information derived from any arbitration proceedings relating thereto confidential unless and to the extent that information concerning this Agreement (whether it arises as a result of arbitration proceedings or otherwise) is required by a transporting pipeline or any regulatory or adjucticative body having jurisdiction.
- 19.4. Unless otherwise specified, all references to currency or dollar amounts under this Agreement are deemed to refer to United States dollars.
- 19.5. This Agreement may be amended only by a written instrument executed by the Parties hereto. Exhibits "A," "B" and "C" appended hereto are incorporated into and are part of this

Agreement, by this reference, as fully as though contained in the body of this Agreement. This Agreement, Delivery Point(s) (Exhibit A attached hereto), the Guaranty (Exhibit B attached hereto), and the Consent and Agreement (Exhibit C attached hereto) contain the entire understanding of the Parties with respect to the matters contained in said documents. There are no promises, covenants or undertakings other than those expressly set forth in said documents.

- 19.6. Whenever any provision of any appendix to this Agreement conflicts with any provision in the body of this Agreement, the provisions of the body of this Agreement shall prevail.

  References herein to an appendix shall mean a reference to an appendix of this Agreement. Reference in any appendix hereto to this Agreement to an agreement shall mean a reference to this Agreement.
- 19.7. Notwithstanding anything to the contrary contained in this Agreement, the liabilities and obligations of Buyer arising out of, or in connection with, this Agreement or any other agreements entered into pursuant hereto shall not be enforced by any action or proceeding wherein damages or any money judgment or specific performance of any covenant in any such document and whether based upon contract, warranty, negligence, indemnity, strict liability or otherwise, shall be sought against the assets of the partners of Buyer unless a partner(s) executes an express agreement specifically obligating itself to such liabilities and obligations or to the terms of this Agreement. By entering into this Agreement, Seller waives any and all right to sue for, seek or demand any judgment against such partners and their affiliates, other than Buyer by reason of the performance by Buyer of its obligations under this Agreement or any other agreements entered into pursuant hereto, except to the extent such partners have entered into agreements with the intent of obligating itself individually hereunder or are legally required to be named in any action to be brought against Buyer.
- 19.8. Without further notice or consent, each Party consents to the electronic recording of telephone conversations between the Parties. Further, each Party agrees that either Party may use these recordings in its business affairs, as it deems appropriate.
- 19.9. The division of this Agreement into sections, subsections, paragraphs, and sub-paragraphs and the provision of headings for all or any of them are for convenience of reference only and shall not affect the interpretation of this Agreement.
- 19.10. In this Agreement, unless there is something in the subject matter or context inconsistent therewith:
  - 19.10.1. words importing the singular shall include the plural and vice versa;
  - 19.10.2. words importing gender shall include the masculine, feminine and neuter genders;
  - 19.10.3. references to any statute shall extend to any orders-in-council or regulations passed under and pursuant thereto, or any amendment or reenactment of such statute, orders-in-council or regulations, or any statute, orders-in-council or regulations substantially in replacement thereof.

IN WITNESS WHIEREOF, this Agreement is executed in multiple originals effective on this  $7^{th}$  day of December 2001.

Midland Cogeneration Venture Limited Partnership

Name: LeRby W. Smith

Title: Vice President Energy Supply and Marketing

Anadarko Canada Corporation

Name:

Title:

D.M. BROWN Manager Gas Marketing

## **Delivery Point(s)**

The point on the international boundary of Canada and the United States of America near Emerson, Manitoba where the pipeline facilities of TransCanada Pipelines Limited and the Great Lakes Gas Transmission Limited Partnership are interconnected.

#### **GUARANTY**

Guaranty dated effective as of the 1st day of November 2001, by Anadarko Petroleum Corporation, a Delaware corporation (hereinafter referred to as the "Guarantor"), in favor of Midland Cogeneration Venture Limited Partnership, a Michigan limited partnership (hereinafter referred to as "Creditor").

WHEREAS, Creditor and Anadarko Canada Corporation (hereinafter referred to as "Debtor") have entered into a certain Long Term Gas Agreement dated December 7, 2001 (hereinafter referred to as the "Contract"); and

WHEREAS, as a condition precedent to Creditor's entering into the Contract, Guarantor has agreed to provide this Guaranty as provided herein;

NOW, THEREFORE, for and in consideration of the premises, Guarantor hereby agrees as follows:

- Guaranty. Subject to the terms and conditions herein, Guarantor unconditionally guarantees to Creditor the payment of amounts due and payable by Debtor pursuant to the Contract (such obligations being hereinafter referred to as the "Obligations"). In the event Debtor defaults in the payment of any of the Obligations, after thirty days written notice to Guarantor at the address provided below, Guarantor shall make such payment or otherwise cause same to be paid. Guarantor's Obligations are subject to its receiving from Creditor copies of any and all notices of defaults and events of default given by Creditor to Debtor pursuant to the Contract in the same manner and at the same time as such notices are given by Creditor to Debtor, except to Guarantor's address for notice set forth in this Guaranty.
- 2) <u>Limitations</u>. Guarantor's liability hereunder shall be limited to payments expressly required to be made under the Contract (even if such payments are deemed to be damages) and in no event shall Guarantor be subject hereunder to consequential, exemplary, equitable, loss of profits, punitive, or any other damages, except to the extent specifically provided in the Contract to be due from Debtor. As to Obligations which Guarantor is called upon to honor, Guarantor is and shall be entitled to assert any and all claims, counterclaims, defenses, offsets, and other rights which Debtor could assert against Creditor with respect to the Obligations, except as provided in paragraph 8 below. The aggregate amount covered by this Guaranty shall not exceed U.S.\$3,000,000.
- 3) Termination. This Guaranty is continuing and irrevocable and shall remain in full force and effect until the earlier of (i) the termination of the Agreement; (ii) October 31, 2010; (iii) such date on which all obligations under the Agreement have been fully satisfied, performed, and discharged; or (iv) the date on which Guarantor successfully transfers its obligations hereunder to a permitted transferee according to Section 5 below. No termination shall affect, release or discharge Guarantor's liability with respect to any Obligations existing or arising under the Contract prior to the effective date of termination.
- 4) Waivers. Except as is otherwise provided in this Guaranty, Guarantor waives notice of acceptance of the guaranty contained herein, presentment, demand, notice of dishonor, protest and notice of protest, and prosecution of litigation in connection with the Obligations.
- Amendment and Assignment. This Guaranty may be amended only by written instrument executed by Guarantor and Creditor. Neither Guarantor nor Creditor may assign its respective rights or obligations under this Guaranty without the other's written consent, where such consent shall not be unreasonably withheld or delayed. Subject to the foregoing, this Guaranty shall be binding upon and inure to the benefit of the parties hereto and their respective successors, permitted assigns, and legal representatives.

Notices. Any notice or other communication required or permitted to be given to Guarantor under this Guaranty shall be deemed to have been given when delivered personally or otherwise actually received or on the tenth (10<sup>th</sup>) day after being deposited in the United States mail if registered or certified, postage prepaid, or one (1) day after delivery to a nationally recognized overnight courier service, fee prepaid, return receipt requested, if in writing and addressed as follows:

Anadarko Petroleum Corporation Attn: Treasury Department 1200 Timberloch Place The Woodlands, TX 77380

- 7) Applicable Law. This Guaranty shall in all respects be governed by, enforced under, and construed in accordance with the laws of the State of Texas without regards to the conflicts of law..
- 8) <u>Effect of Certain Events</u>. Guarantor agrees that Guarantor's liability hereunder will not be released, reduced, impaired, or affected by the occurrence of any one or more of the following events:
  - a) The insolvency, bankruptcy, reorganization, or disability of Debtor;
  - The renewal, consolidation, extension, modification, or amendment from time to time of the Contract;
  - Except as to applicable statutes of limitations, the failure, delay, waiver, or refusal by Creditor to exercise any right or remedy held by Creditor with respect to the Contract;
  - d) The sale, encumbrance, transfer, or other modification of the ownership of Debtor or the change in the financial condition or management of Debtor.

IN WITNESS WHEREOF, Guarantor has duly executed this Guaranty effective as of the date first written above.

Albert L. Richey

Vice President and Treasurer

#### CONSENT AND AGREEMENT

CONSENT AND AGREEMENT, dated as of <u>January 10</u>, <u>2002</u>, made by <u>Anodar Ko Canada Corn</u>, a <u>Alberta</u> corporation, (the "undersigned") to the parties whose names appear on <u>Schedule A</u> attached hereto (the "Transaction Parties"), provides as follows:

- 1. Midland Cogeneration Venture Limited Partnership ("MCV"), and the undersigned entered into the Gas Sales Agreement, dated <u>December 7</u>, <u>2001</u>, as the same may be amended, modified or supplemented from time to time in accordance with the provisions thereof and of this Consent and Agreement (the "Contract"). MCV was the owner of an approximately 1370 MW gas-fired cogeneration facility in Midland, Michigan (the "Facility"). Pursuant to several separate Participation Agreements, each dated as of June 1, 1990, MCV sold and leased-back several separate Undivided Interests in the Facility under several separate Leases each having a basic term of 25 years. The general structure of the sale and lease-back transactions is described in more detail in <u>Schedule B</u> attached hereto.
- 2. The undersigned hereby acknowledges notice of the sale and lease-back transactions described in Schedule B and receipt of a photocopy of each Participation Agreement (including Appendix A thereto but excluding other Appendices, Exhibits and Schedules referenced therein unless specifically requested). Photocopies of the related Transaction Documents will be made available by MCV to the undersigned at its request for inspection. The undersigned further acknowledges and consents to the assignments of and Liens on the Contract pursuant to the Transaction Documents related to each sale and lease-back transaction, and hereby agrees with each of the Transaction Parties (provided, however, that each of the Indenture Trustees will have the rights set forth herein only until the undersigned receives written notice from such Indenture Trustee that the related Undivided Interest in the Facility is no longer subject to the Lien of the Indenture to which such Indenture Trustee is a party and the Secured Notes issued pursuant to such Indenture have been paid in full) that:
- (a) Each Owner Trustee and each related Indenture Trustee shall be entitled, after a Lease Event of Default or an Indenture Event of Default under the Lease or the Indenture, as the case may be, to which such Person is a party, to exercise any and all rights of MCV under the Contract in accordance with the terms of the related Lease, the related Lessee Security Agreement, the related Indentures and this Consent and Agreement, and the undersigned will comply in all respects with such exercise by any of such Persons.
- (b) The undersigned will give each owner Trustee and Indenture Trustee prompt written notice of any default of which it has knowledge under the Contract which, if not cured, would give the undersigned the right to suspend its performance under, or to terminate, the Contract. Each Owner Trustee and Indenture Trustee (and their respective designee(s)) shall have the right, within 30 days (or such longer period, not to exceed 90 days, as may reasonably be required to cure defaults other than defaults in respect to the nonpayment of money by MCV) of receipt by each such Person of such written notice, to cure such default.

- (c) In the event any Owner Trustee or Indenture Trustee succeeds to MCV's rights or interests under the Contract after a Lease Event of Default or an Indenture Event of Default under the Lease or the Indenture, as the case may be, to which such Person is a party, whether by foreclosure or otherwise, such Person shall have the right to exercise all rights of MCV under such Contract, and the undersigned will comply in all respects with such exercise by such Person.
- (d) The exercise of remedies under any Lease or foreclosure of any Indenture, whether by judicial proceedings or under power of sale contained in such Indenture or otherwise or any conveyance from MCV or any Owner Trustee to either related Indenture Trustee in lieu thereof, following a Lease Event of Default or Indenture Event of Default under the Lease or the Indenture, as the case may be, to which such Person is a party, shall not require the further consent of the undersigned.
- 3. It is understood and agreed that the Contract and this Consent and Agreement are subject to all tariffs and all Applicable Laws relating to such services. Except as required, in the undersigned's reasonable opinion or by any Applicable Law, the undersigned will not, without the prior written consent of each Owner Trustee and Indenture Trustee (unless MCV delivers to the undersigned a certificate stating that such consent is not required by the terms of the related Transaction Documents), cancel, amend, modify or terminate or accept any cancellation, amendment, modification or termination thereof, except if such cancellation or termination is in accordance with the express terms of the Contract, but subject to the rights of each Owner Trustee and Indenture Trustee to cure any defaults and to keep the Contract in full force and effect as provided in Section 2(b) above.
- 4. In the event that any Owner Trustee or Indenture Trustee (or their respective designee(s)) assumes the Contract or otherwise elects to perform the duties of MCV under the Contract, such Person shall not have any personal liability to the undersigned for the performance of MCV's obligations under the Contract, it being understood that the sole recourse of the undersigned seeking enforcement of such obligations shall be to such Person's interest in the Facility and the related rights and Revenues therefrom.
- 5. If the Contract is rejected by a trustee or debtor-in-possession in any bankruptcy, insolvency or similar proceeding involving any Persons other than the undersigned, or is terminated for any other reason (except as a result of a default which was not appropriately cured as provided herein and in the Contract), and if, (i) within 30 days thereafter, MCV (in the case of a bankruptcy, insolvency or similar proceeding involving any Owner Trustee or Owner Participant), any Owner Trustee, Indenture Trustee or their respective successors or assigns so request and (ii) all payment defaults under the Contract have been cured, the undersigned will execute and deliver to the Person or Persons making such request in proportion to their respective interests in the Contract a new Contract for the services remaining to be performed under the original Contract and containing the same terms and conditions as the original Contract (except for any requirements which have been fulfilled prior to such termination). Such new Contract also shall be subject to the terms of this Consent and Agreement.

- The undersigned acknowledges that after the end of the respective Lease Terms and during the respective Residual Terms, each Owner Trustee, as the assignee of an Undivided Interest in the Contract pursuant to the related Facility Agreements Assignment, shall have all of the rights and shall be liable for all of the obligations (to the extent of its respective Undivided Interest Percentage) on a non-recourse basis of MCV under the Contract. The undersigned further acknowledges that MCV shall be the initial Operator of the Facility under the Operating Agreement and further agree that the Owner Trustees may appoint any Person to serve as a successor Operator thereunder so long as such Person satisfies the requirements set forth in the Operating Agreement.
- 7. No termination, amendment or waiver of any provision of this Consent and Agreement or consent to any departure by the undersigned from any provision of this Consent and Agreement shall be effective unless the same shall be in writing and signed by the Owner Trustees, the Indenture Trustees and MCV and then such waiver or consent shall be effective only in a specified instance for the specific purpose for which it was given.
- 8. This Consent and Agreement shall be governed by, and construed in accordance with, the laws of the State of Michigan, and shall be binding on the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the undersigned by its officers thereunto duly authorized, have duly executed this Agreement as of the day and year first above written.

\_\_\_

Title:

D.M. SEOWN

Manager, Gal, warketing

Seen and Agreed to this 1 day of December , 2001.

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MIDLAND COGENERATION VENTURE LIMITED PARTNERSHIP, as Lessee

MIDLAND COGENERATION VENTURE

Title: V. P. Energy Supply & Marketing

# SCHEDULE A (to Exhibit C)

MIDLAND COGENERATION VENTURE LIMITED PARTNERSHIP, as Lessee.

FIRST MIDLAND LIMITED PARTNERSHIP,
DCC PROJECT FINANCE ONE, INC.,
EDISON CAPITAL (formerly, Mission Funding Epsilon),
BELL ATLANTIC CREDIT CORPORATION (formerly, NYNEX Credit Company),
RESOURCES CAPITAL MANAGEMENT CORPORATION,
as the several Owner Participants,

STATE STREET BANK AND TRUST COMPANY (formerly, Fleet National Bank, Shawmut Bank Connecticut, National Association, and The Connecticut National Bank), not in its individual capacity but solely as Owner Trustee under several separate Trust Agreements,

UNITED STATES TRUST COMPANY OF NEW YORK, not in its individual capacity but solely as Senior Indenture Trustee under several separate Senior Trust Indenture, Leasehold Mortgage and Security Agreements for the benefit of the Senior Secured Notes,

FIRST UNION NATIONAL BANK (formerly, Meridian Trust Company), not in its individual capacity but solely as Subordinated Indenture Trustee under several separate Subordinated Trust Indenture, Leasehold Mortgage and Security Agreements for the benefit of the Subordinated Secured Notes, and

MIDLAND FUNDING CORPORATION I AND MIDLAND FUNDING CORPORATION II, as purchasers of the Secured Notes.

# SCHEDULE B (to Exhibit C)

- A. As described below, the Owner Participants named in <u>Schedule A</u> acquired separate Undivided Interests in the Facility and leased such Undivided Interests back to MCV through separate Owner Trustees acting on behalf of separate Owner Trusts. The beneficial interest in each Owner Trust is held by Owner Participant.
- B. For purposes of this <u>Schedule B</u> and the Consent and Agreement, capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in Appendix A to the several separate Amended and Restated Participation Agreements (the "Participation Agreements"), each dated as of June 1, 1990, to which MCV, an Owner Participant, the related Owner Trustee, the related Indenture Trustees, the Funding Corporations, MDC and the Institutional Senior Bond Purchasers named therein are parties. The rules of usage set forth in such Appendices also shall apply hereto; <u>provided</u>, that when the terms defined in Appendix A to a particular Participation Agreement as relating only to the transaction contemplated therein are used in the plural herein, such terms are intended to apply to the terms applicable to the transactions contemplated by all Participation Agreements collectively. In addition, the word "related", when used with respect to any Person, interest, instrument, agreement or document, shall denote a Person which is a party to, or an interest, instrument, agreement or document which is a part of, the transaction contemplated in a particular Participation Agreement and the Transaction Documents referred to in such Participation Agreement.
- C. Pursuant to a related Participation Agreement, MCV sold and transferred to each Owner Trustee, and each Owner Trustee acquired, subject to Dow's Prior Rights and Consumers' Prior Rights, an Undivided Interest in the Facility equal to the respective Undivided Interest Percentage of such Owner Trustee (with the Undivided Interests in the Initial Assets having been sold and transferred on the First Closing Date and the Undivided Interests in the Second Closing Assets being sold and transferred on the Second Closing Date). Each Owner Trustee leased its Undivided Interest in the Facility back to the Lessee pursuant to a related Lease, under which MCV has the use, possession and control of the Undivided Interest in the Facility for the related Lease Term (with the Undivided Interests in the Initial Assets having been leased on the First Closing Date and the Undivided Interests in the Second Closing Assets being so leased on the Second Closing Date).
- D. On the Second Closing Date, (i) MCV assigned to each Owner Trustee a separate Undivided Interest in the Facility Agreements and the Cogeneration Agreements pursuant to a related Facility Agreements Assignment and a related Cogeneration Agreements Assignment, respectively, (ii) each Owner Trustee assumed the obligations of MCV under the PPA and the SEPA, to the extent of its respective Undivided Interest Percentage, pursuant to a related Cogeneration Agreements Assignment, (iii) pursuant to the related Lease, each Owner Trustee subassigned its Undivided Interests in the Cogeneration Agreements and Facility Agreements back to MCV for the respective Lease Term, subject to the Lien of the related Indentures, and MCV, as lessee, accepted such subassignment, and (iv) MCV granted to each Owner Trustee a Lien on, without limitation, MCV's right, title and interest in the related Undivided Interests in the Cogeneration Agreements and the Facility Agreements (and the Revenues therefrom) as collateral security for the related Secured Obligations pursuant to a related Lessee Security Agreement.

- E. Each Owner Trustee, as provided in the related Participation Agreement, financed a portion of the Purchase Price for its Undivided Interest in the Facility with the proceeds of Senior Secured Notes issued by it to Midland Funding Corporation I pursuant to a related Senior Trust Indenture and related Subordinated Secured Notes issued by it to Midland Funding Corporation II pursuant to a related Subordinated Trust Indenture, and Midland Funding Corporation I and Midland Funding Corporation II purchased such Secured Notes.
- F. Each Owner Trustee granted to the related Indenture Trustees Liens on, among other things, the Owner Trustee's Undivided Interests in the Facility, the Cogeneration Agreements and the Facility Agreements, the Site Interest and its interest in certain of the related Transaction Documents as collateral security for the Owner Trustee's obligations under the related Secured Notes.
- G. On the Second Closing Date, the Funding Corporations issued Bonds pursuant to a Senior Collateral Trust Indenture and a Subordinated Collateral Trust Indenture, respectively, for the purpose of participating in the payment of the Purchase Price for each Undivided Interest in the Facility and acquiring the funds necessary to purchase the Senior Secured Notes and the Subordinated Secured Notes pursuant to a related Participation Agreement. The Funding Corporations secured their obligations under the Bonds by a pledge to the related Collateral Trust Trustees of the related Secured Notes (and the collateral security therefor) held by the Funding Corporations.
- H. MCV, each Owner Trustee and Indenture Trustee and the Working Capital Lender, on the Second Closing Date, entered into an Intercreditor Agreement with the Collateral Agent providing for the deposit with and disbursement of all Revenues from the Undivided Interests in the Project by the Collateral Agent.
- I. MCV and each Owner Trustee also entered into an Operating Agreement appointing MCV as the initial operator of the Project during the respective Residual Terms, commencing on the Operation Commencement Date (as such term is defined in the Operating Agreement).
- J. On the Second Closing Date, in order to obtain necessary working capital for the operation of the Facility, MCV obtained the Working Capital Line from the Working Capital Lender and granted to the Working Capital Lender first priority Liens on MCV's right, title and interest (as subassignee of the separate Undivided Interests in the Cogeneration Agreements and the Facility Agreements during the respective Lease Terms) in and to (i) all Earned Receivables, (ii) its Natural Gas Inventory and (iii) the Gas Brokering Contract.
- K. Each Owner Trustee has agreed to reassign its Undivided Interest in the Project (including the Undivided Interest in the Facility Agreements) and the Site Interest back to MCV at the expiration of the related Support Term.

## APPENDIX 2

# Midland Cogeneration Venture Limited Partnership Statement of Authority



Gary B. Pasek
Vice President,
General Counsel and Secretary

March 15, 2002

Office of Natural Gas and Petroleum Import/Export Activities U.S. Department of Energy 1000 Independence Ave., SW, Rm 3E-042, FE-34 Washington, DC 20585

Ladies and Gentlemen:

Re: Midland Cogeneration Venture, LP's Application To Amend Existing Authorization To Import Natural Gas From Canada

With reference to 10 C.F.R. § 590.202(c) of the Department of Energy's regulations, this is my opinion as to certain matters involving the powers of Midland Cogeneration Venture Limited Partnership (MCV) to import natural gas as proposed in this application. In this regard, I have examined pertinent documents, records, and legal provisions as deemed necessary for purposes of this opinion.

Please be advised that, in my opinion:

- 1. MCV is duly organized and validly existing in good standing under the laws of the State of Michigan.
- 2. MCV has the authority to import or export natural gas.
- 3. MCV has the authority to enter into contracts and amend contracts for the purpose of purchasing, selling, importing or exporting natural gas as described in this above-referenced application.

, Gary B. Pasek

Very truly yours

GBP/SMJ/jds

## **APPENDIX 3**

Verification

State of Michigan	)	
	)	Verification
County of Midland	)	

I, LeRoy W. Smith, state under oath that I serve as Vice President, Energy Supply and Marketing of Midland Cogeneration Venture Limited Partnership, that I have reviewed the foregoing documents and they are true and accurate to the best of my knowledge and belief, and that Elisa J. Grammer is authorized to submit the foregoing filing on behalf of Midland Cogeneration Venture Limited Partnership.

Sworn and signed this 22 day of March 2002.

LeRey W. Smith, Vice President, Energy Supply & Marketing

Subscribed and sworn to before me this 25 nd day of March 2002.

Notary Public

PATRICIA A. PUFFER

Notary Public, Bay County, MI, Acting in Midland County
My Commission Expires 08/28/2002

UNITED STATES OF AMERICA

RECEIVED

DEPARTMENT OF ENERGY

APR 0 9 2002

OFFICE OF FOSSIL ENERGY

DOE/OFE/NGR

MIDLAND COGENERATION VENTURE )
LIMITED PARTNERSHIP )

FE DOCKET NO. 02-15-NG

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

**DOE/FE ORDER NO. 1765** 

#### I. DESCRIPTION OF REQUEST

On March 26, 2002, Midland Cogeneration Venture Limited Partnership (MCV) applied to the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA), and DOE Delegation Order Nos. 0204-111 and 0204-127, for authority to import up to 10,000 MMBtu² per day of natural gas from Canada. MCV is a limited partnership organized under the laws of the State of Michigan. It contracted to purchase the gas from Anadarko Canada Corporation (ACC) for a term of eight years beginning on November 1, 2002, and extending through October 31, 2010. The import volumes will be used to generate electricity and process steam at a 1,370-megawatt, natural gas-fired, combined-cycle, cogeneration facility which MCV operates in Midland, Michigan.

The gas sold to MCV will come from ACC's reserves in the province of Alberta. It will be delivered by NOVA Gas Transmission Limited (NOVA) and TransCanada PipeLines Limited (TCPL) to the international border near Noyes, Minnesota, at which point MCV will take ownership. From Noyes, Great Lakes Gas Transmission Limited Partnership will provide transportation to the power plant. The price paid under the gas purchase contract between MCV and ACC dated December 7, 2001, consists of the "Alberta Spot Price" published monthly in the Canadian Gas Price Reporter, the charges assessed by NOVA and TCPL for transportation services, and \$0.02 (U.S.) per MMBtu on all volumes taken.

#### II. FINDING

The application filed by MCV has been evaluated to determine if the proposed import arrangement meets the public interest requirement of section 3 of the NGA, as amended by

<sup>1/ 15</sup> U.S.C. § 717b.

<sup>2/</sup> One MMBtu is equal to approximately one Mcf.

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 MCV 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. Midland Cogeneration Venture Limited Partnership (MCV) is authorized to import up to 10,000 Mcf per day of natural gas from Canada beginning on November 1, 2002, and extending through October 31, 2010. The gas will be imported from Anadarko Canada Corporation at Noyes, Minnesota, under a sales contract dated December 7, 2001.
- B. With respect to the natural gas imports authorized by this Order, MCV will file with the Office of Natural Gas & Petroleum Import & Export Activities, within 30 days following each calendar quarter, reports indicating whether imports of natural gas have been made. 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, MCV must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu at the international border. The reports will also provide the following details of each import transaction: (1) the name of the seller; (2) the name of the purchaser; (3) the estimated or actual duration of the agreement; (4) the name of the United States transporter; (5) the point of entry; and (6) the geographic market served (State). [OMB NO.: 1901-0294]

- C. The quarterly reports will be filed with the Office of Natural Gas & Petroleum Import & Export Activities, Fossil Energy, Room 3E-042, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585.
- D. The first quarterly report is due not later than January 30, 2003, and should cover the period from November 1, 2002, until the end of the fourth calendar quarter, December 31, 2002.

  Issued in Washington, D.C., on April 9, 2002.

Grane Caudello
Yvonne Caudillo

Acting Manager, Natural Gas Regulation Office of Natural Gas & Petroleum Import & Export Activities Office of Fossil Energy