Fossil Energy

2 of 3

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

REC'D DOE/FE
2001 JUN 28 P 2:37

SITHE/INDEPENDENCE POWER PARTNERS, LP	)	FE DOCKET NO. 01-34-NG

ORDER GRANTING BLANKET AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 1696

JUNE 28, 2001

I. DESCRIPTION OF REQUEST

On June 25, 2001, Sithe/Independence Power Partners, LP (Independence) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),[1] and DOE Delegation Order Nos. 0204-111 and 0204-127, for blanket authority to import up to 60,000,000 Mcf of natural gas from Canada, beginning on July 1, 2001. Independence is a limited partnership, existing under the laws of the State of Delaware, with its principal place of business located in Oswego, New York. Independence's general partner, Sithe/Independence, Inc., is a wholly-owned subsidiary of Sithe Energies USA, which is a direct, wholly-owned subsidiary of Sithe Energies, Inc. (Sithe Energies). Sithe Energies is 49.9 percent owned by Exelon (Fossil) Holdings, Inc., which is a direct wholly-owned subsidiary of Exelon Generation Company, LLC (Exelon Generation). Exelon Generation is an indirect, wholly-owned subsidiary of Exelon Corporation. Sithe Energies is 49 percent privately owned by Exelon Corporations, 34.2 percent by Vivendi Universal, SA, 14.9 percent by Marubeni Corporation and one percent by Sithe Energy Management. Independence intends to import the gas on its own account as fuel for its 1,032 MW, natural gas fired electric generating plant located in New York. The requested authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by Independence 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

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1/ 15 U.S.C. § 717b.

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 Independence 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. This blanket order authorizes transactions under contracts with terms of no longer than two years.

ORDER

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

A. Sithe/Independence Power Partners, LP (Independence) is authorized to import up to 60 Bcf (60,000,000 Mcf) of natural gas from Canada over a two-year term beginning on July 1, 2001, and extending through June 30, 2003.

B. This natural gas may be imported at any point on the international border between the United States and Canada.

C. With respect to the natural gas imports authorized by this Order, Independence 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. 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, Independence 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 details of each import transaction, including: (1) the name of the seller(s); (2) the name of the purchaser(s); (3) the estimated or actual duration of the agreement(s); (4) the name of the United States transporter(s); (5) the point(s) of entry; (6) the geographic market(s) served (by State);

(7) whether sales are being made on an interruptible or firm basis; and, if applicable, (8) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price. [OMB NO.: 1901-0294]

D. The reports required by Ordering Paragraph C of this Order 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.

F. The first quarterly report required by Ordering Paragraph D of this Order is due not later than October 30, 2001, and should cover the period from July 1, 2001, until the end of the third calendar quarter, September 30, 2001.

Issued in Washington, D.C., on June 28, 2001.

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

HOGAN & HARTSON
L.L.P.

JOHN R. LILYESTROM
PARTNER
(202) 637-5633
JRLILYESTROM@HHLAW.COM

June 25, 2001

COLUMBIA SQUARE
555 THIRTEENTH STREET, NW
WASHINGTON, DC 20004-1109
TEL (202) 637-5600
FAX (202) 637-5910

Clifford P. Tomaszewski
Manager, Natural Gas Regulation
Office of Fuels Programs, Fossil Energy
U.S. Department of Energy
Forrestal Building, Room 3E-042 (FE-34)
1000 Independence Ave., S.W.
Washington, D.C. 20585

REC'D DOE
2001 JUN 25 A 10:43

34

RE: Sithe/Independence Power Partners, LP, FE Docket No. 01-[illegible]-NG, Authorization to Import Natural Gas

Dear Mr. Tomaszewski:

Pursuant to 10 C.F.R. Section 590.103, enclosed for filing are an original and fifteen copies of the application of Sithe/Independence Power Partners, LP (Independence) for authorization to import natural gas under Section 3 of the Natural Gas Act.

Enclosed is a check in the amount of $50.00 for the filing fee imposed by 10 C.F.R. Section 590.207.

Please be aware that Independence's existing authorizations, currently effective in FE Docket Nos. 92-66-NG and 92-153-NG, expire on January 1, 2016 and October 31, 2004, respectively. However, effective June 30, 2001, Independence is undertaking an extensive reorganization of its gas purchasing activities and will cease to import natural gas under the existing transaction-specific authorizations. Independence therefore requests expeditious handling of the enclosed application, such that the requested authorization may be issued in advance of that date (i.e., by no later than Friday, June 29, 2001) in order for Independence to continue to import gas supplies from Canada under new arrangements effective July 1, 2001.

15C

Please feel free to call me at (202) 637-5633 if you have any questions regarding this application.

Sincerely,

John R. Lilyestrom
Counsel for Sithe/Independence
Power Partners, LP

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

In the Matter of	)	
	)	**FE Docket No. 01-_____-NG**
Sithe/Independence	)	
Power Partners, LP	)	

APPLICATION OF SITHE/INDEPENDENCE POWER PARTNERS, LP FOR AN ORDER AUTHORIZING THE SHORT-TERM IMPORTATION OF NATURAL GAS FROM CANADA ON A BLANKET BASIS

Sithe/Independence Power Partners, LP (Independence) hereby requests issuance by the Office of Fossil Energy (OFE) of the Department of Energy (DOE) of a blanket authorization to effectuate short-term imports of natural gas from Canada. This application is submitted pursuant to Section 3 of the Natural Gas Act (NGA), 15 U.S.C. Section 717b, Department of Energy Delegation Order No. 0204-111, and the Department's regulations, 10 C.F.R. Part 590.

The blanket authorization requested herein will permit Independence to obtain competitively priced natural gas from a variety of supply sources in U.S. and Canadian markets. This accords with the Department's policy of encouraging competitive and market-responsive pricing. The gas will be transported through existing international border pipeline interconnection points. Imported gas will be carried on the existing facilities of U.S. pipeline companies.

The requested authorization is needed in blanket form in order to allow Independence to import gas on its own behalf.

Finally, Independence requests that authorization be granted no later than Friday, June 29, 2001, inasmuch as Independence will cease to import natural gas supplies under its existing transaction-specific import/export authorizations on June 30, 2001.

I.

Communications and correspondence concerning this application should be directed to the following:

Martin Rosenberg
Sithe/Independence Power Partners, L.P.
c/o Sithe Energies, Inc.
335 Madison Avenue
28th Floor
New York, NY 10017
Tel: (212) 351-0033
Fax: (212) 351-0800

and

John R. Lilyestrom
Hogan & Hartson, LLP
555 13th Street, N.W.
Washington, D.C. 20004
Telephone: (202) 637-5633
Facsimile: (202) 637-5910

II.

Independence owns and operates the Independence Facility, a natural gas fired electric generating plant of approximately 1,032 MW net capacity located in the Town of Scriba, New York. Independence is a limited partnership, existing under the laws of the State of Delaware. Independence's general partner, Sithe/Independence, Inc., is a direct, wholly-owned subsidiary of Sithe Energies USA, Inc. which is a direct, wholly-owned subsidiary of Sithe Energies, Inc. ("Sithe Energies"). Sithe Energies is owned 49.9% by Exelon (Fossil) Holdings, Inc. ("Exelon-Fossil"), which is a direct, wholly-owned subsidiary of Exelon Generation Company, LLC ("Exelon Generation"). Exelon Generation is an indirect, wholly-owned subsidiary of Exelon Corporation. PECO Energy Company ("PECO Energy") and Commonwealth Edison Company ("Commonwealth Edison"), both of which are public utilities with franchised service territories, are indirect, wholly-owned subsidiaries of Exelon Generation.

Independence's principle place of business is located at P.O. Box 1046, 76 Independence Way, Oswego, New York 13126.

Independence presently holds transaction specific authorization to import a maximum of 222,000 Mcf per day of natural gas from Canada and export 190,000 Mcf per day to Canada pursuant to the terms of an existing contractual arrangements with

Enron Power Sales, Inc. (Enron).[2] Effective July 1, 2001, Independence intends to terminate its contractual relationship with Enron and pursue other supply sources and sales in Canada and the United States. This is consistent with the free trade agreements between the two nations.

III.

Independence hereby requests authority to import up to an aggregate of 60,000,000 Mcf of natural gas from Canada over a two-year term beginning on July 1, 2001. In order to ensure maximum flexibility, Independence is asking that no daily volume limit be set on this authorization. Additionally, Independence specifically requests blanket authorization to import at or from any existing pipeline interconnection point on the international borders.

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2 Sithe/Independence Power Partners, LP, DOE/FE Opinion and Order No. 724, FE Docket No. 92-66-NG (November 19, 1992) (190,000 Mcf per day export from and import to Canada); Sithe/Independence Power Partners, LP, DOE/FE Opinion and Order No. 762A, FE Docket No. 92-153-NG (December 9, 1994) (32,000 Mcf per day import from Canada).

Independence will file with the OFE, in the month following each calendar quarter, quarterly reports as to whether sales have been made, and if so, the total monthly volumes and the average purchase price per MMBtu at the international border. The reports will also provide the details of each import transaction including: i) name of the seller(s); ii) name of the purchaser(s); iii) estimated or actual duration of the agreement(s); iv) name of the U.S. transporter(s); v) point(s) of entry; vi) the geographic market(s) served; vii) whether the imports are being made on an interruptible or firm basis; and viii) if applicable, the per unit (MMBtu) demand, commodity, and reservation components of pricing under the contract(s), any special contract price adjustment clause, and/or take-or-pay or make-up provisions. To the extent that the DOE might relieve other similarly situated holders of import authorizations from these reporting requirements in the future, Independence respectfully requests contemporaneous similar relief.

IV.

Section 3(c) of the NGA, as amended by the Energy Policy Act of 1992 (Pub. L. 102-486), states that an import of natural gas from a nation with which there is a free trade agreement in effect 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 (15 U.S.C. § 717b(c)). The authorization sought by Independence

to import natural gas from Canada, a nation with which a free trade agreement is in effect, meets the section 3(c) criterion and is, therefore, consistent with the public interest.

V.

No new facilities will be constructed in the United States for the proposed importation of natural gas. Consequently, granting this application will not be a federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act, 42 U.S.C. § 4321, et seq. Therefore, an environmental impact statement or environmental assessment is not required.

VI.

Independence submits the following exhibits in support of its application:

Exhibit A: Certificate from Counsel

Exhibit B: Form of Notice

VII.

WHEREFORE, Independence respectfully requests that the OFE expeditiously issue an order, pursuant to Section 3 of the Natural Gas Act, finding that the proposed blanket import authorization is not inconsistent with the public interest and approving it in all respects. Independence specifically requests approval by June 29, 2001.

Respectfully submitted,

John R. Lilyestrom
Hogan & Hartson, LLP
555 13th Street, N.W.
Washington, D.C. 20004
Telephone: (202) 637-5633
Facsimile: (202) 637-5910

Counsel for Sithe/Independence
Power Partners, LP

Dated: June 25, 2001

VERIFICATION

STATE OF NEW YORK)
County of New York) ss.

Sandra J. Morilla, being duly sworn, deposes and says she is VP & Treasurer for Sithe Energies, Inc., that he has read the foregoing document; that he is familiar with the contents thereof; that the statements contained therein are true and correct to the best of his knowledge, information and belief; and that he is authorized to file the same with the Office of Fossil Energy, DOE.

Sandra Morilla

SUBSCRIBED AND SWORN TO
before me this 22nd day of June 2001.

Carmen Glover
Notary Public

My Commission Expires:

CARMEN GLOVER
Notary Public, State of New York
No. #01GL6048400
Qualified in New York County
Commission Expires Sept. 25, 2002

\\\DC - 67471/11 - #1346849 v1

Appendix A

FE Docket No. FE01-_____-NG

CERTIFICATE FROM COUNSEL

H

June 22, 2001

Office of Fuels Programs, Fossil Energy
U.S. Department of Energy
1000 Independence Avenue, S.W.
Room 3H087 (FE-34)
Washington, D.C. 20585

RE: Application of Sithe/Independence Power Partners, LP
for Authorization to Import Natural Gas

Dear Sir/Madam:

Pursuant to 10 C.F.R. Section 590.202, this certificate of counsel is hereby furnished in connection with the Application of Sithe/Independence Power Partners, LP (Independence) for authorization to import natural gas pursuant to Section 3 of the Natural Gas Act.

In respect of the above, to the best of my knowledge:

- Independence is a duly organized limited partnership, validly existing and in good standing under the laws of the State of Delaware and

- The proposed importation of natural gas is within the powers of Independence; and

- Independence either has complied with or is in the process of complying with applicable state rules and regulations of state regulatory authorities in the states in which it operates.

Respectfully submitted,

FE Docket No. 01-_____-NG

FORM OF NOTICE

B

DEPARTMENT OF ENERGY

Office of Fuels Programs, Fossil Energy

[FE Docket No. 01-_____-NG]

___ FR ___

June ___ , 2001

Sithe/Independence Power Partners, LP, Receipt of Application to Import Natural Gas

ACTION: Notice of application for blanket authorization to import natural gas from foreign markets.

SUMMARY: The Office of Fossil Energy (OFE) of the Department of Energy (DOE) gives notice of receipt on June ___, 2001, of the application of Sithe/Independence Power Partners, LP (Independence) for blanket authorization to import natural gas from Canadian markets. Authorization is requested to import an aggregate of 60,000,000 Mcf over a two-year term beginning on July 1, 2001. The specific terms of each import would be negotiated on an individual basis, including price and volume. According to Independence, the transactions it presently contemplates will utilize existing pipelines and related facilities and will not require the construction of new facilities. Independence proposes to submit quarterly reports to the OFE, giving the specific details of each transaction.

DATES: The application is filed with the OFE pursuant to Section 3 of the Natural Gas Act and DOE Delegation Order No. 0204-111. Protests, motions to intervene or notices of intervention, as applicable, and written comments are to be filed no later than 4:30 p.m., on _____ 2001.

FOR FURTHER INFORMATION CONTACT:

_____, Office of Fuels Programs, Fossil Energy, U.S. Department of Energy, Forrestal Building, 1000 Independence Avenue, S.W., Washington, DC 20585, (202) 586-____ .

_____, Office of General Counsel, Natural Gas and Mineral Leasing, U.S. Department of Energy, Forrestal Building, 1000 Independence Avenue S.W., Washington, DC 20585, (202) 586-____.

SUPPLEMENTARY INFORMATION: The decision on this application will be made consistent with the DOE's gas import and export policy guidelines, under which the competitiveness of the import arrangement and the need for domestic supplies for which export authorization is sought are the primary considerations in determining whether the authorizations sought are in the public interest (49 Fed. Reg. 6684, February 22, 1984). The authorizations requested in the subject application are similar to those recently granted by the OFE to other applicants. Consistent with the reporting requirements imposed in those authorizations, Applicant states it will undertake to comply with the following requirements:

1. Notify the OFE in writing of the date of first delivery of natural gas imported under the requested authorization within two weeks of the date of such delivery.

2. With respect to all imports made pursuant to the requested authorization, file with the OFE in the month following each calendar quarter, quarterly reports indicating, by month, whether sales have been made, and if so, the details of each transaction. The reports shall include the purchase and sales prices, volumes, any special contract price adjustments, take or make-up provisions, duration of the agreements, ultimate sellers and purchasers, transporters, points of entry, and markets served.

Parties that may oppose this application should comment in their responses on the issue of competitiveness as set forth in the policy guidelines. The applicant asserts that the proposed import arrangements are competitive. Parties opposing the arrangement bear the burden of overcoming this assertion.

PUBLIC COMMENT PROCEDURES: In response to this notice, any person may file a protest, motion to intervene, or notice of intervention, as applicable, and written comments. Any person wishing to become a party to the proceeding and to have the written comments considered as the basis for any decision on the application must, however, file a motion to intervene or notice of intervention, as applicable. The filing of a protest with respect to this application will not serve to make the protestant a party to the proceeding, although protests and comments received from persons who are not parties will be considered in determining the appropriate procedural action to be taken on the application. All protests, motions to intervene, notices of intervention, and written comments must meet the requirements that are specified by the regulations in 10 CFR

Part 590. They should be filed with the Office of Fuels Programs, Fossil Energy, Room _____, Forrestal Building, 1000 Independence Avenue S.W., Washington, DC 20585. They must be filed no later than 4:30 p.m., _____, 2001.

REC'D DOE/FE
99 DEC 10 A 9:33

BEFORE THE DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

ENRON NORTH AMERICA CORP. § DOCKET NO. 99-185-NG

APPLICATION OF ENRON NORTH AMERICA CORP.
FOR BLANKET AUTHORIZATION
TO IMPORT AND EXPORT NATURAL GAS

ENRON NORTH AMERICA CORP. (FORMERLY ENRON CAPITAL & TRADE RESOURCES CORP.) ("ENA") hereby submits this application pursuant to Senior 3 of the Natural Gas Act ("NGA"), 15 U.S.C. § 717b, the Department of Energy ("DOE") Delegation Order Nos. 0204.111 and 0204.127, and the regulations of DOE found at 10 C.F.R. Part 590, requesting blanket authorization to import up to 700 Bcf a year of natural gas produced in Mexico and Canada and to export up to 700 Bcf per year of natural gas to markets in Mexico and Canada, for a term of two years commencing January 1, 2000. ENA currently has blanket import/export authority under Order No. 1322 for Mexico and 1323 for Canada issued by the DOE, effective from January 1, 1997 through December 31, 1999. Renewal of this blanket authorization is in the public interest.

In support of this application, ENA submits the following:

I.

Communications and correspondence regarding this application should be addressed to:

Leslie J. Lawner
Attorney for
Enron North America Corp.
712 North Lea
Roswell, New Mexico 88201
(505) 625-2820

Monica C. Jordan
Attorney for
Enron North America Corp.
P.O. Box 1188
Houston, Texas 77251-1188
(713) 853-5910

II.

The exact name of the applicant is Enron North America Corp. ENA is a Delaware corporation with its principle place of business in Houston, Texas. It is a wholly owned subsidiary of Enron Corp. ENA is a marketer of natural gas and ships gas on virtually every

major interstate pipeline system in the U.S. and Canada. ENA purchases gas from the major producing areas in the U.S. and Canada and serves markets throughout the U.S. and Canada. ENA purchases gas from the major producing areas in the U.S. and Canada and serves markets throughout the U.S., Canada and Mexico.

III.

By this application, ENA seeks authorization to import up to 700 Bcf annually of natural gas from Mexico and Canada, to enable ENA to serve various spot and long-term markets. ENA also seeks authorization to export natural gas to buyers located in Mexico and Canada, also up to 700 Bcf annually. ENA requests this authorization for a minimum period of two years, or longer, if DOE determines that such would be in the public interest so that ENA may efficiently and economically serve its existing and future commitments. ENA intends to utilize such facilities as may exist at the time the gas is exported or imported hereunder, accordingly, this application does not request approval of construction of any facilities.

ENA will notify the DOE's Office of Fossil Energy in writing of the date of first delivery hereunder and will file such reports as may be required by that Office.

IV.

Pursuant to Section 590.202 of DOE's regulations, ENA states that the import authorization would enable it to purchase up to 700 Bcf's of natural gas annually. The export authorization will enable ENA to export gas to markets in Mexico and Canada.

ENA is affiliated with four major interstate pipelines in the U.S.: Northern Natural Gas Co., Transwestern Pipeline Company, Florida Gas Transmission Co. and Northern Border Pipeline Company. ENA is also affiliated with Houston Pipe Line Company, a Texas intrastate pipeline company, and Louisiana Resources Pipeline, a Louisiana intrastate pipeline company. One or more of these affiliated companies may be involved in subsequent import or export transactions.

ENA is a major marketer of natural gas in North America. ENA sells gas to distribution companies, electric utilities, industrial users, cogeneration facilities and other marketers. The location, size and diversity of ENA's markets require it to find diverse supplies both geographically and economically. ENA would include foreign supplies in its portfolio as these supplies become available to it on reasonable terms and at competitive prices.

ENA does not contemplate the construction of any new facilities as part of this application. Accordingly, this application, if granted, would not have any measurable environmental impact. The application does not contemplate a Federal action significantly

affecting the quality of the human environment under the National Environmental Policy Act, 42 U.S.C. §§ 4321 *et seq*. No environmental assessment or impact statement is therefore required.

V.

ENA's current import/export authorizations expire on December 31, 1999. ENA therefore requires that this new authorization be granted so that ENA will not experience a disruption in its ability to bring gas into or out of the U.S. to serve its markets. The authorization requested will further enable ENA to serve new markets with new supplies, both of which may have been unavailable to ENA in the past. The authorizations sought are in the public interest in that they enhance gas and interfuel competition in the North American market, consistent with the North American Free Trade Agreement and other federal policies designed to foster trade between the U.S. and Mexico and Canada. This can be achieved by granting the requested authorization to commence January 1, 2000, for a minimum term of two years.

WHEREFORE, ENA respectfully request that the authorizations described herein be granted as consistent with the public interest.

Respectfully submitted,

Monica C. Jordan

Monica C. Jordan
Attorney for Enron North America Corp.

Dated: December 7, 1999

CERTIFICATE OF COUNSEL

Pursuant to 10 C.F.R. Section 590.202, this Certificate of Counsel is hereby furnished in connection with the application of Enron North America Corp. ("ENA") for authorization to import and export natural gas to and from Mexico and Canada pursuant to Section 3 of the Natural Gas Act. In respect to this application, I am of the opinion that:

- ENA is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and
- The proposed importation and exportation of natural gas is within the corporate powers of ENA.

Dated: December 7, 1999

By: Monica C. Jordan

Monica C. Jordan
Attorney for Enron North America Corp.

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

ENRON NORTH AMERICA CORP. (Formerly Enron Capital & Trade Resources Corp.)	FE DOCKET NO. 99-105-NG

ORDER GRANTING BLANKET AUTHORIZATION TO
IMPORT AND EXPORT NATURAL GAS
FROM AND TO CANADA AND MEXICO

DOE/FE ORDER NO. 1558

DECEMBER 23, 1999

102A

I. DESCRIPTION OF REQUEST

On December 10, 1999, Enron North America Corp. (ENA)[1/] 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) [2/] and DOE Delegation Order Nos. 0204-111 and 0204-127, for authorization to import and export natural gas from and to Canada and Mexico.[3/] ENA requests authority to import from Canada and Mexico a combined total of up to 700 Bcf annually of natural gas. In addition, ENA requests authority to export to Canada and Mexico a combined total of up to 700 Bcf annually of natural gas. The term of this authorization would be for two years beginning January 1, 2000, and extending through December 31, 2001. ENA, a Delaware corporation with its principal place of business in Houston, Texas, is a wholly-owned subsidiary of Enron Corporation. ENA will import and export the natural gas under short-term and spot market arrangements for sale to ENA's markets throughout the United States and Mexico. The proposed authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by ENA has been evaluated to determine if the proposed import and export 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

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1/ Formerly Enron Capital & Trade Resources Corporation.

2/ 15 U.S.C. § 717b.

3/ Currently, ENA is authorized to import up to 400 Bcf of natural gas from Mexico and to export up to 400 Bcf of natural gas to Mexico over a two-year term from January 1, 1998, through December 31, 1999. *See* DOE/FE Order No. 1322, issued October 27, 1997 (1 FE ¶ 71,476), as amended by DOE/FE Order No. 1322-A , issued November 26, 1999 (not yet published). In addition, ENA is authorized to import up to 1,000 Bcf of natural gas from Canada and to export up to 1,000 Bcf of natural gas to Canada over a two-year term from January 1, 1998, through December 31, 1999. *See* DOE/FE Order No. 1323 issued October 27, 1997(1 FE ¶ 71477), as amended by DOE/FE Order No. 1323-A, issued November 26, 1999 (not yet published). Due to a typographical error in Ordering paragraph A of both Order 1322 and 1323, the expiration dates mistakenly read December 31, 2000.

import or export of natural gas from or to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by ENA to import and export natural gas from and to Canada and Mexico, nations with which free trade agreements are in effect, meets the section 3(c) criterion and, therefore, is consistent with the public interest. This blanket order authorizes transactions under contracts with terms of no longer than two years. Consistent with our treatment of similar blanket applications, including those filed previously by ENA, and to maximize flexibility, there will be no restriction on the annual volumes that may be imported and exported.

ORDER

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

A. Enron North America Corp. (ENA) is authorized to import up to a combined total of 1,400 Bcf of natural gas from Canada and Mexico. ENA is also authorized to export up to a combined total of 1,400 Bcf of natural gas to Canada and Mexico. The term of this authorization is for a period of two years beginning January 1, 2000, and extending through December 31, 2001. This natural gas may be imported and exported at any point on the border between the United States and each of these nations.

B. With respect to the natural gas imports and exports authorized by this Order, ENA shall file within 30 days following each calendar quarter, reports indicating whether imports or exports of natural gas have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports or exports of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If imports or exports have occurred, ENA must report the following: (1) total monthly volumes in Mcf; (2) the average monthly purchase price of

gas per MMBtu at the international border; (3) the name of the seller(s); (4) the name of the purchaser(s); (5) the estimated or actual duration of the agreement(s); (6) the name of the U. S. transporter(s); (7) the point(s) of entry and exit; and (8) the geographic market(s) served (for imports, by State). For import transactions only, the report shall also include: (1) whether sales are being made on an interruptible or firm basis; and, if applicable, (2) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price.

[OMB No.: 1901-0294]

C. With respect to the quarterly reports required by this Order, ENA shall file them with the Office of Natural Gas & Petroleum Import & Export Activities, Fossil Energy, Room 3F-056, 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 April 30, 2000, and should cover the period from January 1, 2000, until the end of the first calendar quarter, March 31, 2000.

Issued in Washington, D.C., on December 23, 1999.

_____

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

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

REC'D DOE/FE
2001 NOV -9 P 3: 16

ENRON CANADA CORP.)

Docket No. 01-76-NG

APPLICATION OF ENRON CANADA CORP.
FOR BLANKET AUTHORIZATION TO IMPORT
AND EXPORT NATURAL GAS

Enron Canada Corp. (ECC") hereby submits this application pursuant to Section 3 of the Natural Gas Act ("NGA"), 15 U.S.C. § 717b, the Department of Energy ("DOE") Delegation Order Nos. 0204.1111 and 0304.127, and the regulations of the DOE found at 10 C.F.R. Part 590, requesting blanket authorization to import and export up to 900 Bcf annually of natural gas from and to Canada. We request authorization for a two-year period commencing January 1, 2002, through December 31, 2003. ECC currently has blanket import/export authority under Order No. 789-C issued on December 7, 1999. The granting of this blanket authorization is in the public interest.

In support of this application, ECC submits the following:

I.

Communications and correspondence regarding this application should be addressed to:

Leslie J. Lawner Director, Enron Corp. 712 North Lea Avenue Roswell, NM 88201 (505) 623-6778 Fax: (505) 625-2820	Donna Fulton Director, Enron Corp. 1775 I St. NW, Suite 800 Washington, DC 20006 (202) 466-9149

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II.

The exact name of the applicant is Enron Canada Corp. ECC is an Alberta corporation with its principal place of business in Calgary, Alberta. It is a wholly owned indirect subsidiary of Enron Corp. ECC purchases gas from the major producing areas in the U.S. and Canada and serves markets throughout North America.

III.

By this application, ECC seeks authorization to import and export up to 900 Bcf annually of natural gas from and to Canada, to enable ECC to serve its markets. ECC requests that this authorization be for a minimum period of two years, or longer, if DOE determines that such would be in the public interest, so that ECC may efficiently, reliably and economically serve its existing and future commitments. ECC intends to utilize such facilities as may exist at the time the gas is exported or imported hereunder, and so this application does not request approval of construction of any facilities.

ECC will submit to DOE such reports as may be required by DOE or its Office of Fossil Energy.

IV.

Pursuant to Section 590.202 of DOE regulation, ECC states that the import and export authorization would enable it to purchase and sell up to 900 Bcf annually. The authorization would enable ECC to buy and sell natural gas in the United States.

ECC is affiliated with four major interstate pipelines in the United States: Northern Natural Gas Co., Transwestern Pipeline Company, Florida Gas Transmission Co. and Northern Border Pipeline Company. One or more of these pipelines may transport the gas imported or exported under the requested authorization.

ECC is a major marketer of natural gas in North America. ECC sells to distribution companies, electric utilities, industrial and commercial consumers, cogeneration facilities and to other resellers. The location, size and diversity of ECC's markets require it to find diverse supplies, geographically and economically. ECC's portfolio includes supplies from other countries as those supplies are available to it on reasonable terms and at competitive prices.

ECC does not contemplate the construction of any new facilities as part of this application. Accordingly, this application, if approved, would not have any measurable environmental impact. The application does not require any Federal action significantly affecting the quality of the human environment under the National Environmental Policy Act, 42 U.S.C. §§ 4321 *et. seq.* No environmental assessment or impact statement is therefore required.

V.

ECC's current import/export authorization under Order No. 789-C expires on December 31, 2001. ECC therefore requests that this new authorization be granted to be effective on January 1, 2002, so that ECC will not experience any disruption in its ability to bring gas into or out of the U.S. to serve its markets. The authorization requested will further enable ECC to serve new markets with new supplies, both of which may not have

been accessible in the past. The authorization sought are in the public interest in that they enhance natural gas and interfuel competition in the North American market, consistent with the North American Free Trade Agreement and other federal policies designed to foster trade between the U.S. and its neighboring countries.

WHEREFORE, ECC respectfully requests that the authorization sought herein be granted as consistent with the public interest.

Respectfully submitted,

Enron North America Corp.

Leslie Lawner
Director
Global Government Affairs
712 North Lea
Roswell, New Mexico 88201

Dated: November 7, 2001

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UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

ENRON CANADA CORP.	)	FE DOCKET NO. 01-76-NG

ORDER GRANTING BLANKET AUTHORIZATION TO
IMPORT AND EXPORT NATURAL GAS
FROM AND TO CANADA

DOE/FE ORDER NO. 1745

DECEMBER 5, 2001

183A

I. DESCRIPTION OF REQUEST

On November 9, 2001, Enron Canada Corp. (ECC) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),[1/] and DOE Delegation Order Nos. 0204-111 and 0204-127, for blanket authorization to import and export up to 1800 billion cubic feet of natural gas from and to Canada over a two-year term commencing January 1, 2002, and extending through December 31, 2003. ECC is an Alberta corporation with its principal place of business in Calgary, Alberta. ECC is a wholly-owned indirect subsidiary of Enron Corporation. ECC purchases gas from the major producing areas in the United States and Canada and serves markets throughout North America. The requested authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by ECC has been evaluated to determine if the proposed import and export 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 or export of natural gas from or to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by ECC to import and export natural gas from and to Canada, a nation with which a free trade agreement is in effect, meets the

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1/ 15 U.S.C. § 717b.

section 3(c) criterion and, therefore, is consistent with the public interest. This blanket order authorizes transactions under contracts with terms of no longer than two years.

ORDER

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

A. Enron Canada Corp. (ECC) is authorized to import and export up to a combined total of 1800 billion cubic feet of natural gas from and to Canada over a two-year term commencing January 1, 2002, and extending through December 31, 2003. This natural gas may be imported or exported at any point on the international border between the United States and Canada. B. With respect to the natural gas imports and exports authorized by this Order, ECC shall file with Office of Natural Gas & Petroleum Import & Export Activities, within 30 days following each calendar quarter, reports indicating whether imports or exports of natural gas have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports or exports of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If imports or exports have occurred, ECC must report the following:

(1) total monthly volumes in Mcf; (2) the average purchase price of gas per MMBtu at the international border; (3) the name of the seller(s); (4) the name of the purchaser(s); (5) the estimated or actual duration of the agreement(s); (6) the name of the United States transporter(s); (7) the point(s) of entry or exit; (8) the geographic market(s) served (for imports, by State). For import transactions only, the report shall also include: (1) whether sales are being made on an interruptible or firm basis; and, if

applicable, (2) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price. [OMB No.: 1901-0294]

C. The first quarterly report required by Ordering Paragraph B of this Order is due not later than April 30, 2002, and should cover the period January 1, 2002, until the end of the first calendar quarter, March 31, 2002.

D. The quarterly reports required by Ordering Paragraph B of this Order shall 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.

Issued in Washington, D.C., on December 5, 2001.

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

agreement is in effect, meets the Section 3(c) criterion and is, therefore, consistent with the public interest.

WHEREFORE, for the foregoing reasons, PGE respectfully requests that the OFE grant the requested blanket import authorization in a timely fashion.

DATED: September 2, 1999.

Respectfully Submitted,

Robin Tompkins

Robin Tompkins, Attorney for
Portland General Electric Company

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

PORTLAND GENERAL ELECTRIC COMPANY	)	FE DOCKET NO. 99-65-NG

ORDER GRANTING BLANKET AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 1515

SEPTEMBER 20, 1999

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I. DESCRIPTION OF REQUEST

On September 15, 1999, Portland General Electric Company (PGE) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA)[1/] and DOE Delegation Order Nos. 0204-111 and 0204-127, requesting blanket authorization to import up to 90 Bcf of natural gas from Canada. The term of the authorization will be two years beginning on November 3, 1999,[2/] through November 2, 2001. PGE, an Oregon corporation with its principal place of business in Portland, Oregon, is an electric utility and a wholly-owned subsidiary of Enron Corp. PGE will import this gas under spot and short-term purchase arrangements to use as fuel for its Beaver and Coyote Springs electric generating plants. The specific terms of each import transaction, including price and volume, would be negotiated at arms length in response to market conditions. The requested authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by PGE 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 importation of natural gas from a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by PGE to import natural gas from Canada, a nation with which a free trade agreement is in effect, meets the

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1/ 15 U.S.C. § 717b.

2/ This is the expiration date of PGE's existing blanket import authorization granted by DOE/FE Order No. 1245 dated January 31, 1997 (1 FE ¶ 71,360).

section 3(c) criterion and, therefore, is consistent with the public interest. This blanket order authorizes transactions under contracts with terms of no longer than two years.

ORDER

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

A. Portland General Electric Company (PGE) is authorized to import from Canada, at any point on the international border, up to 90 Bcf of natural gas over a two-year term beginning on November 3, 1999, and extending through November 2, 2001.

B. With respect to the natural gas imports authorized by this Order, PGE will file, within 30 days following each calendar quarter, reports indicating whether imports of natural gas have been made. If imports of natural gas have not been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, PGE must report the following information: (1) total monthly volumes in Mcf; (2) the average monthly purchase price of gas per MMBtu at the international border; (3) the name of the seller; (4) the name of the purchaser(s); (5) the estimated or actual duration of the agreement(s); (6) the name of the United States transporter(s); (7) the point(s) of entry; and (8) the geographic market(s) served (by State). The report will also include this additional information: (1) whether sales are being made on an interruptible or firm basis; and, if applicable, (2) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price. [OMB No.: 1901-0294]

C. The reports required in Ordering Paragraphs 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, SW., 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 3, 1999, until the end of the fourth calendar quarter, December 31, 1999.

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

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

UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY
WASHINGTON, D.C.

In the Matter of	)	
	)	Docket No. 99-65-NG
PORTLAND GENERAL	)	
ELECTRIC COMPANY	)	

FEC'D DOE/FE
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APPLICATION OF
PORTLAND GENERAL ELECTRIC COMPANY
FOR AN ORDER AUTHORIZING THE IMPORTATION
OF NATURAL GAS FROM CANADA

Pursuant to Section 3 of the Natural Gas Act ("NGA"), 15 U.S.C. § 717b, Department of Energy Delegation Order Nos. 0204-111 and 0204-127, and 10 CFR Part 590, Portland General Electric Company ("PGE") hereby submits this request to the Department of Energy, Office of Fossil Energy ("OFE") for blanket authorization to import natural gas from Canada for use at its Beaver and Coyote Springs generating facilities and for resale to others.

Due to the press of business, PGE has inadvertently missed the 90-day filing deadline set forth in 10 CFR § 590.201(b) that would allow authorization to become effective by November 3, 1999. PGE respectfully requests, pursuant to this regulation, that the OFE waive the 90-day filing requirement and allow authorization to become effective as of November 3, 1999, considering that in all substantive respects PGE is requesting the same authorization previously granted in Docket No. 97-02-NG, and also considering the potential hardship an interruption in Canadian imports would impose on PGE's customers as well as its Canadian suppliers. Alternatively, PGE requests that the OFE issue an emergency interim order, pursuant to 10 CFR § 590.403, authorizing PGE to continue importing gas from Canada pending further investigation and a final opinion and order.

In support hereof, PGE respectfully states as follows:

I.

The exact name of PGE is Portland General Electric Company. Correspondence concerning this Application should be addressed to:

Robin Tompkins
Assistant General Counsel
Portland General Electric Company
121 SW Salmon Street, 1WTC1301
Portland, Oregon 97204
(503) 464-7037

and

Patricia Scherzinger
Manager, Fuel Operations
Portland General Electric Company
121 SW Salmon Street, 3WTCBR06
Portland, Oregon 97204
(503) 464-7165

II.

PGE is a wholly-owned subsidiary of Enron Corp., organized and existing under the laws of the state of Oregon with its principal place of business at 121 SW Salmon Street, Portland, Oregon 97204. PGE is an electric utility and owns generating facilities, known as the Beaver and Coyote Springs plants, which use natural gas as a fuel. PGE's revised Articles of Incorporation and Bylaws are attached hereto as Appendix A. The opinion of the undersigned counsel that the proposed import of natural gas is within PGE's corporate power is attached hereto as Appendix B.

III.

PGE's application is essentially the same as the one approved by the OFE in 1997 (FE Docket No. 97-02-NG). Under Docket No. 97-02-NG, PGE currently has authorization to import natural

gas from a variety of Canadian suppliers for the two-year period beginning November 3, 1997. PGE's import authorization ends on November 3, 1999. Pursuant to this application, PGE requests authority to import specified quantities of natural gas from a variety of Canadian suppliers. Specifically, PGE requests authority to import up to a maximum of 90 Bcf of gas for a term of up to two years. Since the transactions contemplated by this application will be of a short-term and spot nature, the base price, volume requirements, price adjustment and volume adjustment provisions will be negotiated between PGE and Canadian producers. PGE anticipates that the price will not remain fixed in most of those contracts for a period of more than one year. In most cases, the price will be adjusted on a monthly or quarterly basis as required by market conditions, which, in turn, will be influenced by the price and availability of competing fuels, including domestic natural gas. Moreover, most spot-market contracts to which PGE will be a party will allow either party to terminate on relatively short notice and for a variety of reasons.

Such negotiations will be premised on meeting competition in the marketplace. PGE anticipates contracting with a number of Western Canadian suppliers for available supplies, and the identity of the suppliers will be disclosed in the quarterly reports which PGE will file concerning the transactions which is has consummated. The gas imported pursuant to this authorization will be transported via facilities owned by Northwest Pipeline Company and Pacific Gas Transmission Company ("PGT"). PGE intends to use existing mainline interstate U.S. and Canadian pipeline facilities for the transportation of its imported gas supplies and seeks approval to use all existing import points. The proposed importation hereunder will begin as soon after approval of this application as transportation is available and the plants can be operated economically.

IV.

Granting the blanket import authorization would provide PGE with flexibility to effectuate numerous spot transactions under a single blanket import authorization, subject to the appropriate reporting of each transaction. This authorization will also minimize regulatory delays which would prevent PGE from taking advantage of opportunities to economically operate the Beaver and Coyote Springs plants. Consistent with the reporting requirements imposed by OFE in Docket No. 97-02-NG, PGE agrees to:

(1) Notify the OFE in writing of the date of first delivery of natural gas authorized within two weeks after deliveries begin; and

(2) File with the OFE within thirty (30) days following each calendar quarter, quarterly reports showing by month the quantities of natural gas in MMcf imported and the average price paid for those volumes. The report will also provide the details of each transaction, including the names of the sellers, estimated or actual duration of the agreements, transporters, points of entry, facilities served and, where applicable, any demand-commodity breakdown of the contract price, any special contract price adjustment clauses, and any take-or-pay or make-up provisions.

V.

Section 3 of the NGA, as amended by the Energy Policy Act of 1992 (Pub. L. 102--486), states that an import of natural gas form 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. 15 U.S.C. § 717b(c). The authorization sought by PGE to import natural gas from Canada, a nation with which a free trade

VERIFICATION

State of Oregon)
) ss.
County of Multnomah)

I, ROBIN TOMPKINS, being first duly sworn, depose and say that I am a duly authorized representative of the application; that I have read the foregoing document; that I am familiar with the contents thereof; that the statements contained therein are true and correct to the best of my knowledge, information and belief; that I am authorized to file the same with the Department of Energy, Office of Fossil Energy; and that to the best of my knowledge, information and belief, the same or a related matter is not being considered by any other part of the Department of Energy, including the Federal Energy Regulatory Commission or any other Federal agency or department.

Robin Tompkins

Robin Tompkins

SUBSCRIBED AND SWORN to before me by Robin Tompkins this 2nd day of September, 1999.

Kathy Scarborough

Notary Public for Oregon
Commission Expires: Aug

OFFICIAL SEAL
BARI H. GILBERT
NOTARY PUBLIC-OREGON
COMMISSION NO. A060103
MY COMMISSION EXPIRES DEC. 10, 2000

Bari H. Gilbert

Notary Public for Oregon
Commission Expires: 12/10/2000

A.

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Appendix A: Oregon Certificate of Good Standing; Index of Articles of Incorporation, and Amended and Restated bylaws of Portland General Electric Company.

Appendix B: Opinion of Counsel

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APPENDIX A

Oregon Certificate of Good Standing

C.

CERTIFICATE

State of Oregon

OFFICE OF THE SECRETARY OF STATE
Corporation Division

I, PHIL KEISLING, Secretary of State of Oregon, and Custodian of the Seal of said State, do hereby certify:

PORTLAND GENERAL ELECTRIC COMPANY

was
incorporated
under the Oregon
Business Corporation Act
on
July 25, 1930
and is active on the records of the Corporation Division as of the date of this certificate.

In Testimony Whereof, I have hereunto set my hand and affixed hereto the Seal of the State of Oregon.

PHIL KEISLING, Secretary of State

By Sally L. Poole

Sally L. Poole
September 1, 1999

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APPENDIX A

Index of Articles of Incorporation

PORTLAND GENERAL ELECTRIC COMPANY
ARTICLES OF INCORPORATION
AND AMENDMENTS FILED

1.	07/24/30	-	Articles of Incorporation; filed July 25, 1930
2.	01/16/48	-	Supplementary Articles of Incorporation to increase common stock to 1.5 million shares
3.	03/13/52	-	Supplementary Articles of Incorporation to increase common stock to 2.5 million shares
4.	04/22/54	-	Articles of Amendment to Article VI providing for 12 million shares common stock at $3.75/share par value; reclassification of existing shares
5.	04/23/62	-	Articles of Amendment to Article VI providing for reclassification of 5 million shares common stock to $7.50 par value
6.	05/18/64	-	Articles of Amendment to Article VI providing for issuance of preferred stock: 300,000 shares $100 par value and specifying rights of preferred stock
7.	10/27/70	-	Statement of Resolution Establishing Series of Shares (Preferred Stock: 9.76%)
8.	05/15/72	-	Articles of Amendment to Article VI providing for issuance of preferred stock: 1,000,000 shares $100 par value and specifying rights of preferred stock
9.	06/20/72	-	Statement of Resolution Establishing Series of Shares (Preferred Stock: 7.95%)
10.	03/29/73	-	Statement of Resolution Establishing Series of Shares (Preferred Stock: 7.88%)
11.	06/05/73	-	Articles of Amendment to Article VI providing for issuance of common stock: 20 million shares $3.75 par value; and 2,000,000 shares preferred stock $100 par value and specifying rights of preferred stock

F

12.	07/18/73	-	Statement of Resolution Establishing Series of Shares (Preferred Stock: 8.20%)
13.	01/17/75	-	Statement of Resolution Establishing Series of Shares (Preferred Stock: 11.50%)
14.	05/23/75	-	Articles of Amendment issuing 1.6 million shared preferred stock at $100 par value
15.	03/25/76	-	Statement of Resolution Establishing Series of Shares (Preferred Stock: $2.60 Series)
16.	05/28/76	-	Articles of Amendment to Article VI providing for issuance of common stock: 30 million shares $3.75 par value
17.	08/26/76	-	Statement of Cancellation of Preferred Stock Series: 25,000 shares, Preferred Stock ($100 par value), 11.50% Series
18.	01/25/77	-	Statement of Cancellation of Preferred Stock Series: 30,000 shares, Preferred Stock ($100 par value), 11.50% Series
19.	05/11/77	-	Exhibit "A" - Statement of Resolution Establishing Series of Shares - 8.75% Series, $100 par value preferred stock
20.	06/07/77	-	Articles of Amendment to Article VI providing for issuance of common stock: 2.5 million shares $100 par value preferred stock;
21.	02/01/78	-	Statement of Cancellation of Shares of Preferred Stock: Cancellation of 30,000 shares of 11.50% Series
22.	06/19/78	-	Articles of Amendment to Article VI: Statement of common stock at 50 million shares $3.75 par value stock; statement of preferred stock at 2.5 million $100 par value and 6 million shares at $25 par value
23.	01/31/79	-	Statement of Cancellation of Shares of Preferred Stock: Cancellation of 30,000 shares of 11.50% Series
24.	02/14/80	-	Statement of Cancellation of Shares of Preferred Stock: Cancellation of 15,000 shares of 11.50% Series

25.	05/28/80	-	Articles of Amendment to Article VI: Statement of common stock at 100 million shares $3.75 par value; statement of preferred stock at 2.5 million $100 par value and 6 million $25 par value
26.	10/29/80	-	Statement of Cancellation of Shares of Preferred Stock: 15,000 shares Preferred Stock ($100 par value), 11.50% Series
27.	05/20/81	-	Statement of Cancellation of Shares of Preferred Stock: Cancellation of 6,000 shares of 11.50% Series
28.	05/26/81	-	Articles of Amendment to Article VIII providing for authority of Directors in office to fill a vacancy on the Board
29.	07/13/81	-	Statement of Cancellation of Shares of Preferred Stock: 1,046 shares Preferred Stock ($100 par value) 11.50% Series
30.	10/07/81	-	Statement of Cancellation of Shares of Preferred Stock: 2,530 shares Preferred Stock ($100 par value) 11.50% Series
31.	10/22/81	-	Statement of Cancellation of Shares of Preferred Stock: 2,230 shares Preferred Stock ($100 par value) 11.50% Series
32.	01/07/82	-	Statement of Cancellation of Shares of Preferred Stock: 3,260 shares Preferred Stock ($100 par value) 11.50% Series
33.	03/17/82	-	Statement of Resolution Establishing Series of Shares: $4.40 Series Cumulative Preferred Stock - 3,000,000 shares $25 par value - known as "Preferred Stock of the Second Series, $25 Par Value"
34.	07/14/82	-	Statement of Resolution Establishing Series of Shares: $4.32 Series Cumulative Preferred Stock - 2,000,000 shares $25 par value - known as "Preferred Stock of the Third Series, $25 Par Value"
35.	07/20/82	-	Statement of Cancellation of Shares of Preferred Stock: 2,040 shares Preferred Stock ($100 par value) 11.50% Series
36.	10/14/82	-	Statement of Cancellation of Shares of Preferred Stock: 880 shares Preferred Stock ($100 par value) 11.50% Series

37.	01/28/83	-	Statement of Cancellation of Shares of Preferred Stock: 12,257 shares Preferred Stock ($100 par value) 11.50% Series
38.	06/06/83	-	Statement of Cancellation of Shares of Preferred Stock: 18,000 shares Preferred Stock ($100 par value) 8.875% Series
39.	06/08/83	-	Articles of Amendment to Article III providing for new purposes and powers of corporation
40.	06/08/83	-	Articles of Amendment to Article VI providing for common stock at 100 million shares $3.75 par value; preferred stock at 2.5 million shares $100 par value and 6 million shares $25 par value; and 30 million shares preferred without par value
41.	12/21/83	-	Statement of Cancellation of Shares of Preferred Stock: 9,960 shares Preferred Stock ($100 par value) 11.50% Series
42.	03/27/84	-	Statement of Cancellation of Shares of Preferred Stock: 4,870 shares Preferred Stock ($100 par value) 11.50% Series
43.	07/03/84	-	Statement of Cancellation of Shares of Preferred Stock: 18,000 shares Preferred Stock ($100 par value) 8.875% Series; 1,330 shares Preferred Stock ($100 par value) 11.50% Series
44.	09/__/84	-	Statement of Cancellation of Shares of Preferred Stock: 3,830 shares Preferred Stock ($100 par value) 11.50% Series; signed as of 09/04/84
45.	12/05/84	-	Statement of Cancellation of Shares of Preferred Stock: 1,480 shares Preferred Stock ($100 par value) 11.50% Series
46.	02/12/85	-	Statement of Cancellation of Shares of Preferred Stock: 8,360 shares Preferred Stock ($100 par value) 11.50% Series
47.	05/10/85	-	Statement of Cancellation of Shares of Preferred Stock: 18,000 shares Preferred Stock ($100 par value) 8.875% Series
48.	02/10/86	-	Statement of Cancellation of Shares of Preferred Stock: 104,927 shares Preferred Stock ($100 par value) 11.50% Series
49.	05/02/86	-	Statement of Cancellation of Reacquired Shares: 2,941,575 shares common stock

50.	02/18/87	-	Statement of Cancellation of Shares of Preferred Stock: 18,000 shares Preferred Stock ($100 par value) 8.875% Series; 10,000 shares Preferred Stock ($100 par value), 9.76% Series; 1,955 shares Preferred Stock ($100 par value) 7.05% Series; 425 shares Preferred Stock ($100 par value) 7.88% Series; 580 shares Preferred Stock ($100 par value), 8.20% Series
51.	03/11/87	-	Statement of Cancellation of Reacquired Shares: 4,587 shares common stock
52.	03/11/87	-	Statement of Cancellation of Reacquired Shares: 2,507,523 shares common stock
53.	05/22/87	-	Statement of Cancellation of Redeemable Shares: 36,000 shares Preferred Stock ($100 par value), 8.875% Series; 3,000,000 shares Preferred Stock ($25 par value), $4.40% Series
54.	05/03/88	-	Articles of Amendment authorizing 500,000 shares of $100 par value Cumulative Preferred Stock
55.	06/08/92	-	Articles of Amendment authorizing 300,000 shares of 7.75% Series Cumulative Preferred Stock, Without Par Value

APPENDIX A

Amended and Restated Bylaws of
Portland General Electric Company

AMENDED AND RESTATED BYLAWS

OF

PORTLAND GENERAL ELECTRIC COMPANY

An Oregon Corporation

Date of Adoption
May 1, 1998

(Section 2 of Article VII of these Bylaws shall be effective as of July 1, 1997, to the extent that such Section (i) would provide broader indemnification rights than those contained in the bylaws in effect prior to the date hereof, or (ii) would provide indemnification rights to persons not covered by the bylaws in effect prior to the date hereof.)

AMENDED AND RESTATED BYLAWS

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AMENDED AND RESTATED BYLAWS

OF

PORTLAND GENERAL ELECTRIC COMPANY

Article I

Offices

Section 1. Registered Office. The registered office of the Corporation required by the Oregon Business Corporation Act to be maintained in the State of Oregon shall be CT Corporation System, 520 S. W. Yamhill, Suite 800, Portland, Oregon 97204, or such other office as may be designated from time to time by the Board of Directors in the manner provided by law.

Section 2. Other Offices. The Corporation may also have offices at such other places both within and without the State of Oregon as the Board of Directors may from time to time determine or the business of the Corporation may require.

Article II

Shareholders

Section 1. Place of Meetings. All meetings of the shareholders shall be held at the principal office of the Corporation, or at such other place within or without the State of Oregon as shall be specified or fixed in the notices or waivers of notice thereof.

Section 2. Quorum; Adjournment of Meetings. Unless otherwise required by law or provided in the Articles of Incorporation, (i) the holders of a majority of the voting power attributable to the shares issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at any meeting of shareholders for the transaction of business, (ii) in all matters other than election of directors, the affirmative vote of the holders of a majority of the voting power attributable to such shares so present or represented and voting at any meeting of shareholders at which a quorum is present shall constitute the act of the shareholders, and (iii) where a separate vote by a class or classes is required, a majority of the voting power attributable to the outstanding shares of such class or classes, present in person or represented by proxy shall constitute a quorum entitled to take action with respect to that vote on that matter and the affirmative vote of the majority of the voting power attributable to the shares of such class or classes present in person or represented and voting by proxy at the meeting shall be the act of such class.

Directors shall be elected by a plurality of the votes cast by the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors.

Notwithstanding the Articles of Incorporation or the other provisions of these Bylaws, the chairman of the meeting or the holders of a majority of the voting power attributable to the issued and outstanding shares, present in person or represented by proxy and entitled to vote thereat, at any meeting of shareholders, whether or not a quorum is present, shall have the power to adjourn such meeting from time to time, without any notice other than announcement at the meeting of the time and place of the holding of the adjourned meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each shareholder of record entitled to vote at such meeting. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally called.

Section 3. Annual Meetings. An annual meeting of the shareholders, for the election of directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held at such place (within or without the State of Oregon), on such date, and at such time as the Board of Directors shall fix and set forth in the notice of the meeting, which date shall be within thirteen (13) months subsequent to the last annual meeting of shareholders.

Section 4. Special Meetings. Unless otherwise provided in the Articles of Incorporation, special meetings of the shareholders for any purpose or purposes may be called at any time by the Chairman of the Board, by the President, by the Vice Chairman of the Board, by a majority of the Board of Directors, or by a majority of the Executive Committee (if any), or, to the extent required by law, by the holders of not less than 10% of all shares entitled to vote on any issue at the proposed special meeting, if such holders sign, date and deliver to the Corporation's Secretary one or more written demands for the meeting describing the purpose or purposes for which it is to be held, then in each case, at such time and at such place as may be stated in the notice of the meeting. Business transacted at a special meeting shall be confined to the purpose(s) stated in the notice of such meeting.

Section 5. Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of shares or for the purpose of any other lawful action, the Board of Directors of the Corporation may fix a date as the record date for any such determination of shareholders, which record date shall not precede the date on which the resolutions fixing the record date are adopted and which record date, in the case of a meeting of shareholders, shall not be more than seventy (70) days nor less than ten (10) days before the date of such meeting of shareholders, nor, in the case of any other action, more than seventy (70) days prior to any such action.

If the Board of Directors does not fix a record date for any meeting of the shareholders, the record date for determining shareholders entitled to notice of or to vote

at such meeting shall be at the close of business on the day before notice is mailed or otherwise transmitted to shareholders. If the Board of Directors does not fix the record date for determining shareholders for any other purpose, the record date shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of shareholders of record entitled to notice of or to vote at a meeting of shareholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting and must do so if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.

For the purpose of determining the shareholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If the Board of Directors does not fix the record date, the record date for determining shareholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation at its registered office in the State of Oregon, at its principal place of business, or to an officer or agent of the Corporation having custody of the book in which proceedings of meetings of shareholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If the Board of Directors does not fix the record date, and prior action by the Board of Directors is necessary, the record date for determining shareholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

Section 6. Notice of Meetings. Written notice of the place, date and hour of all meetings, and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be given by or at the direction of the Chairman of the Board, the President, the Vice Chairman of the Board, the Secretary or other person(s) calling the meeting to each shareholder entitled to vote thereat not less than ten (10) nor more than sixty (60) days before the date of the meeting. Such notice is given when deposited in the United States mail, postage prepaid, directed to the shareholder at such shareholder's address as it appears on the records of the Corporation.

Section 7. Shareholder List. A complete list of shareholders entitled to vote at any meeting of shareholders, arranged in alphabetical order for each class of shares and showing the address of each such shareholder and the number of shares registered in the name of such shareholder, shall be open to the examination of any shareholder, for any purpose germane to the meeting, during ordinary business hours, beginning two business days after notice of the meeting is given for which the list was prepared and continuing through the meeting, either at the Corporation's principal office, or at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting. The shareholder list shall also be produced and kept at the time and place of the

meeting during the whole time thereof, and may be inspected by any shareholder or such shareholder's agent or attorney during the meeting or any adjournment thereof.

Section 8. Proxies. Each shareholder entitled to vote at a meeting of shareholders may authorize another person or persons to act for him by proxy. Proxies for use at any meeting of shareholders shall be filed with the Secretary, or such other officer as the Board of Directors may from time to time determine by resolution, before or at the time of the meeting. All proxies shall be received and taken charge of and all ballots shall be received and canvassed by the secretary of the meeting, who shall decide all questions touching upon the qualification of voters, the validity of the proxies, and the acceptance or rejection of votes, unless an inspector or inspectors shall have been duly appointed as provided in Section 9 of Article II hereof, in which event such inspector or inspectors shall decide all such questions.

No proxy shall be valid after eleven (11) months from its date, unless the proxy provides for a longer period. Each proxy shall be revocable unless expressly provided therein to be irrevocable and coupled with an interest sufficient in law to support an irrevocable power.

Should a proxy designate two or more persons to act as proxies, unless such instrument shall provide the contrary, a majority of such persons present at any meeting at which their powers thereunder are to be exercised shall have and may exercise all the powers of voting or giving consents thereby conferred, or if only one be present, then such powers may be exercised by that one; or, if an even number attend and a majority do not agree on any particular issue, each person designated to act as proxy and so attending shall be entitled to exercise such powers in respect of such portion of the shares as is equal to the reciprocal of the fraction equal to the number of persons designated to act as proxies and in attendance divided by the total number of shares represented by such proxies.

Section 9. Voting; Elections; Inspectors. Unless otherwise required by law or provided in the Articles of Incorporation, each shareholder shall on each matter submitted to a vote at a meeting of shareholders have one vote for each share of stock entitled to vote which is registered in his name on the record date for the meeting. For the purposes hereof, each election to fill a directorship shall constitute a separate matter. Shares registered in the name of another corporation, domestic or foreign, or other legal entity may be voted by such officer, agent or proxy as the bylaws (or comparable instrument) of such corporation or other legal entity may prescribe, or in the absence of such provisions, as the Board of Directors (or comparable body) of such corporation or other legal entity may determine. Shares registered in the name of a deceased person may be voted by the executor or administrator of such person's estate, either in person or by proxy.

All voting, except as required by the Articles of Incorporation or where otherwise required by law, may be by a voice vote; provided, however, upon request of the chairman of the meeting or upon demand therefor by shareholders holding a majority of the issued and outstanding shares present in person or by proxy at any meeting, a stock

vote shall be taken. Every stock vote shall be taken by written ballots, each of which shall state the name of the shareholder or proxy voting and such other information as may be required under the procedure established for the meeting. All elections of directors shall be by written ballots, unless otherwise provided in the Articles of Incorporation.

In advance of any meeting of shareholders, the Chairman of the Board, the Vice Chairman of the Board, the President or the Board of Directors shall appoint one or more inspectors, each of whom shall subscribe an oath or affirmation to execute faithfully the duties of inspector at such meeting with strict impartiality and according to the best of such inspector's ability. Such inspector(s) shall receive the written ballots, count the votes, make and sign a certificate of the result thereof and take such further action as may be required of the inspector(s) under the laws of the State of Oregon. The Chairman of the Board, the Vice Chairman of the Board, the President or the Board of Directors may appoint any person to serve as inspector, except no candidate for the office of director shall be appointed as an inspector.

Unless otherwise provided in the Articles of Incorporation, cumulative voting for the election of directors shall be prohibited.

Section 10. Conduct of Meetings. The meetings of the shareholders shall be presided over by the Chairman of the Board, or if the Chairman of the Board is not present, by the President, or if the President is not present, by the Vice Chairman of the Board, or if none of the Chairman of the Board, the President and the Vice Chairman of the Board is present, by a chairman elected at the meeting. The Secretary of the Corporation, if present, shall act as secretary of such meetings, or if the Secretary is not present, the Deputy Corporate Secretary or an Assistant Secretary shall so act; if none of the Secretary, the Deputy Corporate Secretary and an Assistant Secretary is present, then a secretary shall be appointed by the chairman of the meeting. The chairman of any meeting of shareholders shall determine the order of business and, subject to the requirements of the laws of the State of Oregon, the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to the chairman in order.

Section 11. Voting of Certain Shares. No other corporation of which the Corporation owns a majority of the shares entitled to vote in the election of directors of such other corporation shall vote, directly or indirectly, shares of the Corporation's stock owned by such other corporation, and such shares shall not be counted for quorum purposes. Nothing in this Section 11 shall be construed as limiting the right of the Corporation to vote shares, including but not limited to its own shares, held by it in a fiduciary capacity.

Section 12. Action Without Meeting. Unless otherwise provided in the Articles of Incorporation, any action permitted or required by law, the Articles of Incorporation or these Bylaws to be taken at a meeting of shareholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote thereon and shall be delivered to the Corporation by delivery to its registered office in the state of

incorporation, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of shareholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested.

Every written consent shall bear the date of signature of each shareholder who signs the consent, and no written consent shall be effective to take the corporate action referred to therein unless, written consents signed by all shareholders are delivered to the Corporation in the manner required by this Section 12 within sixty (60) days of the earliest dated consent. Any action taken by written consent is effective when the last shareholder signs, unless the consent specifies an earlier or later date.

Section 13. Business to be Brought Before the Annual Meeting. To be properly brought before the annual meeting of shareholders, business must be either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise brought before the meeting by or at the direction of the Board of Directors, or (c) otherwise properly brought before the meeting by a shareholder of the Corporation who is a shareholder of record at the time of giving of notice provided for in this Section 13, who shall be entitled to vote at such meeting and who complies with the notice procedures set forth in this Section 13. In addition to any other applicable requirements, for business to be brought before an annual meeting by a shareholder of the Corporation, the shareholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a shareholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation not less than 120 days prior to the anniversary date of the proxy statement for the preceding annual meeting of shareholders of the Corporation. A shareholder's notice to the Secretary shall set forth as to each matter (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and address, as they appear on the Corporation's books, of the shareholder proposing such business, (iii) the acquisition date, the class and the number of shares of voting stock of the Corporation which are owned beneficially by the shareholder, (iv) any material interest of the shareholder in such business, and (v) a representation that the shareholder intends to appear in person or by proxy at the meeting to bring the proposed business before the meeting.

Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at the annual meeting except in accordance with the procedures set forth in this Section 13.

The chairman of the annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section 13, and if the chairman should so determine, the chairman shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

Notwithstanding the foregoing provisions of this Section 13, a shareholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934, as

amended, and the rules and regulations thereunder with respect to the matters set forth in this Section 13.

Article III

Board of Directors

Section 1. Power; Number; Term of Office. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors, and subject to the restrictions imposed by law or the Articles of Incorporation, the Board of Directors may exercise all the powers of the Corporation.

The number of directors that shall constitute the whole Board of Directors shall be determined from time to time by the Board of Directors (provided that no decrease in the number of directors which would have the effect of shortening the term of an incumbent director may be made by the Board of Directors). If the Board of Directors makes no such determination, the number of directors shall be three. Each director shall hold office until such director's successor shall have been elected and qualified or until such director's earlier death, resignation or removal.

Unless otherwise provided in the Articles of Incorporation, directors need not be shareholders nor residents of the State of Oregon.

Section 2. Advisory Directors and Directors Emeritus. The Board of Directors by a vote of a majority of the directors present and entitled to vote, at any regular or special meeting at which a quorum is present, may designate such number of persons as it may from time to time determine as an "Advisory Director" or may designate a former member of the Board as a "Director Emeritus," if such former member is willing to serve. Each Advisory Director and each Director Emeritus shall serve, subject to the pleasure of the Board of Directors, until the earlier of his resignation, the term set forth by the Board of Directors for such service or until the next succeeding annual meeting of the Board of Directors, following the annual meeting of the shareholders, at which such regular directors are elected. Each Advisory Director and each Director Emeritus shall be notified of all regular or special meetings of the Board of Directors, shall be entitled to attend and participate therein, but shall not be entitled to vote. Each Advisory Director and each Director Emeritus shall be entitled to fees for serving as an Advisory Director or Director Emeritus, as the case may be, as determined by majority vote of the directors present and entitled to vote, at any regular or special meeting at which a quorum is present. Each Advisory Director and each Director Emeritus shall also be reimbursed for any necessary expenses of attending directors' meetings.

An Advisory Director or Director Emeritus may serve in an advisory capacity on any committees adopted by resolution of a majority of the whole Board of Directors, but such Advisory Director or Director Emeritus shall have no power to vote or to exercise the powers of the Board of Directors or any regular director on such committees or in the business or affairs of the Corporation and shall not be included in determining the

requisite number of "directors" that are required to constitute and to serve on any such committees as provided in Article IV of these Bylaws.

Any person serving as an Advisory Director or Director Emeritus shall be treated as a "director" for purposes of the provisions set forth in Article VII.

Section 3. Quorum; Voting. Unless otherwise provided in the Articles of Incorporation, a majority of the total number of directors shall constitute a quorum for the transaction of business of the Board of Directors and the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 4. Place of Meetings; Order of Business. The directors may hold their meetings and may have an office and keep the books of the Corporation, except as otherwise provided by law, in such place or places, within or without the State of Oregon, as the Board of Directors may from time to time determine. At all meetings of the Board of Directors business shall be transacted in such order as shall from time to time be determined by the Chairman of the Board, or in the Chairman of the Board's absence by the President (should the President be a director), or in the President's absence by the Vice Chairman of the Board, or by the Board of Directors.

Section 5. First Meeting. Each newly elected Board of Directors may hold its first meeting for the purpose of organization and the transaction of business, if a quorum is present, immediately after and at the same place as the annual meeting of the shareholders. Notice of such meeting shall not be required. At the first meeting of the Board of Directors in each year at which a quorum shall be present, held next after the annual meeting of shareholders, the Board of Directors shall elect the officers of the Corporation.

Section 6. Regular Meetings. Regular meetings of the Board of Directors shall be held at such times and places as shall be designated from time to time by the Chairman of the Board or, in the absence of the Chairman of the Board, by the President (should the President be a director), or in the President's absence, by the Vice Chairman of the Board, or by the Board of Directors. Notice of such regular meetings shall not be required.

Section 7. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board, the President (should the President be a director), the Vice Chairman of the Board or, on the written request of any two directors, by the Secretary, in each case on at least twenty-four (24) hours personal, written, telegraphic, cable or wireless notice to each director. Such notice, or any waiver thereof pursuant to Section 3 of Article VIII, need not state the purpose or purposes of such meeting, except as may otherwise be required by law or provided for in the Articles of Incorporation or these Bylaws. Meetings may be held at any time without notice if all the directors are present or if those not present waive notice of the meeting in writing.

Section 8. Nomination of Directors. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors,

except as otherwise provided in Section 10 of this Article III. Nominations of persons for election to the Board of Directors of the Corporation may be made at a meeting of shareholders(a) by or at the direction of the Board of Directors or (b) by any shareholder of the Corporation who is a shareholder of record at the time of giving of notice provided for in this Section 8, who shall be entitled to vote for the election of directors at the meeting and who complies with the notice procedures set forth in this Section 8. Such nominations, other than those made by or at the direction of the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary of the Corporation. To be timely, a shareholder's notice shall be delivered to or mailed and received at the principal executive offices of the Corporation (i) with respect to an election to be held at the annual meeting of the shareholders of the Corporation, 120 days prior to the anniversary date of the proxy statement for the immediately preceding annual meeting of shareholders of the Corporation, and (ii) with respect to an election to be held at a special meeting of shareholders of the Corporation for the election of directors, not later than the close of business on the 10th day following the day on which such notice of the date of the meeting was mailed or public disclosure of the date of the meeting was made, whichever first occurs. Such shareholder's notice to the Secretary shall set forth (a) as to each person whom the shareholder proposes to nominate for election or re-election as a director, all information relating to the person that is required to be disclosed in solicitations for proxies for election of directors, or is otherwise required, pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including the written consent of such person to be named in the proxy statement as a nominee and to serve as a director if elected); and (b) as to the shareholder giving the notice (i) the name and address, as they appear on the Corporation's books, of such shareholder, and (ii) the class and number of shares of capital stock of the Corporation which are beneficially owned by the shareholder. At the request of any officer of the Corporation, any person nominated by the Board of Directors for election as a director shall furnish to the Secretary of the Corporation that information required to be set forth in a shareholder's notice of nomination which pertains to the nominee.

In the event that a person is validly designated as nominee to the Board and shall thereafter become unable or unwilling to stand for election to the Board of Directors, the Board of Directors or the shareholder who proposed such nominee, as the case may be, may designate a substitute nominee.

Except as otherwise provided in Section 10 of this Article III, no person shall be eligible to serve as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 8. The chairman of the meeting of shareholders shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the procedures prescribed by the Bylaws, and if the chairman should so determine, the chairman shall so declare to the meeting and the defective nomination shall be disregarded.

Notwithstanding the foregoing provisions of this Section 8, a shareholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder with respect to the matters set forth in this Section 8.

Section 9. Removal. Any director or the entire Board of Directors may be removed, with or without cause by the holders of a majority of the shares then entitled to vote at an election of directors; provided that, with respect to the removal without cause of a director or directors elected by the holders of any class or series entitled to elect one or more directors, only the holders of outstanding shares of that class or series shall be entitled to vote on such removal.

Section 10. Vacancies; Increases in the Number of Directors. Unless otherwise provided in the Articles of Incorporation, vacancies existing on the Board of Directors for any reason and newly created directorships resulting from any increase in the authorized number of directors to be elected by all of the shareholders having the right to vote as a single class may be filled by the affirmative vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director; and any director so chosen shall hold office until the next annual election and until such director's successor shall have been elected and qualified, or until such director's earlier death, resignation or removal.

Section 11. Compensation. Directors and members of standing committees may receive such compensation as the Board of Directors from time to time shall determine to be appropriate, and shall be reimbursed for all reasonable expenses incurred in attending and returning from meetings of the Board of Directors.

Section 12. Action Without a Meeting; Telephone Conference Meetings. Unless otherwise restricted by the Articles of Incorporation, any action required or permitted to be taken at any meeting of the Board of Directors, or any committee designated by the Board of Directors, may be taken without a meeting if all members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee. Such consent shall have the same force and effect as a unanimous vote at a meeting and may be stated as such in any document or instrument filed with the Secretary of State of the State of Oregon.

Unless otherwise restricted by the Articles of Incorporation, subject to the requirement for notice of meetings, members of the Board of Directors or members of any committee designated by the Board of Directors may participate in a meeting of such Board of Directors or committee, as the case may be, by means of a conference telephone connection or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in such a meeting shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 13. Approval or Ratification of Acts or Contracts by Shareholders. The Board of Directors in its discretion may submit any act or contract for approval or ratification at any annual meeting of the shareholders, or at any special meeting of the shareholders called for the purpose of considering any such act or contract, and any act or

contract that shall be approved or be ratified by the affirmative vote of the holders of a majority of the voting power attributable to such shares so present or represented and voting at such meeting of shareholders (provided that a quorum is present) shall be as valid and as binding upon the Corporation and upon all the shareholders as if it has been approved or ratified by every shareholder of the Corporation.

Article IV

Committees

Section 1. Executive Committee. The Board of Directors may, by resolution passed by a majority of the whole Board of Directors, designate an Executive Committee consisting of two or more of the directors of the Corporation, one of whom shall be designated chairman of the Executive Committee. During the intervals between the meetings of the Board of Directors, the Executive Committee shall possess and may exercise all the powers of the Board of Directors, except as provided in Section 6 of this Article IV. The Executive Committee shall also have, and may exercise, all the powers of the Board of Directors, except as aforesaid, whenever a quorum of the Board of Directors shall fail to be present at any meeting of the Board.

Section 2. Audit Committee. The Board of Directors may, by resolution passed by a majority of the whole Board of Directors, designate an Audit Committee consisting of two or more of the directors of the Corporation, one of whom shall be designated chairman of the Audit Committee. The Audit Committee shall have and may exercise such powers and authority as provided in the resolution creating it and as determined from time to time by the Board of Directors, except as provided in Section 6 of this Article IV.

Section 3. Other Committees. The Board of Directors may, by resolution passed from time to time by a majority of the whole Board of Directors, designate such other committees as it shall see fit consisting of two or more of the directors of the Corporation, one of whom shall be designated chairman of each such committee. Any such committee shall have and may exercise such powers and authority as provided in the resolution creating it and as determined from time to time by the Board of Directors, except as provided in Section 6 of this Article IV.

Section 4. Procedure; Meetings; Quorum. Any committee designated pursuant to this Article IV shall keep regular minutes of its actions and proceedings in a book provided for that purpose and report the same to the Board of Directors at its meeting next succeeding such action, shall fix its own rules or procedures, and shall meet at such times and at such place or places as may be provided by such rules, or by such committee or the Board of Directors. Should a committee fail to fix its own rules, the provisions of these Bylaws, pertaining to the calling of meetings and conduct of business by the Board of Directors, shall apply as nearly as practicable. At every meeting of any such committee, the presence of a majority of all the members thereof shall constitute a quorum, except as provided in Section 5 of this Article IV, and the affirmative vote of a

majority of the members present shall be necessary for the adoption by it of any resolution.

Section 5. Substitution and Removal of Members; Vacancies. The Board of Directors may designate one or more directors as alternate members of any committee who may replace any absent or disqualified member at any meeting of such committee. The Board of Directors shall have the power at any time to remove any member(s) of a committee and to appoint other directors in lieu of the person(s) so removed and shall also have the power to fill vacancies in a committee.

Section 6. Limitation on Power and Authority of Committees. No committee of the Board of Directors shall have the power or authority of the Board of Directors to:

(a) authorize distributions, except as may be permitted by paragraph (g) hereof;

(b) approve or propose to shareholders actions that are required under the Oregon Business Corporation Act to be approved by shareholders;

(c) fill vacancies on the Board of Directors or on any of its committees;

(d) amend the Articles of Incorporation pursuant to Oregon Revised Statutes Section 60.434, except as may be necessary to document a determination of the relative rights, preferences and limitations of a class or series of shares by a committee or an officer of the Corporation as permitted by paragraph (h) hereof;

(e) adopt, amend or repeal these Bylaws;

(f) approve a plan of merger not requiring shareholder approval;

(g) authorize or approve reacquisition of shares, except within limits prescribed by the Board of Directors; or

(h) authorize or approve the issuance or sale or contract for sale of shares or determine the designation and relative rights, preferences and limitations of a class or series of shares, except that the Board of Directors may authorize a committee or an officer of the Corporation to do so (i) pursuant to a stock option or other stock compensation plan, or (ii) by approving the maximum number of shares to be issued and delegating the authority to determine all or any part of the terms of the issuance or sale or contract of sale and the designation and relative rights, preferences and limitations of the class or series of shares.

Article V

Officers

Section 1. Number, Titles and Term of Office. The officers of the Corporation shall be a Chairman of the Board, a President, one or more Vice Presidents (any one or more of whom may be designated Executive Vice President or Senior Vice President), a Treasurer, a Secretary, a General Counsel and such other officers as the Board of Directors may from time to time elect or appoint (including, but not limited to, a Vice Chairman of the Board, a Deputy Corporate Secretary, one or more Assistant Secretaries and one or more Assistant Treasurers). Each officer shall hold office until such officer's successor shall be duly elected and shall qualify or until such officer's death or until such officer shall resign or shall have been removed. Any number of offices may be held by the same person, unless the Articles of Incorporation provide otherwise. Except for the Chairman of the Board and the Vice Chairman of the Board, no officer need be a director.

Section 2. Powers and Duties of the Chairman of the Board. The Chairman of the Board shall preside at all meetings of the shareholders and of the Board of Directors; and he shall have such other powers and duties as designated in these bylaws and as from time to time may be assigned to him by the Board of Directors.

Section 3. Powers and Duties of the Chief Executive Officer. The Chairman of the Board shall be the chief executive officer of the Corporation unless the Board of Directors designates the President as chief executive officer. Subject to the control of the Board of Directors and the executive committee (if any), the chief executive officer shall have general executive charge, management and control of the properties, business and operations of the Corporation with all such powers as may be reasonably incident to such responsibilities; may agree upon and execute all leases, contracts, evidences of indebtedness and other obligations in the name of the Corporation and may sign all certificates for shares of capital stock of the Corporation; and shall have such other powers and duties as designated in accordance with these Bylaws and as from time to time may be assigned to the chief executive officer by the Board of Directors.

Section 4. Powers and Duties of the President. Unless the Board of Directors otherwise determines, the President shall have the authority to agree upon and execute all leases, contracts, evidences of indebtedness and other obligations in the name of the Corporation; and, unless the Board of Directors otherwise determines, the President shall, in the absence of the Chairman of the Board or if there be no Chairman of the Board, preside at all meetings of the shareholders and (should the President be a director) of the Board of Directors; and the President shall have such other powers and duties as designated in accordance with these Bylaws and as from time to time may be assigned to the President by the Board of Directors or the Chairman of the Board.

Section 5. Powers and Duties of the Vice Chairman of the Board. The Board of Directors may assign areas of responsibility to the Vice Chairman of the Board, and, in such event, and subject to the overall direction of the Chairman of the Board and the Board of Directors, the Vice Chairman of the Board shall be responsible for supervising

the management of the affairs of the Corporation and its subsidiaries within the area or areas assigned and shall monitor and review on behalf of the Board of Directors all functions within the corresponding area or areas of the Corporation and each such subsidiary of the Corporation. In the absence of the President, or in the event of the President's inability or refusal to act, the Vice Chairman of the Board shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. Further, the Vice Chairman of the Board shall have such other powers and duties as designated in accordance with these Bylaws and as from time to time may be assigned to the Vice Chairman of the Board by the Board of Directors or the Chairman of the Board.

Section 6. Vice Presidents. Subject to any restrictions that may be imposed by the Board of Directors, each Vice President shall at all times possess power to sign all certificates, contracts and other instruments of the Corporation, except as otherwise limited in writing by the Chairman of the Board, the President or the Vice Chairman of the Board of the Corporation. Each Vice President shall have such other powers and duties as from time to time may be assigned to such Vice President by the Board of Directors, the Chairman of the Board, the President or the Vice Chairman of the Board.

Section 7. General Counsel. The General Counsel shall act as chief legal advisor to the Corporation. The General Counsel may have one or more staff attorneys and assistants, and may retain other attorneys to conduct the legal affairs and litigation of the Corporation under the General Counsel's supervision.

Section 8 Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors, committees of the Board of Directors and the shareholders, in books provided for that purpose; shall attend to the giving and serving of all notices; may in the name of the Corporation affix the seal of the Corporation to any contract of the Corporation and attest the affixation of the seal of the Corporation thereto; may sign with the other appointed officers all certificates for shares of capital stock of the Corporation; shall have charge of the certificate books, transfer books and stock ledgers, and such other books and papers as the Board of Directors may direct, all of which shall at all reasonable times be open to inspection of any director upon application at the office of the Corporation during business hours; shall have such other powers and duties as designated in these Bylaws and as from time to time may be assigned to the Secretary by the Board of Directors, the Chairman of the Board, the President or the Vice Chairman of the Board; and shall in general perform all acts incident to the office of Secretary, subject to the control of the Board of Directors, the Chairman of the Board, the President or the Vice Chairman of the Board.

Section 9. Deputy Corporate Secretary and Assistant Secretaries. The Deputy Corporate Secretary and each Assistant Secretary shall have the usual powers and duties pertaining to such offices, together with such other powers and duties as designated in these Bylaws and as from time to time may be assigned to the Deputy Corporate Secretary or an Assistant Secretary by the Board of Directors, the Chairman of the Board, the President, the Vice Chairman of the Board or the Secretary. The Deputy Corporate

Secretary shall exercise the powers of the Secretary during that officer's absence or inability or refusal to act.

Section 10. Treasurer. Subject to any restrictions that may be imposed by the Board of Directors, the Treasurer shall have responsibility for the custody and control of all the funds and securities of the Corporation, and shall have such other powers and duties as designated in these Bylaws and as from time to time may be assigned to the Treasurer by the Board of Directors, the Chairman of the Board, the President or the Vice Chairman of the Board. The Treasurer shall perform all acts incident to the position of Treasurer, subject to the control of the Board of Directors, the Chairman of the Board, the President and the Vice Chairman of the Board; and the Treasurer shall, if required by the Board of Directors, give such bond for the faithful discharge of the Treasurer's duties in such form as the Board of Directors may require.

Section 11. Assistant Treasurers. Each Assistant Treasurer shall have the usual powers and duties pertaining to such office, together with such other powers and duties as designated in these Bylaws and as from time to time may be assigned to each Assistant Treasurer by the Board of Directors, the Chairman of the Board, the President, the Vice Chairman of the Board or the Treasurer. Any Assistant Treasurer may exercise the powers of the Treasurer during that officer's absence or inability or refusal to act.

Section 12. Action with Respect to Securities of Other Corporations. Unless otherwise directed by the Board of Directors, the Chairman of the Board, the President or the Vice Chairman of the Board, together with the Secretary, the Deputy Corporate Secretary or any Assistant Secretary shall have power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of security holders of or with respect to any action of security holders of any other corporation in which this Corporation may hold securities and otherwise to exercise any and all rights and powers which this Corporation may possess by reason of its ownership of securities in such other corporation.

Section 13. Delegation. For any reason that the Board of Directors may deem sufficient, the Board of Directors may, except where otherwise provided by statute, delegate the powers or duties of any officer to any other person, and may authorize any officer to delegate specified duties of such officer to any other person. Any such delegation or authorization by the Board shall be effected from time to time by resolution of the Board of Directors.

Article VI

Capital Stock

Section 1. Certificates of Stock. The certificates for shares of the capital stock of the Corporation shall be in such form, not inconsistent with that required by law and the Articles of Incorporation, as shall be approved by the Board of Directors. Every holder of shares represented by certificates shall be entitled to have a certificate signed by or in the name of the Corporation by the Chairman of the Board, President, Vice Chairman of the

Board or a Vice President and the Secretary, Deputy Corporate Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer of the Corporation representing the number of shares (and, if the shares of the Corporation shall be divided into classes or series, certifying the class and series of such shares) owned by such shareholder which are registered in certified form; provided, however, that any of or all the signatures on the certificate may be facsimile. The stock record books and the blank stock certificate books shall be kept by the Secretary, or at the office of such transfer agent or transfer agents as the Board of Directors may from time to time determine. In case any officer, transfer agent or registrar who shall have signed or whose facsimile signature or signatures shall have been placed upon any such certificate or certificates shall have ceased to be such officer, transfer agent or registrar before such certificate is issued by the Corporation, such certificate may nevertheless be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue. The stock certificates shall be consecutively numbered and shall be entered in the books of the Corporation as they are issued and shall exhibit the holder's name and number of shares.

Section 2. Transfer of Shares. The shares of stock of the Corporation shall be transferable only on the books of the Corporation by the holders thereof in person or by their duly authorized attorneys or legal representatives upon surrender and cancellation of certificates for a like number of shares. Upon surrender to the Corporation or a transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 3. Ownership of Shares. The Corporation shall be entitled to treat the holder of record of any share or shares of capital stock of the Corporation as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Oregon.

Section 4. Regulations Regarding Certificates. The Board of Directors shall have the power and authority to make all such rules and regulations as they may deem expedient concerning the issue, transfer and registration or the replacement of certificates for shares of capital stock of the Corporation.

Section 5. Lost or Destroyed Certificates. The Board of Directors may determine the conditions upon which the Corporation may issue a new certificate for shares in place of a certificate theretofore issued by it which is alleged to have been lost, stolen or destroyed and may require the owner of such certificate or such owner's legal representative to give bond, with surety sufficient to indemnify the Corporation and each transfer agent and registrar against any and all losses or claims which may arise by reason of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate in the place of the one so lost, stolen or destroyed.

Article VII

Liability of Directors and Indemnification

Section 1. Personal Liability of Directors. A director of the Corporation shall not be personally liable to the Corporation or its shareholders for monetary damages for conduct as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its shareholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for any unlawful distribution under Oregon Revised Statutes Section 60.367, or (iv) for any transaction from which the director derived an improper personal benefit. Any repeal or amendment of this provision shall be prospective only and shall not adversely affect any limitation on the liability of a director of the Corporation existing at the time of such repeal or amendment. In addition to the circumstances in which a director of the Corporation is not liable as set forth in the foregoing provisions, a director shall not be liable to the fullest extent permitted by any provisions of the statutes of Oregon hereafter enacted that further limits the liability of a director.

Section 2. Indemnification. Each person who was or is made a party to, or is threatened to be made a party to, or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "Proceeding"), by reason of the fact that he or she, or a person of which he or she is the legal representative, is or was a director or officer, of the Corporation or is or was serving at the request of the Corporation as a director, officer, partner, trustee, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, partner, trustee, employee or agent or in any other capacity while serving as a director, officer, partner, trustee, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Oregon Business Corporation Act, as the same exists or may hereafter be amended (but, in the case of any such amendments, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to serve in a capacity to which the above indemnification applies and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that, except as provided in this Section 2, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. The right to indemnification conferred in this Section 2 shall be a contract right and shall include the right to be paid by the Corporation for expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the Oregon Business Corporation Act requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by

such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of the proceeding, such payment of expenses shall be made only upon delivery to the Corporation of a written affirmation of the director or officer's good faith belief that such director has met the standard of conduct described in Oregon Revised Statutes Section 60.391 and of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately to be determined that such director or officer is not entitled to be indemnified under this Section 2 or otherwise. The Corporation may, by action of its Board of Directors, provide indemnification to employees and agents of the Corporation not covered by the foregoing with the same scope and effect as the foregoing indemnification of directors and officer.

If a claim under this Section 2 is not paid in full by the Corporation within thirty (30) days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible under the Oregon Business Corporation Act for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its shareholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the Oregon Business Corporation Act, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its shareholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Section 2 shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles of Incorporation, bylaw, agreement, vote of shareholders or disinterested directors or otherwise.

The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Oregon Business Corporation Act.

The provisions of this Section 2 shall be effective as of July 1, 1997, to the extent that this Section 2 (i) provides broader indemnification rights than those contained in the bylaws in effect prior to May 1, 1998, the date of adoption of these bylaws, or (ii)

provides indemnification rights to persons not covered by the bylaws in effect prior to May 1, 1998.

Article VIII

Miscellaneous Provisions

Section 1. Fiscal Year. The fiscal year of the Corporation shall end on the last day of December of each year.

Section 2. Corporate Seal. The corporate seal shall be circular in form and shall have inscribed thereon the name of the Corporation and the state of its incorporation, which seal shall be in the charge of the Secretary and shall be affixed to certificates of stock, debentures, bonds, and other documents, in accordance with the direction of the Board of Directors, and as may be required by law; however, the Secretary may, if the Secretary deems it expedient, have a facsimile of the corporate seal inscribed on any such certificates of stock, debentures, bonds, contracts or other documents. Duplicates of the seal may be kept for use by the Deputy Corporate Secretary or any Assistant Secretary.

Section 3. Notice and Waiver of Notice. Whenever any notice is required to be given by law, the Articles of Incorporation or these Bylaws, said notice shall be deemed to be sufficient if given (i) by telegraphic, cable or wireless transmission (including by telecopy or facsimile transmission) or (ii) by deposit of the same in a post office box or by delivery to an overnight courier service company in a sealed prepaid wrapper addressed to the person entitled thereto at such person's post office address, as it appears on the records of the Corporation, and such notice shall be deemed to have been given on the day of such transmission or mailing or delivery to courier, as the case may be.

Whenever notice is required to be given by law, the Articles of Incorporation or these Bylaws, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person, including without limitation a director, at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the shareholders, directors or members of a committee of directors need be specified in any written waiver of notice unless so required by the Articles of Incorporation or these Bylaws.

Section 4. Facsimile Signatures. In addition to the provisions for the use of facsimile signatures elsewhere specifically authorized in these Bylaws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board of Directors.

Section 5. Reliance upon Books, Reports and Records. A member of the Board of Directors, or a member of any committee designated by the Board of Directors, shall, in the performance of such person's duties, be fully protected in relying in good faith upon

the records of the Corporation and upon such information, opinion, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees of the Board of Directors, or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 6. Application of Bylaws. In the event that any provisions of these Bylaws is or may be in conflict with any law of the United States, of the State of Oregon or of any other governmental body or power having jurisdiction over this Corporation, or over the subject matter to which such provision of these Bylaws applies, or may apply, such provision of these Bylaws shall be inoperative to the extent only that the operation thereof unavoidably conflicts with such law and shall in all other respects be in full force and effect.

Article IX

Amendments

The Board of Directors may amend or repeal the Corporation's Bylaws unless: (a) the Articles of Incorporation reserve the power exclusively to the shareholders in whole or in part, or (b) the shareholders in amending or repealing a particular Bylaw provide expressly that the Board of Directors may not amend or repeal that Bylaw. The Corporation's shareholders may amend or repeal the Corporation's Bylaws even though the Bylaws may also be amended or repealed by the Board of Directors.

APPENDIX B
Opinion of Counsel

Portland General Electric Company
Legal Department
121 SW Salmon Street • Portland, OR 97204
503-464-7037 • facsimile 503-464-2200

Robin Tompkins
Assistant General Counsel

September 2, 1999

Mr. Clifford Tomaszewski
Director of Office of Natural Gas
Office of Fuels Programs
Fossil Energy
US Department of Energy
Forrestal Building, Room 3F-056, FE-50
1000 Independence Avenue SW
Washington, DC 20585

Dear Mr. Tomaszewski:

Pursuant to 10 C.F.R. Section 590.202, this opinion of counsel is hereby furnished in connection with the application of Portland General Electric Company ("PGE") for authorization to import Canadian natural gas pursuant to Section 3 of the Natural Gas Act.

In respect of the above, I am of the opinion that:

- PGE is a corporation duly organized and existing under the laws of the State of Oregon;
- The proposed importation of Canadian natural gas is within the powers of PGE; and
- PGE either has complied with or is in the process of complying with applicable state rules and regulations of state regulatory authorities in the states in which it operates.

Respectfully submitted,

Robin Tompkins

Robin Tompkins

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

ENRON CAPITAL & TRADE RESOURCES CORP. § FE DOCKET NO. 99-19-NG

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

I. ACTION SOUGHT FROM THE OFFICE OF FOSSIL FUELS

Pursuant to Section 3 of the Natural Gas Act of 1938, as amended, 15 U.S.C. § 717b (1994 Supp.), Section 201 of the Energy Policy Act of 1992, 15 U.S.C. § 717b(b)-(c) (1994 Supp.), Delegation Order Nos. 0204-111, 49 Fed. Reg. 6684 (Feb. 22, 1984) and 0204-127, 54 Fed. Reg. 11437 (Mar. 20, 1991) of the United States Department of Energy ("DOE"), and Part 590 of the DOE's regulations, 10 C.F.R. Part 590, Enron Capital & Trade Resources Corp. ("ECT") hereby requests that the DOE's Office of Fossil Energy grant it long-term authorization to import approximately 20,000 Mcf of natural gas per day (up to approximately 73.0 Bcf annually) at a receipt point located near St. Clair, Ontario and other receipt points along the Canada-U.S. border, for a term commencing on November 1, 1999 or such other date on which deliveries commence under the transactions specified below, and terminating 10 years following commencement date. In support of this application, ECT presents the following:

II. OFFICIAL SERVICE LIST

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

Monica C. Jordan, Attorney
Enron Capital & Trade Resources Corp.
P.O. Box 1188
(713) 853-5910
(713) 646-3393 - Fax

Leslie J. Lawner, Attorney
Enron Capital & Trade Resources Corp.
712 North Lea
Roswell, New Mexico 88201
(505) 623-6778
(505) 625-2820

III. DESCRIPTION OF THE PARTIES AND PROPOSED TRANSACTION.

A. Background.

ECT is a Delaware corporation and is a wholly-owned subsidiary of Enron Corp. Its principal place of business is located in Houston, Texas, with other offices located in Dublin, Ohio, Chicago,

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Illinois, Long Beach, San Francisco and Auburn, California, Omaha, Nebraska, Kansas City, Missouri, Denver, Colorado, and Tulsa, Oklahoma. ECT, the successor to Enron Gas Marketing, Inc., is one of the largest buyers and sellers of natural gas in North America, with physical and financial volumes in excess of 30 billion cubic feet per day. ECT is the parent corporation of Enron Capital & Trade Resources Canada Corp. ("ECT Canada"), which is the purchaser of the natural gas subject to this application from a supplier in the Province of Alberta, and the seller of the gas to ECT at the international boundary.

ECT proposes to import the natural gas from Canada at the export point near St. Clair, in the Province of Ontario. However, as this supply forms part of ECT's corporate portfolio, ECT may wish to bring these volumes in to the U.S. at other points along the U.S.-Canadian border from time to time. In order to retain flexibility, ECT requests that the subject import authorization not be restricted to a single point of import.

ECT will use the Canadian natural gas supplies imported hereunder to enhance its overall corporate supply portfolio. The natural gas to be imported will be produced in Alberta, and will be transported to market through NOVA Gas Transmission Ltd. ("NOVA"), TransCanada PipeLines Limited ("TCPL"), and Great Lakes Gas Transmission Company ("Great Lakes"). The gas will flow on NOVA for firm delivery to TCPL near Empress, Alberta and then on TCPL for delivery at the export point near St. Clair, Ontario. From St. Clair, Ontario, the gas will flow on the transportation system of Great Lakes to one of three delivery points available to ECT being: (a) at the interconnection between the gas transmission facilities of Great Lakes and Michigan Consolidated at Belle River Mills, Michigan; or (b) at the delivery point on the gas transmission facilities of Great Lakes at Capac, Michigan; or (c) at the interconnection between the gas transmission facilities of Great Lakes and ANR Pipeline Company at Farwell, Michigan.

B. Supply

ECT will purchase the gas supplies from ECT Canada under an Enfolio Master Firm Purchase/Sale Agreement ("Master Agreement") dated June 1, 1994. This Master Agreement contemplates the parties entering into various transactions for the firm purchase and sale of gas to which the Agreement is to apply. The import arrangement contemplated hereunder is subject to the Master Agreement pursuant to a Confirmation Letter between ECT and ECT Canada effective as of February 27, 1998 and supplemented on August 31, 1998 (the "Confirmation Letter"). The Confirmation Letter provides for the sale by ECT Canada to ECT of 20,000 Mcf of gas per day to be delivered at the U.S.-Canada border near St. Clair, Ontario for a term commencing on November 1, 1999 or such other date on which deliveries commence under the transactions specified, and terminating 10 years following the commencement date. If ECT, as Buyer, fails to schedule the minimum daily quantity (MinDQ) or daily contract quantity (DCQ), this

constitutes a Buyer's Deficiency Default and Buyer's Deficient quantity shall be the difference between the DCQ or MinDQ and the quantity of gas scheduled for such day. ECT will then be required to pay ECT Canada the sum of an amount equal to the product of Buyer's Deficiency Quantity multiplied by the Replacement Price Differential plus liquidated damages equal to $0.15 multiplied by Buyer's Deficiency Quantity to cover ECT Canada's administrative and operational costs. The Replacement Price Differential means the positive difference, if any, obtained by subtracting the lesser of (a) the price obtained by Seller in an incremental, arms-length sale(s) to a third party of a quantity of gas equal to Buyer's Deficiency Quantity for such day, less incremental transportation charges to the Seller, and including other basis adjustments or (b) the Spot Price for the day in which Buyer's Deficiency Default occurred from the Contract Price. Buyer shall not be liable to Seller for any amount for failing to Schedule or receive any volumes which are designated by Seller or Buyer to be Fuel or which are deemed to be Fuel Gas. The Master Agreement and the Confirmation Letter are attached hereto as Exhibit "A".

ECT Canada has arranged to purchase 20,000 Mcf per day of natural gas from one Canadian Supplier pursuant to Confirmation Letter entered into under Master Firm Gas Purchase/Sale Agreements. The Confirmation Letter provides for the following supply:

Supplier	Confirmation Letter	Volume
PanCanadian Petroleum Limited	February 27, 1998 *Supplemented August 31, 1998	20,000 Mcf/d plus Fuel Gas

C. **Transportation**

The Alberta-sourced natural gas will be transported from the field to a point on the Alberta-Saskatchewan border near Empress, Alberta through the NOVA facilities. PanCanadian Petroleum Limited ("PCPL") has sufficient NOVA capacity, with renewal rights, for transportation of the 20,000 Mcf of gas, plus fuel gas, to be imported annually hereunder (See Paragraph V. of the Confirmation Letter dated February 27, 1998 where PCPL is required to deliver the gas to ECT Canada at the interconnection of NOVA and TCPL). The natural gas will be transported from Empress, Alberta to the Canada-U.S. border near St. Clair, Ontario, through the facilities of TCPL. ECT Canada will initially hold the requisite transportation capacity on TCPL, and will transport the proposed volumes to the contract delivery point and then sell the gas to ECT. ECT will purchase the gas from ECT Canada on the Canadian side of the International Border at the point of interconnection between the gas transmission facilities of TCPL and Great Lakes at St. Clair, Ontario.

D. Markets

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

The natural gas acquired by ECT pursuant to the application filed herein will be used as part of ECT's overall corporate gas supply portfolio necessary to serve approximately 10 Bcf per day of market commitment. The volumes hereunder represent a small fraction of this overall portfolio which is used by ECT to serve various markets available to it. In the U.S. Northeast alone, ECT has commitments to deliver over 400,000 MMBtu's per day under a portfolio of contracts. It is generally expected that the subject natural gas will be used to serve the U.S. Northeast markets currently under long-term contracts to ECT.

IV. THE AUTHORIZATION SOUGHT IS CONSISTENT WITH THE PUBLIC INTEREST

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

V. ENVIRONMENTAL CONSIDERATIONS

As a result of the amendment of Section 3 of the Natural Gas Act effectuated by the Energy Policy Act of 1992, an environmental review of an import application is not required under the National Environmental Policy Act. See DOE/FE Order No. 762. Any environmental assessment or analysis necessary due to pipeline construction to serve ECT will be performed by the Federal Energy Regulatory Commission.

ECT has authority to export the gas made the subject of this transaction for the period of November 1, 1999 to November 18, 2000 pursuant to NEB Short Term Order GO-75-98. ECT has applied for the necessary Long Term Export License from the National Energy Board of Canada authorizing the long-term export of the gas made the subject of this transaction for a 10 year period commencing November 1, 1999, or such other date on which deliveries commence, and anticipates a decision by the NEB will be rendered by July 1999.

VI. OTHER FEDERAL ACTION

Neither ECT nor any other party has any pending applications with any other federal agency with respect to the proposed import of natural gas.

VII. CONCLUSION

WHEREFORE, ECT requests that the Department of Energy Office of Fossil Energy grant it the authorization sought herein to import approximately 20,000 Mcf of natural gas per day from Canada for a ten year term commencing November 1, 1999, or such commencement date as set forth above.

Respectfully submitted,

Monica C. Jordan,
Attorney
ENRON CAPITAL & TRADE RESOURCES CORP.
P.O. Box 1188
1400 Smith Street
Houston, Texas 77251-1188

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

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

To Whom It May Concern:

This opinion is rendered in connection with the application of Enron Capital & Trade Resources Corp. ("ECT") for authorization under Section 3 of the Natural Gas Act to import up to 20,000 Mcf of natural gas per day (up to 73.0 Bcf annually), at a receipt point located near St. Clair, Ontario and other receipt points along the Canada-U.S. border, for a term commencing on November 1, 1999 or such other date on which deliveries commence under the transactions specified below, and terminating November 1, 2009.

Based upon my understanding of the application and my examination of the relevant documents, records and matters of law, it is my opinion that the proposed import of natural gas from Canada by ECT, as contemplated in the instant application, is within the corporate power of ECT.

Very truly yours,

Monica C. Jordan

Monica C. Jordan

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EXHIBIT "A"
SUPPLY ARRANGEMENTS

Enfolio Master Firm Purchase/Sale Agreement between Enron Capital & Trade Resources Corp. and Enron Capital & Trade Resources Canada dated June 1, 1994

Confirmation Letter between ECT and ECT Canada dated February 27, 1998 and supplemented August 31, 1998

ECT CANADA ORIGINAL

Enron Capital & Trade
Resources Canada Corp.
3500 Canterra Tower
400 - 3rd Avenue S.W.
Calgary, Alberta, Canada T2P 4H2
(403) 974-6700
Fax (403) 974-6706

August 31, 1998

VIA COURIER

Enron Capital & Trade Resources Corp.
1400 Smith Street
Houston, Texas 77251-1188

Attention: Julie Gomez, Vice President

Dear Sirs:

Re: Confirmation Letter dated February 27, 1998, between Enron Capital & Trade Resources Canada Corp., as Seller, and Enron Capital & Trade Resources Corp., as Buyer, for the sale by Seller and the purchase by Buyer of a DCQ of 20,000.0 Mcf of Gas per Day, at the interconnection between the gas transmission facilities of TCPL and Great Lakes at St. Clair, Ontario, for a Period of Delivery from November 1, 1999, to November 1, 2008, a copy of which Confirmation Letter is attached as Exhibit "A" hereto (the "Confirmation Letter")
Our File No.: ECTR-02

We are writing in reference to the Confirmation Letter, and have used defined terms in this letter not otherwise defined by this letter with the same meanings as given to them by the Confirmation Letter.

This letter confirms our verbal agreement reached on August 27, 1998 (the "Effective Date") that, pursuant to Section IV(b) of the Confirmation Letter, that as a condition to Seller obtaining the St. Clair Transport pursuant to Section I of the Confirmation Letter, ECTR, on behalf of Buyer, has been required to provide firm take-away transportation for the DCQ from the Delivery Point and, accordingly, the Belle River Mills Transport and the Actual Great Lakes Tariff component of the Contract Price shall be applicable to the Transaction provided for under the Confirmation Letter, subject to the following:

1. The references in the Confirmation Letter to the Belle River Mills Transport being provided under Great Lakes Service Agreement (Contract Identification FT445) dated January 3, 1997, with ECTR (a copy of which was attached as Exhibit "B" to the Confirmation Letter) has, in accordance with the terms of the Belle River Mills Transport, been replaced by Great Lakes Service Agreement (Contract Identification FT720) dated August 31, 1998, with ECTR (a copy of which is attached as Exhibit "B" hereto) and, accordingly, all references in the Confirmation Letter to the "Belle River Mills Transport" shall be interpreted to mean the firm transportation service requirements for the DCQ on the gas transmission facilities of Great Lakes under Great Lakes Service Agreement (Contract Identification FT720) from St. Clair to any of the delivery points referred to in (a), (b) or (c) of paragraph 2 below.

2. As a result of the replacement of the Belle River Mills Transport under Great Lakes Service Agreement (Contract Identification FT720) pursuant to paragraph 1 above, the delivery points applicable under the Belle River Mills Transport include all delivery points available under Great Lakes Service Agreement (Contract Identification FT720), being:

A.

(a) at the interconnection between the gas transmission facilities of Great Lakes and Michigan Consolidated at Belle River Mills, Michigan; or

(b) at the delivery point on the gas transmission facilities of Great Lakes at Capac, Michigan; or

(c) at the interconnection between the gas transmission facilities of Great Lakes and ANR Pipeline Company at Farwell, Michigan.

Accordingly, all references in the Confirmation Letter to transportation of the DCQ from St. Clair on the Belle River Mills Transport to "Belle River Mills" shall be interpreted to mean transportation of the DCQ from St. Clair under Great Lakes Service Agreement (Contract Identification FT720) to any of the then applicable delivery points referred to in (a), (b) or (c) of paragraph 2 above.

We also confirm that the reference to "November 1, 2008" in Section VI of the Confirmation Letter under the heading "Period of Delivery" is hereby amended to "November 1, 2009".

We confirm that the Transaction provided for in the Confirmation Letter otherwise continues in full force and effect in accordance with its terms.

Yours truly,

ENRON CAPITAL & TRADE
RESOURCES CANADA CORP.

Rob Milnthorp
Vice President

APPROVAL	
ORIGINATOR	
LEGAL	
CREDIT	✓
RISK MGT.	✓

ACKNOWLEDGED AND AGREED AS OF THE EFFECTIVE DATE.

ENRON CAPITAL & TRADE RESOURCES CORP.

Per:
Name: Julie Gomez
Title: Vice President

EXHIBIT "A"

ECT CANADA ORIGINAL

Enron Capital & Trade Resources Canada Corp.
3500 Canterra Tower
400 - 3rd Avenue S.W.
Calgary, Alberta, Canada T2P 4H2
(403) 974-6700
Fax (403) 974-6706

February 27, 1998

Enron Capital & Trade Resources Corp.
1400 Smith Street
Houston, Texas 77251-1188

Attention: Julie Gomez, Vice President

CONFIRMATION LETTER

This Confirmation Letter confirms the specific terms of the agreement between Enron Capital & Trade Resources Canada Corp., successor to Enron Gas Services Canada Corp. ("Seller") and Enron Capital & Trade Resources Corp., successor to Enron Gas Marketing, Inc. ("Buyer"), regarding the Transaction described in this Confirmation Letter for the sale and purchase of natural gas:

I. TRANSPORTATION AND REGULATORY REQUIREMENTS:

(a) As a condition of Seller's and Buyer's respective obligations under the Transaction provided for in this Confirmation Letter:

(i) Seller shall have obtained all approvals and firm transportation agreements in form and content satisfactory to Seller necessary to transport the DCQ for the Period of Delivery from the interconnection of the gas transmission facilities of NOVA Gas Transmission Ltd. ("NOVA") and TransCanada PipeLines Limited ("TCPL") at Empress, Alberta ("Empress") for firm service delivery to the Delivery Point (such firm transportation requirements, the "St. Clair Transport"); and

(ii) Buyer or Seller shall have obtained all regulatory approvals necessary to: (A) export the DCQ from Canada; and (B) import the DCQ to the United States, each for the Period of Delivery,

collectively, the "Transportation and Regulatory Requirements".

(b) Seller and Buyer will use all reasonable efforts and due diligence to obtain the Transportation and Regulatory Requirements. Seller and Buyer shall cooperate in fulfilling the Transportation and Regulatory Requirements.

(c) Seller and Buyer shall promptly inform each other in writing upon the Transportation and Regulatory Requirements having been obtained.

(d) If by October 1, 1999, the Transportation and Regulatory Requirements have not been obtained, then either Seller or Buyer may terminate the Transaction provided for in this Confirmation Letter by giving written notice thereof to the other Party prior to 5:00 p.m., MST on October 5, 1999; provided that, if no such notice is given, then the Parties shall be deemed to have waived any requirement to obtain the Transportation and Regulatory Requirements as a condition of their respective obligations under the Transaction provided for in this Confirmation Letter.

(e) In the event this Transaction terminates as provided for in this Section I, then neither Party shall have any further rights or obligations under this Transaction.

II. DCQ: (a) 20,000.0 Mcf per Day.

(b) For the purposes of converting Mcf to MMBtu under this Transaction, the Parties shall use the Monthly average Btu factor posted by TCPL at the Delivery Point for the applicable delivery Month.

(c) Effective on the date TCPL converts from its current system of volumetric measurement to energy content measurement for the purposes of determining the quantity of Gas shipped on TCPL's gas transmission facilities (anticipated to occur November 1, 1999) (the "Amended Measurement Date"), the DCQ will be converted for the remainder of the Period of Delivery from Mcf to GJ's by the applicable conversion factor used by TCPL as of the Amended Measurement Date for the conversion of Mcf to GJ's.

(d) For the purposes of energy conversions under this Transaction from and after the Amended Measurement Date, one MMBtu shall equal 1.055056 GJ's.

III. DELIVERY POINT: At the interconnection of the gas transmission facilities of TCPL and Great Lakes Gas Transmission Limited Partnership ("Great Lakes") at St. Clair, Ontario, on the Canadian side of the international border.

IV. CONTRACT PRICE: (a) The Contract Price, for each delivery Month, shall be a price in U.S. dollars per MMBtu equal to: (i) the MichCon Index (defined below); minus, if the Belle River Mills Transport (defined below) is applicable to this Transaction as provided for in paragraph (b) of this Section IV below, (ii) the Actual Great Lakes Tariff (defined below), where:

"MichCon Index" means the price for the applicable delivery Month in U.S. dollars per MMBtu published in the first issue in that Month by *Gas Daily*, in the table entitled "Monthly Contract Index", in the column for "Index" in the row for "Michigan MichCon, large" in U.S. dollars per MMBtu.

"Actual Great Lakes Tariff" means the negotiated tariff for the delivery Month relative to the DCQ for firm service delivery from the Delivery Point to the interconnection between the gas transmission facilities of Great Lakes and Michigan Consolidated at Belle River Mills, Michigan ("Belle River Mills") (such firm transportation requirements, the "Belle River Mills Transport") pursuant to Great Lakes Service Agreement (Contract Identification FT445) dated January 3, 1997, with Buyer (a copy of which is attached as Exhibit "B" hereto), as amended, restated or replaced from time to time.

(b) Notwithstanding the foregoing or any other provision of this Confirmation Letter, the Belle River Mills Transport and the Actual Great Lakes Tariff component of the Contract Price shall only be applicable to the Transaction provided for in this Confirmation Letter if, as a condition to Seller obtaining the St. Clair Transport pursuant to Section I above, Seller or Buyer, on behalf of Seller, is required to provide take-away transport for the DCQ from the Delivery Point.

(c) During all periods of Force Majeure hereunder, Seller shall reimburse Buyer for the Actual Great Lakes Tariff, if applicable to this Transaction. If, during any such period of Force Majeure, Great Lakes provides any credits to Buyer relative to such period of Force Majeure, then such credits shall be passed through to Seller.

V. CURRENCY CONVERSIONS: All dollar amounts referred to in this Confirmation Letter, unless otherwise indicated, are stated in U.S. dollars and must be paid in U.S. dollars. For currency conversions required under this Confirmation Letter, to convert Canadian currency to the currency of the United States, and vice versa, the Parties shall use the Bank of Canada posted noon spot exchange rate as quoted for the twentieth Day of each Month following each delivery Month. If such twentieth Day falls on a weekend or statutory holiday, the Bank of Canada's posted noon spot exchange rate on the closest Business Day shall be used.

VI. PERIOD OF DELIVERY:

(a) Unless this Transaction is terminated as provided for in Section I above, and subject to paragraph (b) of this Section VI below, the Period of Delivery shall commence at 08:00h on November 1, 1999, and terminate at 08:00h on November 1, 2008.

(b) If the commencement of firm service delivery of the DCQ by TCPL pursuant to TCPL's expansion to the Delivery Point is delayed beyond November 1, 1999, then the Period of Delivery shall commence at 08:00h on the date that such firm service delivery by TCPL commences (the "Service Commencement Date"), and the Period of Delivery shall end at 08:00h on the date which is the tenth anniversary of the Service Commencement Date.

VII. AMENDMENTS TO THE MASTER AGREEMENT:

For the purpose of this Transaction only, the Master Agreement (defined below) shall be amended as follows:

(a) The following is added at the end of Section 4.1 of the Master Agreement:

"If an Early Termination Date occurs with respect to this Confirmation Letter, and regardless of which Party is the Affected Party, and provided the Belle River Mills Transport is applicable to this Transaction, Buyer shall at Seller's request promptly assign to Seller or to any designee of Seller ("Seller's Designee") for the remainder of the Period of Delivery under this Confirmation Letter, whatever right Buyer has at that time to the Belle River Mills Transport relative to the DCQ, subject to Buyer's right to assign same and to Buyer's receipt of written consent from Great Lakes.

If an Early Termination Date occurs with respect to the Producer Transaction (defined below), and if Seller is the Affected Party under such Producer Transaction, and provided the Belle River Mills Transport is applicable to this Transaction, then Buyer shall at Seller's request promptly assign to Seller or Seller's Designee for the remainder of the Period of Delivery under this Confirmation Letter, whatever right Buyer has at that time to the Belle River Mills Transport, subject to Buyer's right to assign same and to Buyer's receipt of written consent from Great Lakes."

(b) Article 5 of the Master Agreement shall be amended by deleting Article 5 in its entirety and replacing it with the following:

"This Article 5 is the sole and exclusive excuse for non-performance permitted under this Confirmation Letter, and all other excuses at law or in equity are waived. Except with regard to payment obligations, in the event either Party is rendered unable, wholly or in part, by Force Majeure to carry out its obligations under this Agreement, it is agreed that upon such Party's giving notice and full particulars of such Force Majeure to the other Party as soon as reasonably possible, such notice to be confirmed in writing, then the obligations of the Party giving such notice, to the extent that they are affected by such Force Majeure, shall be suspended, from its inception during the continuance of the Force Majeure."

(c) The definition of "Force Majeure" in Appendix "I" of the Master Agreement is deleted and replaced it with:

""Force Majeure" shall mean only interruptions or curtailments of firm service at the Delivery Point by Seller's Transporter or Buyer's Transporter, regardless of whether Buyer's Transporter or Seller's Transporter is declaring an event of Force Majeure; provided, however, that Seller shall, in addition, have the right to declare Force Majeure if: (a) there is a curtailment of firm service delivery or interruption of firm service delivery by NOVA or TCPL at Empress which affects all NOVA or TCPL shippers who had nominated for deliveries or receipts to take place at Empress on that Day; or (b) there is a curtailment of firm service delivery or interruption of firm service delivery occurring downstream of Empress at any point between Empress and the Delivery Point; provided further, however, that, if the Belle River Mills Transport is applicable to this Transaction, Buyer shall, in addition, have the right to declare Force Majeure if there is a curtailment of firm service delivery or interruption of firm service delivery occurring downstream of the Delivery Point at any point between the Delivery Point and Belle River Mills, or at Belle River Mills. On the Day the Force Majeure applies, both Parties' obligations to deliver and receive Gas shall be reduced by the same percentage that the applicable transporter interrupts or curtails firm delivery service at a point mentioned in the previous sentence on such Day."

(d) In the Master Agreement, as amended by the foregoing provisions of this Section VII, "this Confirmation Letter" means this Confirmation Letter, and capitalized terms not defined by the Master Agreement but defined by this Confirmation Letter have the same meanings as given to them by this Confirmation Letter.

VIII. OTHER: (a) Seller and Buyer acknowledge and agree that PanCanadian Petroleum Limited (the "Producer") has the right to an assignment from Seller of the St. Clair Transport and, if the Belle River Mills Transport is applicable to this Transaction, from Buyer of the Belle River Mills Transport, on the terms and conditions applicable to Seller's supply agreement with the Producer under a Confirmation Letter of even date herewith between Seller and the Producer and having the same Period of Delivery as for this Transaction (the "Producer Transaction"), in which case:

(i) if the Belle River Mills Transport is applicable to this Transaction, Buyer shall make an assignment to the Producer or the Producer's designee of the Belle River Mills Transport for the remainder of the Period of Delivery; provided that, such assignment shall be subject to Buyer's right to assign the Belle River Mills Transport and Buyer's receipt of written consents and releases from Great Lakes for such assignment, in form and content satisfactory to Buyer;

(ii) the Parties shall execute and deliver to each other a replacement Confirmation Letter in the form attached as Exhibit "A" hereto (the "Replacement Confirmation Letter") and the Transaction provided for under the Replacement Confirmation Letter shall replace and supercede the Transaction provided for under this Confirmation Letter; and

(iii) all obligations of Seller and Buyer under this Transaction shall terminate and neither Party shall have any further rights or obligations under this Transaction.

(b) On any Day, Seller shall have the right to elect by written notice to Buyer to deliver any quantity of Gas, up to the DCQ, to Buyer at the Delivery Point ("Seller's Option"); provided that:

(i) Seller gives Buyer written notice of the exercise of Seller's Option in sufficient time to allow Buyer to meet the nominations deadline for the Belle River Mills Transport on such Day, if applicable to this Transaction;

(ii) Seller shall only be entitled to exercise Seller's Option to the extent that actual volumes delivered on such Day by Producer pursuant to the Producer Transaction are reduced by the matching option granted by Seller to Producer allowing Producer to elect to deliver any quantity of Gas up to the "MaxDQ" under the Producer Transaction (the "Upstream Option"); and

(iii) Seller's reduction of the DCQ on any such Day pursuant to Seller's Option shall match the quantity of Producer's reduced deliveries on such Day to Seller under the Upstream Option.

(c) If, on any Day, Producer is (for any reason) excused from delivering, or (for any reason) fails to deliver to Seller any quantity of Gas which Producer is required to deliver to Seller on such Day pursuant to the Producer Transaction, then, notwithstanding any provision of this Confirmation Letter or the Master Agreement (defined below), Seller shall be excused from delivering the corresponding quantity of Gas to Buyer under this Transaction on such Day (including, without restriction, that Seller shall have no liability whatsoever under this Transaction for any Seller's Deficiency Default).

This Confirmation Letter is being provided pursuant to the ENFOLIO Master Firm Gas Purchase/Sale Agreement dated June 1, 1994, between Enron Capital & Trade Resources Canada Corp., successor to Enron Gas Services Canada Corp., and Enron Capital & Trade Resources Corp., successor to Enron Gas Marketing, Inc., as amended, restated or replaced, from time to time (the "Master Agreement") and constitutes part of and is subject to all of the terms and provisions of the Master Agreement.

ENRON CAPITAL & TRADE RESOURCES CANADA CORP.

Per: [signature]
Name Printed: Rob Milnthorp
Title: Vice President

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ck Mgt.	

ENRON CAPITAL & TRADE RESOURCES CORP.

Per: [signature]
Name Printed: David W. Delainey
Title: Managing Director

(i) Seller gives Buyer written notice of the exercise of Seller's Option in sufficient time to allow Buyer to meet the nominations deadline for the Belle River Mills Transport on such Day, if applicable to this Transaction;

(ii) Seller shall only be entitled to exercise Seller's Option to the extent that actual volumes delivered on such Day by Producer pursuant to the Producer Transaction are reduced by the matching option granted by Seller to Producer allowing Producer to elect to deliver any quantity of Gas up to the "MaxDQ" under the Producer Transaction (the "Upstream Option"); and

(iii) Seller's reduction of the DCQ on any such Day pursuant to Seller's Option shall match the quantity of Producer's reduced deliveries on such Day to Seller under the Upstream Option.

(c) If, on any Day, Producer is (for any reason) excused from delivering, or (for any reason) fails to deliver to Seller any quantity of Gas which Producer is required to deliver to Seller on such Day pursuant to the Producer Transaction, then, notwithstanding any provision of this Confirmation Letter or the Master Agreement (defined below), Seller shall be excused from delivering the corresponding quantity of Gas to Buyer under this Transaction on such Day (including, without restriction, that Seller shall have no liability whatsoever under this Transaction for any Seller's Deficiency Default).

This Confirmation Letter is being provided pursuant to the ENFOLIO Master Firm Gas Purchase/Sale Agreement dated June 1, 1994, between Enron Capital & Trade Resources Canada Corp., successor to Enron Gas Services Canada Corp., and Enron Capital & Trade Resources Corp., successor to Enron Gas Marketing, Inc., as amended, restated or replaced, from time to time (the "Master Agreement") and constitutes part of and is subject to all of the terms and provisions of the Master Agreement.

ENRON CAPITAL & TRADE RESOURCES CANADA CORP.

Per: _____
Name Printed: Rob Milnthorp
Title: Vice President

ENRON CAPITAL & TRADE RESOURCES CORP.

Per: _____
Name Printed: David W. Delainey
Title: Managing Director

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LEGAL\CONTRACT Received Time Mar. 19. 5:56PM Print Time Mar. 19. 6:08PM
Received Time Mar. 20. 4:54PM

EXHIBIT "A"

to the Confirmation Letter dated February 27, 1998,
between Enron Capital & Trade Resources Canada Corp.,
successor to Enron Gas Services Canada Corp., as Seller, and
Enron Capital & Trade Resources Corp.,
successor to Enron Gas Marketing, Inc., as Buyer,
under the Master Agreement hereinafter referred to

[Assignment Date]

Enron Capital & Trade Resources Corp.
1400 Smith Street
Houston, Texas 77251-1188

Attention: [•]

CONFIRMATION LETTER

This Confirmation Letter confirms the specific terms of the agreement between Enron Capital & Trade Resources Canada Corp., successor to Enron Gas Services Canada Corp. ("Seller") and Enron Capital & Trade Resources Corp., successor to Enron Gas Marketing, Inc. ("Buyer"), regarding the Transaction described in this Confirmation Letter for the sale and purchase of natural gas:

I. DCQ: (a) 20,000.0 Mcf's per Day.

(b) For the purposes of converting Mcf to MMBtu under this Transaction, the Parties shall use the Btu factor posted by TransCanada PipeLines Limited ("TCPL") at the Delivery Point.

(c) Effective on the date TCPL converts from its current system of volumetric measurement to energy content measurement for the purposes of determining the quantity of Gas shipped on TCPL's gas transmission facilities (anticipated to occur November 1, 1999) (the "Amended Measurement Date"), the DCQ will be converted for the remainder of the Period of Delivery from Mcf to GJ's by the applicable conversion factor used by TCPL as of the Amended Measurement Date for the conversion of Mcf to GJ's.

(d) For the purposes of energy conversions under this Transaction from and after the Amended Measurement Date, one MMBtu shall equal 1.055056 GJ's.

II. DELIVERY POINT: At the interconnection of the gas transmission facilities of TCPL and Great Lakes Gas Transmission Limited Partnership at St. Clair, Ontario, on the Canadian side of the international border.

III. CONTRACT PRICE: The Contract Price, for each delivery Month, shall be a price in U.S. dollars per MMBtu equal to the MichCon Index, where:

"MichCon Index" means the price for the applicable delivery Month in U.S. dollars per MMBtu published in the first issue in that Month by *Gas Daily*, in the table entitled "Monthly Contract Index", in the column for "Index" in the row for "Michigan MichCon, large" in U.S. dollars per MMBtu.

IV. CURRENCY CONVERSIONS: All dollar amounts referred to in this Confirmation Letter, unless otherwise indicated, are stated in U.S. dollars and must be paid in U.S. dollars. For currency conversions required under this Confirmation Letter, to convert Canadian currency to the currency of the United States, and vice versa, the Parties shall use the Bank of Canada posted noon spot exchange rate as quoted for the twentieth Day of each Month following each delivery Month. If such twentieth Day falls on a weekend or statutory holiday, the Bank of Canada's posted noon spot exchange rate on the closest Business Day shall be used.

V. PERIOD OF DELIVERY: The Period of Delivery shall commence at 08:00h on **[assignment date]**, and terminate at 08:00h on **[tenth anniversary of the commencement of the Period of Delivery under the primary Transaction]**.

VI. OTHER: (a) On any Day, Seller shall have the right to elect by written notice to Buyer to deliver any quantity of Gas, up to the DCQ, to Buyer at the Delivery Point ("Seller's Option"); provided that:

(i) Seller shall only be entitled to exercise Seller's Option to the extent that actual volumes delivered by PanCanadian Petroleum Limited ("Producer") under Seller's supply agreement with Producer under a Confirmation Letter of even date herewith between Seller and Producer and having the same Period of Delivery as for this Transaction (the "Producer Transaction") are reduced by the matching option granted by Seller to Producer to Producer allowing Producer to elect to deliver any quantity of Gas up to the "MaxDQ" under the Producer Transaction (the "Upstream Option"); and

(ii) Seller's reduction of the DCQ on any such Day pursuant to Seller's Option shall match the quantity of Producer's reduced deliveries on such Day to Seller under the Upstream Option.

(b) If, on any Day, Producer is (for any reason) excused from delivering, or (for any reason) fails to deliver to Seller any quantity of Gas which Producer is required to deliver to Seller on such Day pursuant to the Producer Transaction, then, notwithstanding any provision of this Confirmation Letter or the Master Agreement (defined below), Seller shall be excused from delivering the corresponding quantity of Gas to Buyer under this Transaction on such Day (including, without restriction, that Seller shall have no liability whatsoever under this Transaction for any Seller's Deficiency Default).

This Confirmation Letter is being provided pursuant to the ENFOLIO Master Firm Gas Purchase/Sale Agreement dated June 1, 1994, between Enron Capital & Trade Resources Canada Corp., successor to Enron Gas Services Canada Corp., and Enron Capital & Trade Resources Corp., successor to Enron Gas Marketing, Inc., as amended, restated or replaced, from time to time (the "Master Agreement") and constitutes part of and is subject to all of the terms and provisions of the Master Agreement.

ENRON CAPITAL & TRADE RESOURCES CANADA CORP.

Per: _____

Name Printed: _____

Title: _____

ENRON CAPITAL & TRADE RESOURCES CORP.

Per: _____

Name Printed: _____

Title: _____

Great Lakes Gas Transmission
Limited Partnership

EXHIBIT "B"

SERVICE AGREEMENT
Contract Identification FT445

This Transportation Service Agreement (Agreement) is entered into by Great Lakes Gas Transmission Limited Partnership (Transporter) and Enron Capital & Trade Resources, Corp. (Shipper).

WHEREAS, Shipper has requested Transporter to transport Gas on its behalf and Transporter represents that it is willing to transport Gas under the terms and conditions of this Agreement.

NOW, THEREFORE, Transporter and Shipper agree that the terms below constitute the transportation service to be provided and the rights and obligations of Shipper and Transporter.

1. CONTRACT DATE: January 3, 1997

2. CONTRACT IDENTIFICATION: FT445

3. RATE SCHEDULE: FT

4. SHIPPER TYPE: Marketer/Broker

5. STATE/PROVINCE OF INCORPORATION: Delaware

6. TERM:
10-year term beginning on the in-service date of Shipper's service on TransCanada PipeLines Limited's Nexus 98 expansion at St. Clair, expected approximately November 1, 1998.

7. MAXIMUM DAILY QUANTITY (Dth/Day):
The lower of 25,500 Dth/d or the quantity allocated to Shipper for service on TransCanada PipeLines Limited's Nexus 98 expansion at St. Clair.

8. RATES:
The applicable rates and charges will be the maximum allowable rates and charges under Rate Schedule FT, except that Shipper and Transporter agree that for service under this Agreement from the point(s) of receipt listed on Appendix A to the point(s) of delivery listed on Appendix A: a) the Reservation Fee to be charged shall be $0.152, resulting in a monthly Reservation Fee of $3,876.00 for the MDQ of 25,500 Dth under this Agreement and b) the Utilization Fee to be charged under this Agreement shall be $0.00000 per Dth.

Upon Shipper's use of the Belle River Mills delivery point, Transporter shall recalculate the Reservation Fee stated above to reflect the collection of an additional $0.01500 per Dth delivered to Belle River Mills.

9. POINTS OF RECEIPT AND DELIVERY:
The primary receipt and delivery points are set forth on Appendix A.

10. EFFECT ON PREVIOUS CONTRACTS: N/A

11. RELEASED CAPACITY: N/A

12. INCORPORATION OF TARIFF INTO AGREEMENT:

This Agreement shall incorporate and in all respects be subject to the "General Terms and Conditions" and the applicable Rate Schedule (as stated above) set forth in Great Lakes' FERC Gas Tariff, Second Revised Volume No. 1, as may be revised from time to time. Great Lakes may file and seek Commission approval under Section 4 of the Natural Gas Act (NGA) at any time and from time to time to change any rates, charges or provisions set forth in the applicable Rate Schedule (as stated above) and the "General Terms and Conditions" in Great Lakes' FERC Gas Tariff, Second Revised Volume No. 1, and Great Lakes shall have the right to place such changes in effect in accordance with the NGA, and this Agreement shall be deemed to include such changes and any such changes which become effective by operation of law and Commission Order, without prejudice to Shipper's right to protest the same.

13. MISCELLANEOUS:

No waiver by either party to this Agreement of any one or more defaults by the other in the performance of this Agreement shall operate or be construed as a waiver of any continuing or future default(s), whether of a like or a different character.

Any controversy between the parties arising under this Agreement and not resolved by the parties shall be determined in accordance with the laws of the State of Michigan.

14. OTHER PROVISIONS:

It is agreed that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any Partner, agent, management official or employee of the Transporter or any director, officer or employee of any of the foregoing, for any obligation of the Transporter arising under this Agreement or for any claim based on such obligation and that the sole recourse of Shipper under this Agreement is limited to assets of the Transporter.

Upon termination of this Agreement, Shipper's and Transporter's obligations to each other arising under this Agreement, prior to the date of termination, remain in effect and are not being terminated by any provision of this Agreement.

This Agreement has been entered into based on the particular needs and circumstances of Shipper and the rates and charges specified in this Agreement are applicable only to Transportation Service for Shipper as described in this Agreement; therefore, Shipper and Transporter agree that in the event that Shipper assigns or releases such Transportation Service at a rate in excess of the rate charged to Shipper, then the rate charged to Shipper for that portion of the Service assigned or released shall be adjusted under this Agreement for the period of such release or assignment to equal the assignment rate. Shipper and Transporter also agree that Transporter shall have the right to charge the maximum allowable rates and charges under Rate Schedule FT (for the service described on Appendix A) if such Transportation Service is utilized to receive or deliver Gas to points other than those described on Appendix A or utilized to reverse the direction of the flow of Gas.

The parties agree that if any additional charge or surcharge, excluding possible Transporter's Use, becomes applicable to this Agreement during the initial contract term, the Reservation Fee shall be adjusted such that the total amount to be paid by Shipper shall not change as a result of the additional charge or surcharge. In the event, however, that a change in the GRI rate or funding mechanism would result in a material adjustment to the Reservation Fee, Shipper and Transporter agree to renegotiate this Agreement in good faith.

The parties agree that if the commencement of service resulting from TransCanada Pipelines Limited's Nexus 98 expansion at St. Clair has not occurred prior to November 1, 1999, this Agreement will be null and void.

15. NOTICES AND COMMUNICATIONS:
All notices and communications with respect to this Agreement shall be in writing and sent to the addresses stated below or at any other such address(es) as may be designated in writing:

ADMINISTRATIVE MATTERS

Great Lakes Gas Transmission
Limited Partnership
One Woodward Avenue
Suite 1600
Detroit, MI 48226
Attn: Transportation Services

Enron Capital & Trade Resources, Corp.
1400 Smith
P.O. Box 1188
Houston, TX 77251-1188
Attn: Mike Legler

PAYMENT BY ELECTRONIC TRANSFER

Great Lakes Gas Transmission
Limited Partnership
NBD Bank, Detroit, MI ABA No. 072000326
Account No: 07308-43

Enron Capital & Trade Resources, Corp.
Attn: Lynda Phinney

AGREED TO BY:

GREAT LAKES GAS TRANSMISSION
LIMITED PARTNERSHIP
By: Great Lakes Gas Transmission Company

Also doing business as GLGT Company
Operator and Agent for Great Lakes Gas
Transmission Limited Partnership

By: Marc M. Mozham
Title: Vice-President, Market Services and Development

Enron Capital & Trade Resources, Corp.

By:
Title: VP

APPENDIX A
Contract Identification FT445

Date: January 3, 1997
Supersedes Appendix Dated: Not Applicable

Shipper: Enron Capital & Trade Resources, Corp.
Maximum Daily Quantity (Dth/Day): 25,500

Point(s) of Receipt	Point(s) of Delivery	Receipt Quantities (Per Day)	Delivery Quantities (Per Day)	Maximum Allowable Operating Pressure (MAOP)
St. Clair		25,500		974
	Capac		25,500	974

Great Lakes Gas Transmission
Limited Partnership

EXHIBIT "B"

SERVICE AGREEMENT
Contract Identification FT720

This Transportation Service Agreement (Agreement) is entered into by Great Lakes Gas Transmission Limited Partnership (Transporter) and Enron Capital & Trade Resources, Corp. (Shipper).

WHEREAS, Shipper has requested Transporter to transport Gas on its behalf and Transporter represents that it is willing to transport Gas under the terms and conditions of this Agreement.

NOW, THEREFORE, Transporter and Shipper agree that the terms below constitute the transportation service to be provided and the rights and obligations of Shipper and Transporter.

1. CONTRACT DATE: August 31, 1998

2. CONTRACT IDENTIFICATION: FT720

3. RATE SCHEDULE: FT

4. SHIPPER TYPE: Marketer/Broker

5. STATE/PROVINCE OF INCORPORATION: Delaware

6. TERM:
10-year term beginning on the in-service date of Shipper's service on TransCanada PipeLines Limited's November 1999 expansion at St. Clair, expected approximately November 1, 1999. However, Shipper shall have the option to terminate service under this Agreement effective November 1st of each year starting November 1, 2000, by providing Transporter with at least six (6) months written notice.

7. MAXIMUM DAILY QUANTITY (Dth/Day):
The lower of 20,255 Dth/d or the quantity allocated to Shipper for service on TransCanada PipeLines Limited's November 1999 Expansion.

8. RATES:
The applicable rates and charges will be the maximum allowable rates and charges under Rate Schedule FT, except that Shipper and Transporter agree that for service under this Agreement: a) the Reservation Fee to be charged shall be $0.304; b) upon Shipper's use of the Belle River Mills or Farwell delivery points, Transporter shall recalculate the monthly Reservation Fee stated above to reflect the collection of an additional $0.01000 per Dth delivered to Belle River Mills or Farwell during such month; and c) the Utilization Fee to be charged under this Agreement shall be $0.00000 per Dth.

9. POINTS OF RECEIPT AND DELIVERY:
The primary receipt and delivery points are set forth on Appendix A.

10. EFFECT ON PREVIOUS CONTRACTS: N/A

11. RELEASED CAPACITY: N/A

Recieved Time Sep. 4. 3:02PM

12. INCORPORATION OF TARIFF INTO AGREEMENT:

This Agreement shall incorporate and in all respects be subject to the "General Terms and Conditions" and the applicable Rate Schedule (as stated above) set forth in Great Lakes' FERC Gas Tariff, Second Revised Volume No. 1, as may be revised from time to time. Great Lakes may file and seek Commission approval under Section 4 of the Natural Gas Act (NGA) at any time and from time to time to change any rates, charges or provisions set forth in the applicable Rate Schedule (as stated above) and the "General Terms and Conditions" in Great Lakes' FERC Gas Tariff, Second Revised Volume No. 1, and Great Lakes shall have the right to place such changes in effect in accordance with the NGA, and this Agreement shall be deemed to include such changes and any such changes which become effective by operation of law and Commission Order, without prejudice to Shipper's right to protest the same.

13. MISCELLANEOUS:

No waiver by either party to this Agreement of any one or more defaults by the other in the performance of this Agreement shall operate or be construed as a waiver of any continuing or future default(s), whether of a like or a different character.

Any controversy between the parties arising under this Agreement and not resolved by the parties shall be determined in accordance with the laws of the State of Michigan.

14. OTHER PROVISIONS:

It is agreed that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any Partner, agent, management official or employee of the Transporter or any director, officer or employee of any of the foregoing, for any obligation of the Transporter arising under this Agreement or for any claim based on such obligation and that the sole recourse of Shipper under this Agreement is limited to assets of the Transporter. Upon termination of this Agreement, Shipper's and Transporter's obligations to each other arising under this Agreement, prior to the date of termination, remain in effect and are not being terminated by any provision of this Agreement.

The rates and charges specified in this Agreement are applicable only to the path(s) described by the primary receipt and delivery points contained in Appendix A to this Agreement. Transporter shall have the right to charge the maximum allowable rates and charges under Rate Schedule FT for service allowable under this Agreement and Great Lakes' tariff, but not described on Appendix A.

The parties agree that if any additional charge or surcharge, excluding possible Transporter's Use, becomes applicable to this Agreement during the initial contract term, the Reservation Fee shall be adjusted such that the total amount to be paid by Shipper shall not change as a result of the additional charge or surcharge. In the event, however, that a change in the GRI rate or funding mechanism would result in a material adjustment to the Reservation Fee, Shipper and Transporter agree to renegotiate this Agreement in good faith.

If, by October 1, 1999, Shipper has not obtained a firm Transportation Agreement from TransCanada PipeLines Limited satisfactory to Shipper in form and substance for service from Empress to St. Clair in conjunction with TransCanada PipeLines Limited's November 1999 Expansion, then Shipper may terminate this Agreement by providing Transporter with written notice by such date.

Recieved Time Sep. 1. 3:02PM

15. NOTICES AND COMMUNICATIONS:
All notices and communications with respect to this Agreement shall be in writing and sent to the addresses stated below or at any other such address(es) as may be designated in writing.

ADMINISTRATIVE MATTERS

Great Lakes Gas Transmission
Limited Partnership
One Woodward Avenue
Suite 1600
Detroit, MI 48226
Attn: Transportation Services

Enron Capital & Trade Resources, Corp.
1400 Smith
P.O. Box 1188
Houston, TX 77251-1188
Attn: Chris Meyer

PAYMENT BY ELECTRONIC TRANSFER

Great Lakes Gas Transmission
Limited Partnership
NBD Bank, Detroit, MI ABA No. 072000326
Account No: 07308-43

Enron Capital & Trade Resources, Corp.
Attn: Lynda Phinney

FT720

AGREED TO BY:

GREAT LAKES GAS TRANSMISSION
LIMITED PARTNERSHIP
By: Great Lakes Gas Transmission Company

Enron Capital & Trade Resources, Corp.

[illegible]

By: Marc M. Mazlom
Marc M. Mazlom
Title: Vice-President, Market Services and Development

By: [illegible]
Title: Vice President

Recieved Time Sep. 1. 5:44AM

APPENDIX A
Contract Identification FT720

Date: August 31, 1998
Supersedes Appendix Dated: Not Applicable

Shipper: Enron Capital & Trade Resources, Corp.
Maximum Daily Quantity (Dth/Day): 20,255

Point(s) of Receipt	Point(s) of Delivery	Receipt Quantities (Per Day)	Delivery Quantities (Per Day)	Maximum Allowable Operating Pressure (MAOP)
St. Clair		20,255		974
	Belle River		20,255	974
	Capac		20,255	974
	Farwell		20,255	974

Recieved Time Sep. 1. 3:02PM

ENFOLIO® MASTER FIRM PURCHASE/SALE AGREEMENT

Enron Gas Marketing, Inc., a Delaware corporation("Company"), and Enron Gas Services Canada Corp., an Alberta, Canada corporation ("Customer"), referred to collectively as the "Parties," enter into this Master Firm Purchase/Sale Agreement (together with all Transactions, collectively, this "Agreement") effective as of the 1st of June, 1994 (the "Effective Date"). The ENFOLIO General Provisions set forth in Appendix "1" shall apply to this Agreement.

ECT CANADA ORIGINAL

ARTICLE 1. TERM This Agreement shall govern all Transactions and be in effect for a term of one year from the Effective Date. It shall then continue in effect from Month to Month, unless terminated by either Party upon 30 Days prior written notice to the other Party; provided, this Agreement shall continue to apply to all Transactions then in effect until all Transactions are completed. Termination of this Agreement in all instances shall be subject to Section 8.4.

ARTICLE 2. SCOPE OF AGREEMENT 2.1. Scope of Agreement. Company and Customer from time to time during the term hereof may, but are not obligated to, enter into Transactions for the firm purchase and sale of Gas to which this Agreement shall apply. Each Transaction shall be effectuated and evidenced as set forth in this Article 2 and shall constitute a part of this Agreement. Each Transaction shall be construed as one with this Agreement and any discrepancy between this Agreement and a Transaction shall be resolved in favor of the Transaction. Each Transaction shall provide whether the Transaction is based upon DCQ quantity obligations or MinMQ or MinDQ and MaxDQ quantity obligations, in which case the applicable alternative definitions and provisions set forth in this Agreement shall apply.

2.2. Transaction Procedures. It is the intent of the Parties to facilitate Transactions in accordance with the agreed procedures in this Article 2 and assure such Transactions are valid and enforceable as a result of the use of these dures for the mutual benefit of the Parties. Any Transaction may be formed and effectuated (i) by a written paper-based Transaction Agreement executed by the Parties (including by facsimile and/or counterparts) or (ii) in a recorded telephone conversation between the Parties occurring on any Business Day during the Pricing Hours whereby an offer and acceptance shall constitute the agreement of the Parties to a Transaction as evidenced by the Transaction Tape; provided, each Party may stipulate by prior notice to the other Party that any particular contemplated Transaction may be effectuated and formed only by means of procedure (i) above. The Parties shall be legally bound by each Transaction from the time they agree to its terms in accordance with this Article 2 and acknowledge that each Party will rely thereon in doing business related to the Transaction. The Transaction Tape is adopted by the Parties as a means by which a Transaction is reduced to tangible form, and the Parties to a Transaction are identified and authenticate a Transaction. Any Transaction formed and effectuated pursuant to the foregoing shall be considered to be a "writing" or "in writing" and to have been "signed" and any Transaction Tape shall be considered to constitute an "original" document evidencing the Transaction. Each Party consents to the recording of its employees' telephone conversations without any further notice. SEE RIDER TRANSACTION AGREEMENT REQUIRED

2.3. Equipment and Transaction Tape. Company shall at its expense maintain equipment necessary to regularly record Transactions on Transaction Tapes and retain Transaction Tapes in such manner as to protect its business records from improper access; provided, Company shall not be liable for any malfunction of equipment or the operation thereof in respect of any Transaction WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING, WITHOUT LIMITATION, THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. No Transaction shall be affected should a malfunction occur in equipment regularly utilized for recording Transactions or retaining Transaction Tapes or the operation thereof, and in such event, the Transaction shall be evidenced by the written and computer records of the Parties concerning the Transaction made contemporaneously with the telephone conversation.

2.4. Confirmations. In addition to, but not in lieu of, the foregoing, the Parties agree that Company may confirm a recorded telephonic Transaction by forwarding to Customer a facsimile Confirmation and that a reasonable time for the receipt by Customer of a Confirmation is within 24 hours of the Transaction formation. Company does hereby adopt its letterhead, including its address, as its signature on any Confirmation as the identification of Company and authentication by Company of the Confirmation, and such letterhead shall be sufficient to verify that Company originated the Confirmation. The Parties agree that any objections to the contents of the Confirmation shall be made in writing on or before the Confirm Deadline for all purposes hereunder and at law.

2.5. Enforcement of Transactions. The Parties agree not to contest or assert a defense to the validity or enforceability of telephonic Transactions entered into in accordance with this Agreement under laws relating to (i) whether certain agreements are to be in writing or signed by the Party to be thereby bound or (ii) the authority of any employee of the Party if the employee name and the Identification Code of the Party are stated in the Transaction Tape.

ARTICLE 3. QUANTITY OBLIGATIONS 3.1. Seller's Sales Obligation. Seller shall Schedule, or cause to be Scheduled, at the Delivery Point(s) on a firm basis each Gas Day a quantity of Gas equal to the quantity properly requested by Buyer up to the DCQ or MaxDQ, if applicable ("Buyer's Requested Quantity"). Unless otherwise agreed nothing in this Agreement, and in particular this Article 3, shall require or permit either Party to Schedule Gas at a point other than a Delivery Point or in excess of the DCQ, Maximum Daily Delivery Point Quantity or MaxDQ, as applicable.

3.2. Seller's Failure to Schedule. If on any Gas Day Seller fails to Schedule Buyer's Requested Quantity, then such occurrence shall constitute a "Seller's Deficiency Default" and "Seller's Deficiency Quantity" shall be the numerical difference between Buyer's Requested Quantity and the amount of Gas Scheduled for such Gas Day. In the event of a Seller's Deficiency Default, Seller shall pay Buyer the sum of the following: (i) an amount equal to the product of the Seller's Deficiency Quantity multiplied by the Replacement Price Differential, plus (ii) liquidated damages equal to $0.15 multiplied by Seller's Deficiency Quantity to cover Buyer's administrative and operational costs. During any Month in which Seller's nonperformance continues for a period of five consecutive Gas Days Buyer may elect upon notice to Seller, without liability, not to recommence Scheduling Gas hereunder for the remainder of such Month, but for no longer period. Subject to offset pursuant to Section 3.5, payment to Buyer shall be made no later than 10 Days after receipt by Seller of Buyer's invoice for same.

3.3. Buyer's Purchase Obligation. Buyer shall Schedule, or cause to be Scheduled, at the Delivery Point(s) on a firm basis each Gas Day a quantity of Gas equal to the DCQ; provided, (i) if the MinMQ is applicable to a Transaction, Buyer shall Schedule, or cause to be Scheduled, at the Delivery Point(s) on a firm basis each Month a minimum quantity of Gas equal to the MinMQ and (ii) if the MinDQ is applicable to a Transaction, Buyer shall Schedule, or cause to be Scheduled, at the Delivery Point(s) on a firm basis each Day a minimum quantity of Gas equal to the MinDQ.

3.4. Buyer's Failure to Schedule. If on any Gas Day Buyer fails to Schedule the DCQ or MinDQ, if applicable, then such occurrence shall constitute a "Buyer's Deficiency Default" and "Buyer's Deficiency Quantity" shall be the numerical difference between the DCQ or MinDQ, if applicable, and the quantity of Gas Scheduled for such Gas Day; provided, if the MinMQ is applicable to a Transaction, (i) the Buyer's Deficiency Default shall occur if Buyer fails to Schedule the MinMQ for any Month and (ii) the Buyer's Deficiency Quantity shall be the numerical difference between the MinMQ and the quantity of Gas Scheduled for such Month. In the event of a Buyer's Deficiency Default, Buyer shall pay Seller the sum of the following: (i) an amount equal to the product of Buyer's Deficiency Quantity multiplied by the

Replacement Price Differential, plus (ii) liquidated dam. equal to $0.15 multiplied by Buyer's Deficiency Quantity to cover Seller's administrative and operational costs. With respect to DCQ and MinDQ obligations, during any Month in which Buyer's nonperformance continues for a period of five consecutive Gas Days Seller may elect on notice to Buyer, without liability, not to recommence Scheduling Gas for the er of such Month, but for no longer period. Subject to offset pursuant to 3.5, payment to Seller shall be made in accordance with the Billing and Payment provisions set forth in Appendix "1."

3.5. Offset. In the event that Buyer and Seller are each required to pay an amount in the same Month under Section 3.2 and Section 3.4, or under Section 3.2 and the Billing and Payment provisions set forth in Appendix "1", then such amounts with respect to each Party shall be aggregated and the Parties shall discharge their obligations to pay through offset, in which case the Party, if any, owing the greater aggregate amount shall pay to the other Party the difference between the amounts owed.

ARTICLE 4. DEFAULTS AND REMEDIES 4.1. Early Termination. If a Triggering Event (defined in Section 4.2) occurs with respect to either Party at any time during the term of this Agreement, the other Party (the "Notifying Party") may (i) upon two Business Days written notice to the first Party, which notice shall be given no later than 60 Days after the discovery of the occurrence of the Triggering Event, establish a date on which any or all Transactions selected by it and this Agreement in respect thereof will terminate ("Early Termination Date") except as provided in Section 8.4, and (ii) withhold any payments due in respect of such Transactions; provided, upon the occurrence of any Triggering Event listed in item (iv) of Section 4.2 as it may apply to any party, the Transactions selected by the Notifying Party and this Agreement in respect thereof shall automatically terminate, without notice, as if an Early Termination Date had been immediately declared except as provided in Section 8.4. If an Early Termination Date occurs, the Notifying Party shall in good faith lculate its damages, including its associated costs and attorneys' fees, resulting he termination of the terminated Transactions (the "Termination Payment"). ermination Payment will be determined by (i) comparing the value of (a) the remaining term, quantities and prices under each such Transaction had it not been terminated to (b) the equivalent quantities and relevant market prices for the remaining term either quoted by a bona fide third party offer or which are reasonably expected to be available in the market under a replacement contract for each such Transaction and (ii) ascertaining the associated costs and attorneys' fees. To ascertain the market prices of a replacement contract the Notifying Party may consider, among other valuations, any or all of the settlement prices of NYMEX Gas futures contracts, quotations from leading dealers in Gas swap contracts and other bona fide third party offers, all adjusted for the length of the remaining term and the basis differential. Upon the netting of all terminated Transactions, if the calculation of the Termination Payment does not result in damages to the Notifying Party, the Termination Payment shall be zero. The Notifying Party shall give the Affected Party (defined in Section 4.2) written notice of the amount of the Termination Payment, inclusive of a statement showing its determination. The Affected Party shall pay the Termination Payment to the Notifying Party within 10 Days of receipt of such notice. At the time for payment of any amount due under this Article 4, each Party shall pay to the other Party all additional amounts payable by it pursuant to this Agreement, but all such amounts shall be netted and aggregated with any Termination Payment payable hereunder. If the Affected Party disagrees with the calculation of the Termination Payment, the issue shall be submitted to arbitration pursuant to this Agreement and the resulting Termination Payment shall be due and payable within three Days after the award.

4.2. Triggering Event shall mean, with respect to a Party (the "Affected Party"): (i) the failure by the Affected Party to make, when due, any payment required under Agreement if such failure is not remedied within five Business Days after en notice of such failure is given to the Affected Party; provided, the payment is ..ot the subject of a good faith dispute as described in the Billing and Payment provisions or (ii) any representation or warranty made by the Affected Party in this Agreement shall prove to have been false or misleading in any material respect when made or deemed to be rep. , or (iii) the failure by the Affected Party to perform any covenant set forth in this Agreement (other than its obligations to make any payment or obligations which are otherwise specifically covered in this Section 4.2 as a separate Triggering Event), and such failure is not excused by Force Majeure or cured within five Business Days after written notice thereof to the Affected Party or (iv) the Affected Party shall (a) make an assignment or any general arrangement for the benefit of creditors, (b) file a petition or otherwise commence, authorize or acquiesce in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors, or have such petition filed against it and such proceeding remains undismissed for 30 Days, (c) otherwise become bankrupt or insolvent (however evidenced) or (d) be unable to pay its debts as they fall due or (v) Seller's unexcused failure to Schedule the Buyer's Requested Quantity requested by Buyer for a cumulative period of 30 or more Gas Days in a 12 Month period in any one Transaction or (vi) Buyer's unexcused failure to Schedule the DCQ or MinDQ for a cumulative period of 30 or more Gas Days in a 12 Month period in any one Transaction, or, if applicable, the MinMQ for a cumulative period of three Months in a 12 Month period in any one Transaction or (vii) the occurrence of a Material Adverse Change of the Affected Party; provided, such Material Adverse Change shall not be considered if the Affected Party establishes, and maintains throughout the term hereof, a Letter of Credit (naming the Notifying Party as the beneficiary) in an amount equal to the sum of (in each case rounding upwards for any fractional amount to the next $ 500,000.00) (a) the Notifying Party's Termination Payment plus (b) if the Notifying Party is Seller, the aggregate of the amounts Seller is entitled to receive under each Transaction for Gas Scheduled during the 60 Day period preceding the Material Adverse Change (the amount of said Letter of Credit to be adjusted quarterly to reflect amounts owing at that point in time) or (viii) the Affected Party fails to establish, maintain, extend or increase a Letter of Credit when required pursuant to this Agreement, or after reasonable notice fails to replace the issuing bank with another bank acceptable to the beneficiary.

4.3. Other Events. In the event Buyer under a Transaction is regulated by a federal, state or local regulatory body, and such body shall disallow all or any portion of any costs incurred or yet to be incurred by Buyer under any provision of this Agreement, such action shall not operate to excuse Buyer from performance of any obligation nor shall such action give rise to any right of Buyer to any refund or retroactive adjustment of the Contract Price provided in any Transaction. Notwithstanding the foregoing, if the Affected Party's activities hereunder become subject to regulation of any kind whatsoever under any law (other than with respect to New Taxes) to a greater or different extent than that existing on the Effective Date and such regulation either (i) renders this Agreement illegal or unenforceable or (ii) materially adversely affects the business of the Affected Party, with respect to its financial position or otherwise, then in the case of (i) above, either Party, and in the case of (ii) above, only the Affected Party, shall at such time have the right to declare an Early Termination Date in accordance with the provisions hereof; provided, notwithstanding the rights of the Parties to declare an Early Termination Date as above stated, the Affected Party shall be liable for payment of the Termination Payment calculated by the non-Affected Party as provided in Section 4.1.

4.4. Offset. Each Party reserves to itself all rights, set-offs, counterclaims and other remedies and defenses consistent with Section 8.3 (to the extent not expressly herein waived or denied) which such Party has or may be entitled to arising from or out of this Agreement. All outstanding Transactions and the obligations to make payment in connection therewith or under this Agreement may be offset against each other, set off or recouped therefrom.

ARTICLE 5. FORCE MAJEURE This Article 5 is the sole and exclusive excuse of performance permitted under this Agreement and all other excuses at law or in equity are WAIVED to the extent permitted by law. Except with respect to payment obligations, in the event either Party is rendered unable, wholly or in part, by Force Majeure to carry out its obligations hereunder, it is agreed that upon such Party's giving notice and full particulars of such Force Majeure to the other Party as soon as

reasonably possible (such notice to be confirmed in ıg), the obligations of the Party giving such notice, to the extent they are affected by such event, shall be suspended from the inception and during the continuance of the Force Majeure for a period of up to 60 Days in the aggregate during any 12 Month period, but for no nger period. The Party receiving notice of Force Majeure may immediately take ·tion as it deems necessary at its expense for the entire 60 Day period or any .reof. The Parties expressly agree that upon the expiration of the 60 Day period Force Majeure shall no longer apply to the obligations hereunder and both Buyer and Seller shall be obligated to perform. The cause of the Force Majeure shall be remedied with all reasonable diligence and dispatch; provided, unless otherwise agreed no provision herein shall require or permit Seller or Buyer to Schedule quantities of Gas (i) in excess of the DCQ, Maximum Daily Delivery Point Quantity or MaxDQ, as applicable, or (ii) at points other than the Delivery Point(s).

ARTICLE 6. TAXES 6.1. Allocation of and Indemnity for Taxes. The Contract Price includes full reimbursement for, and Seller is liable for and shall pay, or cause to be paid, or reimburse Buyer if Buyer has paid, all Taxes applicable to the Gas sold upstream of the Delivery Point(s). In the event Buyer is required to remit such Tax, the amount thereof shall be deducted from any sums becoming due to Seller hereunder. Seller shall indemnify, defend and hold harmless Buyer from any Claims for such Taxes. The Contract Price does not include reimbursement for, and Buyer is liable for and shall pay, cause to be paid, or reimburse Seller if Seller has paid, all Taxes applicable to the Gas sold downstream of or at the Delivery Point(s), including any Taxes imposed or collected by a taxing authority with jurisdiction over Buyer. Buyer shall indemnify, defend and hold harmless Seller from any Claims for such Taxes.

6.2. New Taxes. A. If (i) a New Tax occurs and (ii) Buyer or Seller would be responsible for such New Tax if it were a Tax under Section 6.1 and (iii) such New Tax is, due to and on the basis of laws, regulations and applicable contracts of Buyer : ·n effect as of the effective date of the New Tax, of the type which Buyer can pass ·ly through to, or be reimbursed by, another person or entity in the chain of Gas , such Buyer shall pay or cause to be paid, or reimburse Seller if Seller has ..., all such New Taxes and Buyer shall indemnify, defend and hold harmless Seller from any Claims for such Taxes; provided, if Buyer does not identify its contracts for long-term fixed sourcing in the ordinary course of its business and cannot identify applicable contracts, this Paragraph A shall not apply. B. If (i) a New Tax occurs and (ii) either Buyer or Seller would be responsible for such New Tax if it were a Tax under Section 6.1, and (iii) Paragraph A does not apply, such responsible Buyer or Seller (the "Taxed Party") shall be entitled to declare an Early Termination Date in accordance with the provisions of this Agreement subject to the following conditions; provided, prior to and including the initial Agreement Period (below defined) invoked under this Section 6.2, New Taxes shall be allocated as if they were Taxes as provided in Section 6.1: (a) the Taxed Party must give the non-Taxed Party at least 30 Days prior written notice (the "Agreement Period") of its intent to declare an Early Termination Date (and which notice shall be given no later than 90 Days after the later of the enactment or effective date of the relevant New Tax), and prior to the proposed Early Termination Date Buyer and Seller shall attempt to reach a mutual agreement as to the sharing of the New Tax, (b) if a mutual sharing agreement is not reached, the non-Taxed Party shall have the right, but not the obligation, upon written notice to the Taxed Party within the Agreement Period, to pay the New Tax for any continuous period it so elects on a Month to Month basis, and in such case the Taxed Party shall not have the right during such continuous period to declare the Early Termination Date on the basis of the New Taxes, (c) should the non-Taxed Party at its election agree to pay the New Tax on a Month to Month basis, then upon 30 Days prior written notice to the Taxed Party of its election to cease payment of such New Tax, the Taxed Party shall then be liable for the payment of the New Tax and the Parties shall again be subject to this Section ? as if the New Tax had an effective date as of the date the non-Taxed Party 's payment of such New Tax, (d) if a mutual sharing agreement is not reached .the non-Taxed Party does not elect to pay the New Tax for any period of time within the Agreement Period, the Early Termination Date shall take effect and all Transactions must be terminated and be subject to the same Early Termination Date, (e) the Early Termination L .hall be effected as if a Triggering Event had occurred and the Termination Payment calculated as set forth in Section 4.1 shall be payable; provided, both Seller and Buyer pursuant to Section 4.1 shall calculate their respective Termination Payments resulting from the termination of all Transactions as if they each were a Notifying Party; provided further, if the calculation of the Termination Payments results in either the non-Taxed Party's or the Taxed Party's having either a gain or loss (after netting its gains against its losses), the Parties shall share equally such net gain due, or be responsible to pay to the Party having the net loss, one-half of the Termination Payment and (f) such Termination Payment shall be payable as provided in Section 4.1 and its calculation shall be subject to arbitration as provided in the ENFOLIO General Provisions.

6.3. Cooperation. Upon request, a Party shall provide a certificate of exemption or other evidence of exemption from any Tax and each Party agrees to cooperate with the other in obtaining an exemption and minimizing Taxes payable in respect of all Transactions.

ARTICLE 7. TITLE, RISK OF LOSS, INDEMNITY AND BALANCING 7.1. Title, Risk of Loss and Indemnity. As between the Parties, Seller shall be deemed to be in exclusive control and possession of Gas Scheduled hereunder and responsible for any damage or injury caused thereby prior to the time the same shall have been delivered to Buyer. After delivery of Gas to Buyer at the Delivery Point(s), Buyer shall be deemed to be in exclusive control and possession thereof and responsible for any injury or damage caused thereby. Title to Gas Scheduled hereunder shall pass from Seller to Buyer at the Delivery Point(s). Seller and Buyer each assumes all liability for and shall indemnify, defend and hold harmless the other Party from any Claims, including injury to and death of persons, arising from any act or incident occurring when title to the Gas is vested in the Indemnifying Party. IT IS THE INTENT OF THE PARTIES THAT THIS INDEMNITY AND THE LIABILITY ASSUMED UNDER IT BE WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF, INCLUDING, WITHOUT LIMITATION, THE NEGLIGENCE OF ANY INDEMNIFIED PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE.

7.2. Correction of Imbalances, Cashouts and Penalties. Differences between Scheduled quantities and actual quantities delivered and received hereunder ("Imbalances") will be corrected or settled in cash or Gas or by offset as the Parties agree. Additionally, in the event of (i) an Imbalance on Buyer's Transporter's system caused by Seller or Seller's Transporter's delivery of less or more than the Scheduled quantity for any Gas Day (in which case Seller shall be the "Responsible Party") or (ii) an Imbalance on Seller's Transporter's system caused by Buyer or Buyer's Transporter's receipt of more or less than the Scheduled quantity for any Gas Day (in which case Buyer shall be the "Responsible Party"), the Responsible Party shall be liable for and reimburse to the other Party any associated Transporter penalties or cashout costs and losses incurred by such other Party. In the event the tariff of either Buyer's or Seller's Transporter provides for cashouts on the basis of the aggregation of all overdeliveries and underdeliveries between such Transporter and Buyer or Seller, respectively (the "Aggregate Transporter Imbalance"), and the nature of the Imbalance (overdelivery or underdelivery) attributable to the Responsible Party is the same as the Aggregate Transporter Imbalance (overdelivery or underdelivery), the Responsible Party shall participate in the other Party's cashout settlement of the Aggregate Transporter Imbalance on the basis of only the Responsible Party's pro-rata share thereof.

ARTICLE 8. MISCELLANEOUS 8.1. Notices. All notices, including, without limitation, consents, and communications made pursuant to this Agreement shall be made as specified in Exhibit "A." Notices required to be in writing shall be delivered in written form by letter, facsimile or other documentary form. Notice by facsimile or hand delivery shall be deemed to have been received by the close of the Business Day on which it was transmitted or hand delivered (unless transmitted or hand delivered after close in which case it shall be deemed received at the close of the next Business Day) or such earlier time confirmed by the receiving Party. Notice by

overnight mail or courier shall be deemed to have bee ived two Business Days after it was sent or such earlier time confirmed by the receiving Party. Any notices given hereunder in respect of the declaration of an Early Termination Date shall be also addressed and sent to the attention of the Corporate Secretary of Buyer or ller at the notice address in Exhibit "A." Any Party may change its addresses by ng notice of same in accordance herewith.

8.2. Transfer. This Agreement, including, without limitation, each indemnification, shall inure to and bind the permitted successors and assigns of the Parties; provided, neither Party shall transfer this Agreement without the prior written approval of the other Party which may be withheld entirely at the option of such Party; provided further, 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 transferor Party of its obligations hereunder. Any Party's transfer in violation of this Section 8.2 shall be void.

8.3. Limitation of Remedies, Liability and Damages and Mitigation. THE PARTIES DO HEREBY CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS HEREIN PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY HEREUNDER, THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY HEREIN PROVIDED, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY HEREUNDER AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. SEE **RIDER ANTICIPATORY REPUDIATION** UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, IN TORT, CONTRACT, UNDER ANY INDEMNITY PROVISION OTHERWISE. NOTWITHSTANDING ANY OTHER PROVISION IN THIS MENT, IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY PENALTIES CHARGES ASSESSED BY ANY TRANSPORTER OR OTHER ENTITY FOR THE UNAUTHORIZED RECEIPT OF GAS BY THE OTHER PARTY. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING, WITHOUT LIMITATION, THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE LIQUIDATED DAMAGES CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS. BUYER ACKNOWLEDGES THAT IT HAS ENTERED INTO THIS AGREEMENT AND IS CONTRACTING FOR THE GOODS TO BE SUPPLIED BY SELLER BASED SOLELY UPON THE EXPRESS REPRESENTATIONS AND WARRANTIES HEREIN SET FORTH AND SUBJECT TO SUCH REPRESENTATIONS AND WARRANTIES, ACCEPTS SUCH GOODS "AS-IS" AND "WITH ALL FAULTS." SELLER EXPRESSLY NEGATES ANY OTHER REPRESENTATION OR WARRANTY, WRITTEN OR ORAL, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY WITH RESPECT TO CONFORMITY TO MODELS OR SAMPLES, MERCHANTABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE. EACH PARTY HEREBY WAIVES ALL RIGHTS UNDER, ARISING OUT OF OR ASSOCIATED WITH TEXAS & BUSINESS COMMERCE CODE SECTIONS 17.41 THROUGH 17.63 KNOWN AS THE DECEPTIVE TRADE PRACTICES-CONSUMER PROTECTION ACT TO THE EXTENT ALLOWED BY LAW. The Parties acknowledge the duty to mitigate damages hereunder. In this connection, the Parties recognize the ability to effectuate arrangements for the sale or purchase of Gas is ioned upon the volatility of Gas markets, the creditworthiness and reliability of initial customers, the complexity and size of the portfolios of contracts managed by each Party and the need to conduct market business in an orderly manner. Therefore, the Parties agree that (i) three Business Days is a commercially reasonable period to pur or sell Gas in respect of a Seller's or Buyer's Deficiency Default and (ii) three Business Days after the end of the Month in which the Early Termination Date occurs is a commercially reasonable period after the establishment of an Early Termination Date to determine the Termination Payment; provided, notwithstanding the foregoing, if Gas volumes made the basis of a Seller's or Buyer's Deficiency Default or a Party's determination of the Termination Payment are in excess of 20,000 MMBtu/Gas Day, the Parties recognize that a longer period may ordinarily be required to effectuate cover or determine the Termination Payment in an orderly manner so as not to adversely affect the Gas market. Each Party may utilize its discretion, with commercially reasonable foresight, to adjust the timing and staggering of the purchases or sales of Gas volumes in its efforts to mitigate damages. No claim that a Party failed to mitigate damages shall be grounded solely on the basis of counter Gas market movement.

8.4. Winding Up Arrangements. Upon the expiration of the Parties' sale and purchase obligations under this Agreement, any monies, penalties or other charges due and owing Seller shall be paid, any corrections or adjustments to payments previously made shall be determined, and any refunds due Buyer made, within 60 Days. Any imbalances in receipts or deliveries shall be corrected to zero balance within 60 Days. All indemnity obligations and audit rights shall survive the termination of this Agreement. The Parties' obligations provided in this Agreement shall remain in effect for the purpose of complying herewith.

8.5. Applicable Law. THIS AGREEMENT AND EACH TRANSACTION AND THE RIGHTS AND DUTIES OF THE PARTIES ARISING OUT OF THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. THE PARTIES AGREE THAT THIS AGREEMENT AND ALL TRANSACTIONS SHALL BE ACCEPTED AND FORMED IN THE STATE OF TEXAS ACCORDING TO THE PROCEDURES HEREIN SET FORTH.

8.6. Document, Record Retention and Evidence. This Agreement, the Exhibits and Appendices hereto, if any, and each Transaction, constitute the entire agreement between the Parties relating to the subject matter contemplated by this Agreement. There are no prior or contemporaneous agreements or representations (whether oral or written) affecting the subject matter other than those herein expressed. Other than with respect to Transactions entered into in accordance with the procedures set forth in this Agreement and as otherwise herein expressly stated (the "Transaction Procedures"), no amendment or modification to this Agreement shall be enforceable, unless reduced to writing and executed by both Parties. The conduct of the Parties in accordance with the Transaction Procedures shall evidence a course of dealing and a course of performance accepted by the Parties in furtherance of this Agreement and all Transactions entered into by the Parties. The provisions of this Agreement shall not impart rights enforceable by any person, firm or organization not a Party or not bound as a Party, or not a permitted successor or assignee of a Party bound to this Agreement. Except as otherwise herein stated, any provision, article or section declared or rendered unlawful by a court of law or regulatory agency with jurisdiction over the Parties or deemed unlawful because of a statutory change will not otherwise affect the lawful obligations that arise under this Agreement. The headings used for the Articles herein are for convenience and reference purposes only. All Exhibits and Appendices referenced in this Agreement, if any, are incorporated. Any original executed Agreement or Transaction Agreement may be photocopied and stored on computer tapes and disks (the "Imaged Agreement"). The Imaged Agreement, if introduced as evidence on paper, the Confirmation, if introduced as evidence in facsimile form, and the Transaction Tape, if introduced as evidence in its original form and as transcribed onto paper, in any judicial, arbitration, mediation or administrative proceedings, will be admissible as between the Parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither Party shall contest the admissibility of the Transaction Tape in its original form, or photocopies of the transcription thereof, or photocopies of the Confirmation or the Imaged Agreement under either the business records exception to the hearsay rule or the best evidence rule on the basis that such were not originated or maintained in documentary form.

8.7. Confidentiality. Each Party shall not disclose t. .ms of any Transaction to a third party (other than the Party's and its affiliates' employees, lenders, counsel or accountants who have agreed to keep such terms confidential) except in order to comply with any applicable law, order, regulation or exchange rule; provided, each shall notify the other Party of any proceeding of which it is aware which may disclosure and use reasonable efforts to prevent or limit the disclosure. The ...ons of the Agreement other than the terms of any Transaction are not subject to this confidentiality obligation. The Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation; provided, all monetary damages shall be limited to actual direct damages.

The Parties have executed this Agreement in multiple counterparts to be construed as one effective as of the Effective Date.

ENRON GAS MARKETING, INC.

By: _____ DGH

Title: VICE PRESIDENT

ENRON GAS SERVICES CANADA CORP.

By: _____ MLK

Title: President

f:\atty.fms\3102sf.doc 1/94
CONTRACT\437CTR.DOC

APPENDIX "1"
ENFOLIO GENERAL PROVISIONS

•Usage and Definitions All references to Articles and Sections are to those set forth in this Agreement. Reference to any document means such document as ·ended from time to time and reference to any Party includes any permitted ·r or assignee thereof. The following definitions and any terms defined in this Agreement shall apply to this Agreement and all notices and communications made pursuant to this Agreement.

"*Btu*" means the amount of energy required to raise the temperature of one pound of pure water one degree Fahrenheit from 59 degrees Fahrenheit to 60 degrees Fahrenheit. The term "*MMBtu*" means one million Btus.

"*Buyer*" means the Party to a Transaction who is obligated to purchase Gas during a Period of Delivery.

"*C.T.*" means Central Time.

"*Claims*" means all claims or actions, threatened or filed and whether groundless, false or fraudulent, that directly or indirectly relate to the subject matters of the indemnity, and the resulting losses, damages, expenses, attorneys' fees and court costs, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement.

"*Confirmation*" means a written notice confirming the specific terms of a Transaction which may be in any form adequate at law; an example of a Confirmation which may be utilized hereunder is shown in "Exhibit B."

"*Confirm Deadline*" means 24 hours after a Party receives a Confirmation; provided, if the Confirmation is not received during a Business Day it shall be deemed received at the open of the next Business Day.

"*Contract Price*" means the price for the purchase or sale of Gas pursuant to a Transaction.

"*Daily Contract Quantity*" ("*DCQ*") means the quantity of Gas to be Scheduled each Gas Day pursuant to a Transaction.

"*Day*" means a period of 24 consecutive hours, beginning at midnight C.T. on any calendar Day. "*Business Day*" means a Day on which Federal Reserve ·member banks in New York City are open for business and a Business Day shall ·en at 8:00 a.m. and close at 5:00 p.m. local time. "*Gas Day*" means a period of 24 consecutive hours beginning at the time of the applicable Transporter's gas day.

"*Delivery Point(s)*" means the agreed point(s) of delivery pursuant to a Transaction.

"*Force Majeure*" means an event not anticipated as of the Effective Date, which is not within the reasonable control of the Party claiming suspension, and which by the exercise of due diligence such Party is unable to overcome or obtain or cause to be obtained a commercially reasonable substitute performance therefor; provided, neither (i) the loss of Buyer's markets nor Buyer's inability economically to use or resell Gas purchased hereunder nor (ii) the loss or failure of Seller's Gas supply, including, without limitation, depletion of reserves or failure of production resulting from well freeze-offs, nor Seller's ability to sell Gas to a market at a more advantageous price, shall constitute an event of Force Majeure. "Force Majeure" shall include an event of Force Majeure occurring with respect to the facilities or services of Buyer's or Seller's Transporter.

"*GAAP*" means generally accepted accounting principles, consistently applied.

"*Gas*" means methane and other gaseous hydrocarbons meeting the quality standards and specifications of Buyer's Transporter.

"*Identification Code*" means a Party's numerical code utilized for recorded telephonic Transactions, as follows: Company _____, Customer _____.

"*Indemnified Party*" and "*Indemnifying Party*" mean the Party receiving and providing an indemnity, respectively.

"*Interest Rate*" means, for any date, two percent over the per annum rate of interest announced as the "Prime Rate" from time to time for commercial loans by Citibank, N. A. as established by the administrative body of such bank ·harged with the responsibility of establishing such rate, as same may change from time to time; provided, the Interest Rate shall never exceed the maximum lawful rate permitted by applicable law.

["*Letter of Credit*" ·s an irrevocable standby letter of credit issued or confirmed in a form and by a commercial bank acceptable to the Party in whose favor it is issued.]

"*Material Adverse Change*" means with respect to Company or Customer, either ceases to be owned or otherwise controlled by Enron Corp.; "owned or otherwise controlled by" meaning the direct or indirect ownership of at least 51% of the outstanding capital stock or other equity interests of Customer or Company having ordinary voting power.

"*MaxDQ*" means the maximum quantity of Gas that Seller is required to Schedule per Gas Day pursuant to a Transaction, if applicable.

"*Maximum Daily Delivery Point Quantity*" means the maximum quantity of Gas which may be Scheduled per Gas Day at each Delivery Point where there are multiple Delivery Points applicable to a Transaction.

"*MinDQ*" means the minimum quantity of Gas that Buyer is required to Schedule per Gas Day pursuant to a Transaction, if applicable.

"*MinMQ*" means for any Month the minimum quantity of Gas per Gas Day that Buyer is obligated to Schedule times the number of Days in the Month pursuant to a Transaction, if applicable.

"*Month*" means a period of time beginning at midnight C.T. on the first Day of any calendar Month and ending at midnight C.T. on the first Day of the following calendar Month.

"*New Taxes*" means (i) any Taxes enacted and effective after the Effective Date, including, without limitation, that portion of any Taxes or New Taxes that constitutes an increase, or (ii) any law, order, rule or regulation, or interpretation thereof, enacted and effective after the Effective Date resulting in the application of any Taxes to a new or different class of parties.

"*Period of Delivery*" means the period from the date Scheduling obligations are to commence to the date same are to terminate under a Transaction.

"*Pipeline*" means a company authorized to ship Gas on behalf of itself or others on physical Gas transmission facilities.

"*Pricing Hours*" means the hours C.T. from 8:00 a.m. to 5:00 p.m. of each Business Day.

"*Replacement Price Differential*" means (i) in the event of a Seller's Deficiency Default, the positive difference, if any, obtained by subtracting the Contract Price from the greater of (a) the cost to Buyer, including incremental transportation costs and other basis adjustments, to replace Seller's Deficiency Quantity for such Gas Day (but excluding penalties or charges for unauthorized receipts of Gas by Buyer) or (b) the Spot Price for the Gas Day in which Seller's Deficiency Default occurred, and (ii) in the event of a Buyer's Deficiency Default, the positive difference, if any, obtained by subtracting the lesser of (a) the price obtained by Seller in an incremental, arms-length sale(s) to a third party of a quantity equal to Buyer's Deficiency Quantity for such Gas Day, less incremental transportation charges to Seller, and including other basis adjustments, or (b) the Spot Price for the Gas Day in which Buyer's Deficiency Default occurred (or if the MinMQ is applicable, the Spot Price for the middle Gas Day of the Month in which Buyer's Deficiency Default occurred), from the Contract Price.

"*Scheduling*" or "*Schedule*," when used in reference to Seller, means to make Gas available, or cause Gas to be made available, at the Delivery Point(s) for delivery to or for the account of Buyer, including making all Pipeline nominations, and when used in reference to Buyer, means to cause Buyer's Transporter to make available at the Delivery Point(s) transportation capacity sufficient to permit Buyer's Transporter to receive on a firm basis the quantities Seller has available at such Delivery Point(s), including making all Pipeline nominations. Gas shall be deemed to have been Scheduled when confirmed by Transporter.

"*Seller*" means the Party to a Transaction who is obligated to sell Gas during a Period of Delivery.

"*Spot Price*" means the price set forth in Gas Daily® (Pasha Publications, Inc.), or successor publication, in the column "Daily Price Survey" under the listing applicable to the geographic location agreed pursuant to a Transaction for the relevant Gas Day. If there is no single price published for that particular Gas Day, but there is published a range of prices under the above column and listing, then the Spot Price shall be the average of such high and low prices. In the event that no price or range of prices is published for that particular Gas

Day, then the Spot Price shall be the averag. the following: the price (determined as stated above) for each of the first Gas Day immediately preceding and following the Gas Day in which the default occurred for which a Spot Price can be determined.

"*Taxes*" means any or all ad valorem, property, occupation, severance, production, extraction, first use, conservation, Btu or energy, gathering, transport, Pipeline, utility, gross receipts, gas or oil revenue, gas or oil import, privilege, sales, use, consumption, excise, lease, transaction, and other or new taxes, governmental charges, licenses, fees, permits and assessments, or increases therein, other than taxes based on net income or net worth.

"*Transaction*" means an agreement and any amendment or modification thereof made in accordance herewith for the purchase or sale of Gas to be performed hereunder.

"*Transaction Agreement*" means a written paper-based agreement executed by the Parties to form and effectuate a Transaction which may be substantially in the form set forth in Exhibit "B-1."

"*Transaction Tape*" means the tape recording of a recorded Transaction effectuated in accordance with Article 2.

"*Transporter*" means either the Pipeline delivering or receiving Gas at a Delivery Point in a Transaction.

•Representations and Warranties As a material inducement to entering into this Agreement, including each Transaction, each Party, with respect to itself, hereby represents and warrants to the other Party continuing throughout the term of this Agreement as follows: (i) there are no suits, proceedings, judgments, rulings or orders by or before any court or any governmental authority that materially adversely affect its ability to perform this Agreement or the rights of the other Party under this Agreement, (ii) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, and it has the legal right, power and authority and is qualified to conduct its business, and to execute and deliver this Agreement and perform its obligations under the same and each Transaction, and all regulatory authorizations have been maintained as necessary for it to legally perform its obligations hereunder, (iii) the making and performance by it of this Agreement is in its powers, has been duly authorized by all necessary action on its part, and not and will not violate any provision of law or any rule, regulation, order, writ, judgment, decree or other determination presently in effect applicable to it or its governing documents, (iv) each of this Agreement and each Transaction when entered into constitutes a legal, valid and binding act and obligation of it, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization and other laws affecting creditor's rights generally, and with regard to equitable remedies, to the discretion of the court before which proceedings to obtain same may be pending, (v) there are no bankruptcy, insolvency, reorganization, receivership or other arrangement proceedings pending or being contemplated by it, or to its knowledge threatened against it, (vi) it has assets of $5,000,000 or more according to its most recent financial statements prepared in accordance with GAAP and knowledge and experience in financial matters that enable it to evaluate the merits and risks of this Agreement, and (vii) it is not in a disparate bargaining position with the other Party.

•Operations and Delivery Scheduling Requests. Not later than two Business Days prior to the earlier of Buyer's or Seller's Transporter's nomination deadline for the first Gas Day of each Month during a Period of Delivery, Buyer agrees to provide to Seller facsimile notice of the quantities Buyer requests Seller to Schedule for each Gas Day of such Month. Should Buyer desire to change the requested quantities Scheduled, Buyer shall provide to Seller facsimile notice thereof not later than one Business Day prior to the earlier of Buyer's or Seller's Transporter's nomination deadline for the applicable Gas Day. In the event the nomination or Scheduling deadline of a Transporter conflicts with these notification dates, Buyer and Seller agree to modify the notification dates accordingly. Scheduling requests to Seller will be accepted at the telephone number and shall be confirmed by facsimile as set forth in Exhibit "A."

Transportation. Seller shall obtain, or cause to be obtained, transportation to the Delivery Point, and Buyer shall obtain, or cause to be obtained, transportation from Delivery Point.

Gas Specifications. Seller represents that all Gas delivered hereunder shall meet or exceed the specifications of Buyer's Transporter.

Multiple Delivery Point Allocation. In the event a Transaction shall contain more than one Delivery Point, the Parties shall specify a Maximum Daily Delivery Point Quantity for each Delivery Point. The Delivery Points which shall be utilized for delivery of Gas and the quantities of Gas to be Scheduled for delivery at such Delivery Points shall be determined by Seller in its sole discretion within each applicable Maximum Daily Delivery Point Quantity. Seller shall provide to Buyer a list of Delivery Points and quantities determined by it within a period of time necessary to permit Buyer to make nominations.

Operational Flow Orders. Should either Party receive an operational flow order or other order or notice from a Transporter requiring action to be taken in connection with this Agreement or Gas flowing under this Agreement ("OFO"), such Party shall immediately notify the other Party of the OFO and provide the other Party a copy of same by facsimile. The Parties shall take all actions required by the OFO within the time prescribed. Each Party shall indemnify, defend and hold harmless the other Party from any Claims, including, without limitation, all non-compliance penalties and attorneys' fees, associated with an OFO (i) of which the Indemnifying Party failed to give the Indemnified Party the notice required hereunder or (ii) under which the Indemnifying Party failed to take the action required by the OFO within the time prescribed.

•Financial Matters Billing, Invoice Date, Charges and Payment. By the 10th Day of each calendar Month following the Month in which Gas was Scheduled under a Transaction, Seller shall provide Buyer with a written statement setting forth Gas Scheduled during the preceding Month, and other charges due Seller, including, without limitation, deficiency charges under Article 3. Billing and payment will be based on Scheduled quantities. Within five Business Days of the request of either Party, the other Party shall provide, to the extent it has a legal right of access thereto and/or such statement is then available, a copy of the Transporter's allocation or imbalance statement applicable to Gas sold hereunder for the requested period. The difference, if any, between Scheduled and actual quantities delivered or accepted shall be treated as Imbalances under Article 7. Buyer shall remit any amounts due by the 10th Day following Buyer's receipt of Seller's statement. Payment of all funds shall be made by wire transfer, in U. S. funds on a same day basis to the account designated on Exhibit "A." If Buyer or Seller should fail to remit any amounts in full when due hereunder interest on the unpaid portion shall accrue from the date due at a rate equal to the Interest Rate. Billings, payments and statements shall be made by wire transfer to the accounts or the addresses/facsimiles specified in Exhibit "A."

Suspension of Performance. If either Party fails to make a timely payment and such failure is not remedied within two Business Days after such Party receives written notice of default, the nondefaulting Party, in addition to other remedies, may suspend the Scheduling of Gas until such amount, including interest, is paid; provided, if the defaulting Party, in good faith, shall dispute the amount of any such billing or part thereof and shall pay such amounts as it concedes to be correct, no suspension shall be permitted.

Audit Rights. For a period of two years from the date of termination of a Transaction Buyer or Seller or any third party representative thereof shall have the right, upon reasonable notice and at reasonable times, to examine the books and records of the other to the extent reasonably necessary to verify the accuracy of any billing statement, payment demand, charge, payment or computation made under this Agreement. The records of the Parties shall be retained in accordance with Section 8.6 for a like period to facilitate the audit rights of the Parties.

Financial Information. If requested by Customer, Company shall deliver (i) within 120 Days following the end of each fiscal year, a copy of the annual report of Enron Corp. containing consolidated financial statements for such fiscal year certified by independent certified public accountants and (ii) within 60 Days after the end of each of its first three fiscal quarters of each fiscal year, a copy of the quarterly report of Enron Corp. containing unaudited consolidated financial statements for such fiscal quarter. If requested by Company, Customer (or its Guarantor) shall deliver (i) within 120 Days following the end of each fiscal year, a copy of its annual report containing consolidated financial statements for such fiscal year certified by independent certified public accountants and (ii) within 60 Days after the end of each of its first three fiscal quarters of each fiscal year, a copy of its quarterly report containing unaudited consolidated financial statements for such fiscal quarter. In all cases the statements shall be for the most recent accounting period and prepared in

accordance with GAAP; provided, should any such sta. .its not be timely due to a delay in preparation or certification, such delay shall not be considered a default so long as such Party diligently pursues the preparation, certification and delivery of the statements.

Varranty of Title to Gas Seller in any Transaction warrants that title to Gas to ·dulled by Seller is free from all production burdens, liens and adverse claims ,rrants its right to sell the same. Seller agrees to indemnify, defend and hold harmless Buyer against all Claims to or against the title of said Gas. In the event any Claim is asserted to said Gas, Buyer, in addition to other remedies, may suspend its obligation to pay for said Gas up to the amount of such Claim.

•Alternate Price Redetermination If any or all of the indices used to determine the Spot Price or the Contract Price are not available in the future, the Parties agree to promptly negotiate a mutually satisfactory alternate index for the Spot Price or Contract Price (each an "Alternate Price"). If the Parties cannot agree by the end of the first Month for which the Spot Price or Contract Price could not be determined, then Seller and Buyer shall each prepare a prioritized list of up to five alternative published reference postings or prices representative of spot prices for Gas delivered in the same geographic area. Each Party shall submit its list to the other within 10 Days after the end of the first Month for which the price could not be determined. The first listed index appearing in Seller's list that also appears in Buyer's list shall constitute the replacement index. If no common indices appear on the lists, each Party shall submit a new list adding two indices within 10 Days. If either Party fails to provide timely a list, such Party's list shall not be considered. From and after the "Renegotiation Date," which shall be the date the Spot Price or Contract Price is no longer available, until the Alternate Price is determined, the Alternate Price shall be the average of the Spot Price(s) or Contract Price(s) in effect during the 12 Months preceding the Month in which the Renegotiation Date occurred, which price shall be effective until the Alternate Price is determined. Upon determination of a new Alternate Price, the Spot Price or Contract Price, as applicable, will be adjusted retroactively to the Renegotiation Date.

•Effect of Waiver or Consent No waiver or consent by either Party, express or ·plied, of any one or more defaults by the other Party in the performance of any ·ion of this Agreement shall operate or be construed as a waiver or consent of ·her default or defaults whether of a like or different nature. Failure by a Party .. complain of any act of the other Party or to declare the other Party in default with respect to this Agreement, regardless of how long that failure continues, shall not constitute a waiver by that Party of its rights with respect to that default until the applicable statute of limitations period has run.

•Indemnifications With respect to each indemnification included in this Agreement the indemnity is given to the extent authorized by law and the following provisions shall be considered applicable. The Indemnified Party shall promptly notify the Indemnifying Party in writing of any Claim and the Indemnifying Party shall have the right to assume the investigation and defense thereof, including the employment of counsel, and shall be obligated to pay the related attorneys' fees; provided, the Indemnified Party shall have the right to employ separate counsel and participate in the defense of any Claim, however, the attorneys' fees of such counsel shall be paid by the Indemnified Party unless the employment of such counsel has been consented to in writing by the Indemnifying Party or the Indemnifying Party has failed to assume the defense and employ counsel in a timely manner; provided further, if the named parties to any Claim include both Parties, and the Indemnified Party shall have been advised by counsel that there may be a legal defense available to it which is different from those available to the Indemnifying Party, the Indemnified Party may elect to employ separate counsel at the expense of the Indemnifying Party, in which case the Indemnifying Party shall pay all attorneys' fees of such counsel and shall not have the right to assume the defense of the Claim on behalf of the Indemnified Party. The Parties shall use reasonable efforts to cooperate in the defense of any Claim. The Indemnifying Party shall not be liable for any settlement of a Claim without its express written consent thereto. The Indemnified Party shall reimburse the Indemnifying Party for payments made or costs incurred in respect of an indemnity ·h the proceeds of any judgment, insurance, bond, surety or other recovery made respect to an event covered by the indemnity.

..bitration Any dispute or need of interpretation arising out of this Agreement pertaining to the calculation of a Termination Payment shall be submitted to binding arbitration by one arbitrator with over eight years of professional experience in the commodity futures market. ·rivative products and the Gas industry and who has not previously been employed by either Party, and does not have a direct or indirect interest in either Party or the subject matter of the arbitration. Such arbitrator shall either be as mutually agreed by the Parties within 30 Days after written notice from either Party requesting arbitration, or failing agreement, shall be selected under the expedited rules of the American Arbitration Association (the "AAA") using the above criteria. Such arbitration shall be held in alternating locations of the home offices of Seller and Buyer, commencing with Seller's office. The rules of the AAA shall apply to the extent not inconsistent with the rules herein specified. Either Party may initiate arbitration by written notice to the other Party and the arbitration shall be conducted according to the following: (i) not later than seven Days prior to the hearing date set by the arbitrator each Party shall submit a brief with a single dollar figure for settlement, (ii) the hearing shall be conducted on a confidential basis without continuance or adjournment, (iii) the arbitrator shall be limited to selecting only one of the two figures submitted by the Parties, (iv) each Party shall divide equally the cost of the hearing and each shall be responsible for its own expenses and those of its counsel and representatives and (v) evidence concerning the financial position or organizational make-up of the Parties, any offer made or the details of any negotiation prior to arbitration and the cost to the Parties of their representatives and counsel shall not be permissible.

•Authority for Transactions Each Party represents to the other Party that each of its employees has authority to enter into Transactions pursuant to this Agreement on its behalf. Identification and authority of a Party's employee engaging in a recorded telephonic Transaction shall be conclusively established for all purposes by a statement on the Transaction Tape by the employee of the employee's name and the Party's Identification Code; provided, failure to state either the employee name or the Identification Code shall not evidence any lack of authority of the employee to effectuate and form a Transaction.

EXHIBIT "A"
ENFOLIO MASTER FIRM PURCHASE/SALE AGREEMENT

NOTICE AND COMMUNICATION

J COMPANY:
/Correspondence:
.as Marketing, Inc.
P.O. Box 1188
Houston, Texas 77251-1188
Attn: Commercial Operations
Facsimile No. (713) 646-8420

Invoices:
Enron Gas Marketing, Inc.
P.O. Box 1188
Houston, Texas 77251-1188
Attn: Commercial Operations
Facsimile No. (713) 646-8420

Payments:
Enron Gas Marketing, Inc.
ABA Routing 111000025 Nations Bank Tx
Account 4140327387

Nominations: 1(800)356-9427/1(800)FLOWGAS

Confirmations: EGM Gas Trading 1(713)646-2531

TO CUSTOMER:
Notices/Correspondence:
Enron Gas Services Canada Corp.
Canterra Tower, Suite 3500
'00-3rd Avenue S.W.
y, Alberta T2P 4H2
Corporate Secretary
..one# (403) 974-6703
Facsimile # (403) 974-6707

Invoices:
Enron Gas Services Canada Corp.
Canterra Tower, Suite 3500
400 - 3rd Avenue S.W.
Calgary, Alberta T2P 4H2
Attn: Manager, Accounting
Phone # (403) 974-6728
Facsimile # (403) 974-6706

Payments:
Enron Gas Services Canada Corp.
The Toronto-Dominion Bank
Commercial Banking Center
2 Calgary Place, 340-5th Avenue, S.W.
Calgary, Alberta T2P 4H2
Bank #004 Branch #80609
Account # 0805 0465537
Phone #(403) 292-1100
Facsimile #(403) 292-1217

Nominations:
Phone # (403) 974-6752
Facsimile # (403) 974-6706
firmations:
:# (403) 974-6752
acsimile # (403) 974-6706

EXHIBIT "B"
ENFOLIO MASTER FIRM PURCHASE/SALE AGREEMENT

EXAMPLE OF CONFIRMATION ON COMPANY LETTERHEAD (INCLUDING NAME AND ADDRESS) TO CONFIRM TELEPHONIC TRANSACTIONS UNDER SECTION 2.4

nfirmation shall confirm the Transaction agreed to on _____, 19___ and binding between Enron Gas Services Canada Corp. ("Customer") and Enron Gas .ng, Inc. ("Company") regarding the firm purchase and sale of Gas under the following terms and conditions. _____ to purchase and receive (Buyer) and _____ to sell and deliver (Seller). Transaction number _____.

DAILY CONTRACT QUANTITY (DCQ): _____
MAXDQ (if applicable): _____
MINMQ (if applicable): _____
MINDQ (if applicable): _____
DELIVERY POINT(S): _____
CONTRACT PRICE (per MMBtu): _____
PERIOD OF DELIVERY: _____
SPOT PRICE LOCATION: _____

This Confirmation is being provided pursuant to and in accordance with the ENFOLIO Master Firm Purchase/Sale Agreement in effect between Customer and Company (the "Agreement") and constitutes part of and is subject to all of the terms and provisions of such Agreement. All capitalized terms herein used, but not defined, shall have the meanings set forth in the Agreement. Company does hereby adopt its letterhead, including its address, as its signature in respect of the identification of Company and the authentication by Company of this Confirmation. Any objection of Customer to this Confirmation must be made by written notice to Company prior to the Confirm Deadline, as agreed and defined in the Agreement.

_____

EXHIBIT "B-1"
ENFOLIO MASTER FIRM PURCHASE/SALE AGREEMENT

SUGGESTED FORM OF TRANSACTION AGREEMENT FOR USE WITH TRANSACTIONS FORMED UNDER SECTION 2.2(i)

This Transaction Agreement (this "Agreement") shall form and effectuate the current proposal between _Enron Gas Services Canada Corp. ("Customer") and Enron Gas 'ing, Inc. ("Company") regarding the firm purchase and sale of Gas under the following terms and conditions. _____ to purchase and receive and _____ to sell and deliver (Seller). Transaction number _____.

DAILY CONTRACT QUANTITY (DCQ): _____
MAXDQ (if applicable): _____
MINMQ (if applicable): _____
MINDQ (if applicable): _____
DELIVERY POINT(S): _____
CONTRACT PRICE (per MMBtu): _____
PERIOD OF DELIVERY: _____
SPOT PRICE LOCATION: _____

This Transaction Agreement is being provided pursuant to and in accordance with the ENFOLIO Master Firm Purchase/Sale Agreement in effect between Customer and Company and constitutes part of and is subject to all of the terms and provisions of such Agreement. Please execute this Transaction Agreement and return an executed copy to Company. Your execution should reflect the appropriate party in your organization who has the authority to enter into this Transaction. Upon receipt by Company of this executed Transaction Agreement it shall constitute a Transaction formed and effectuated under Section 2.2(i) of the above referenced Master Agreement. In the event Customer alters the terms of this Transaction Agreement in any manner or fails to execute and return to Company this Transaction Agreement within 24 hours of its receipt thereof, there will be no Transaction under the above referenced Master Agreement pursuant to this Transaction Agreement.

ENRON GAS SERVICES CNADA CORP.	ENRON GAS MARKETING, INC.
_____	_____
(Title) _____	(Title) _____
Date) _____	(Date) _____

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

ENRON CAPITAL & TRADE RESOURCES CORP.	)	FE DOCKET NO. 99-19-NG

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

DOE/FE ORDER NO. 1470

MARCH 18, 1999

I. DESCRIPTION OF REQUEST

On March 4, 1999, Enron Capital & Trade Resources Corp. (ECT) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),[1/] and DOE Delegation Order Nos. 0204-111 and 0204-127, for authorization to import from Canada up to 20,000 Mcf of natural gas per day (up to approximately 7.3 Bcf annually). The term of the authorization would begin November 1, 1999, or when deliveries commence, whichever occurs later, and terminate 10 years following the commencement date. ECT, a Delaware corporation with its principal place of business in Houston, Texas, is a wholly owned subsidiary of Enron Corp. It is the parent corporation of Enron Capital & Trade Resources Canada Corp. (ECT Canada) and one of the largest buyers and sellers of natural gas in North America. ECT will purchase the gas from ECT Canada and use the imported volumes to enhance ECT's overall corporate supply portfolio.

The gas to be imported would be produced in Alberta, and transported in Canada to U.S. markets through Nova Gas Transmission Ltd (NOVA) and TransCanada PipeLines Limited (TCPL). It would enter the United States at the international border near St. Clair, Michigan/St. Clair, Ontario, where the pipeline facilities of TCPL and Great Lakes Gas Transmission Company (Great Lakes) interconnect. ECT would purchase the gas from ECT Canada on the Canadian side of the border and Great Lakes will provide transportation to one of three U.S. delivery points: (1) Belle River Mills, Michigan;[2/] (2) Capac, Michigan;[3/] or (3) Farwell, Michigan.[4/] However,

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1/ 15 U.S.C. § 717b.

2/ At the interconnection of the pipeline facilities of Great Lakes and Michigan Consolidated Gas Company.

3/ A point on the Great Lakes' pipeline system.

4/ At the interconnection of the pipeline facilities of Great Lakes and ANR Pipeline Company.

ECT may wish to bring these volumes into the United States at other points along the U.S.-Canada border from time to time. To retain flexibility, ECT requests that the import authorization not be restricted to a single point of importation. The requested authorization will not require the construction of new pipeline facilities.

ECT will buy the gas from ECT Canada under the terms of an Enfolio Master Purchase/Sale Agreement (Master Agreement) dated June 1, 1994. The import arrangement proposed by this application is subject to the Master Agreement and a Confirmation Letter between ECT and ECT Canada dated February 27, 1998, and supplemented August 31, 1998. To acquire this gas, ECT Canada entered into a purchase agreement with a Canadian producer, PanCanadian Petroleum Limited, under a Master Firm Gas Purchase/Sale Agreement, with a Confirmation Letter dated February 27, 1998, and supplemented August 31, 1998.

The price ECT will pay ECT Canada each month is equal to the price for the applicable delivery month published in the first issue by *Gas Daily*, in the table entitled "Monthly Contract Index," in the column for "Index," in the row for "Michigan MichCon, large," *minus* the Great Lakes tariff.[5/] ECT will also pay a deficiency charge if it fails to schedule the prescribed minimum daily quantity or daily contract quantity.

II. FINDING

The application filed by ECT 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

5/ The Great Lakes tariff only applies to deliveries from St.Clair, Michigan/St. Clair, Ontario, to Belle River Mills, Michigan.

of natural gas from a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by ECT to import natural gas from Canada, a nation with which a free trade agreement is in effect, meets the section 3(c) criterion and, therefore, is consistent with the public interest.

ORDER

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

A. Enron Capital & Trade Resources Corp. (ECT) is authorized to import up to 20,000 Mcf of natural gas per day from Canada in accordance with the "Enfolio Master Firm Purchase/Sale Agreement" between ECT and Enron Capital & Trade Resources Canada Corp., dated June 1, 1994, which was confirmed by a letter agreement dated February 27, 1998, and supplemented August 31, 1998. This natural gas may be imported from Canada near St. Clair, Michigan (St. Clair, Ontario), or at alternative international border points with transportation facilities accessible by ECT.

B. The term of this authorization begins November 1, 1999, or when deliveries commence, whichever occurs later, and terminates 10 years following the commencement date.

C. Within two weeks after deliveries begin, ECT shall provide written notification to the Office of Natural Gas & Petroleum Import & Export Activities of the date that the first import of natural gas authorized in Ordering Paragraph A above occurred.

D. With respect to the natural gas imports authorized by this Order, ECT shall file with 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.

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, ECT must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu delivered at the international border. Whenever imports have occurred at an entry point other than St. Clair, Michigan/St. Clair, Ontario, these volumes and prices must be reported separately. In addition, ECT shall provide to the extent possible, a breakdown of the import volume showing the amount sold in each state to each of its customers.

E. The notification and reports required by Ordering Paragraphs C and D of this Order shall 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.

F. The first quarterly report required by Ordering Paragraph D 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 March 18, 1999.

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

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

ENRON CAPITAL & TRADE RESOURCES CORP.	)	FE DOCKET NO. 99-19-NG

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

DOE/FE ORDER NO. 1470

MARCH 18, 1999

I. DESCRIPTION OF REQUEST

On March 4, 1999, Enron Capital & Trade Resources Corp. (ECT) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),[1/] and DOE Delegation Order Nos. 0204-111 and 0204-127, for authorization to import from Canada up to 20,000 Mcf of natural gas per day (up to approximately 7.3 Bcf annually). The term of the authorization would begin November 1, 1999, or when deliveries commence, whichever occurs later, and terminate 10 years following the commencement date. ECT, a Delaware corporation with its principal place of business in Houston, Texas, is a wholly owned subsidiary of Enron Corp. It is the parent corporation of Enron Capital & Trade Resources Canada Corp. (ECT Canada) and one of the largest buyers and sellers of natural gas in North America. ECT will purchase the gas from ECT Canada and use the imported volumes to enhance ECT's overall corporate supply portfolio.

The gas to be imported would be produced in Alberta, and transported in Canada to U.S. markets through Nova Gas Transmission Ltd (NOVA) and TransCanada PipeLines Limited (TCPL). It would enter the United States at the international border near St. Clair, Michigan/St. Clair, Ontario, where the pipeline facilities of TCPL and Great Lakes Gas Transmission Company (Great Lakes) interconnect. ECT would purchase the gas from ECT Canada on the Canadian side of the border and Great Lakes will provide transportation to one of three U.S. delivery points: (1) Belle River Mills, Michigan;[2/] (2) Capac, Michigan;[3/] or (3) Farwell, Michigan.[4/] However,

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1/ 15 U.S.C. § 717b.

2/ At the interconnection of the pipeline facilities of Great Lakes and Michigan Consolidated Gas Company.

3/ A point on the Great Lakes' pipeline system.

4/ At the interconnection of the pipeline facilities of Great Lakes and ANR Pipeline Company.

ECT may wish to bring these volumes into the United States at other points along the U.S.-Canada border from time to time. To retain flexibility, ECT requests that the import authorization not be restricted to a single point of importation. The requested authorization will not require the construction of new pipeline facilities.

ECT will buy the gas from ECT Canada under the terms of an Enfolio Master Purchase/Sale Agreement (Master Agreement) dated June 1, 1994. The import arrangement proposed by this application is subject to the Master Agreement and a Confirmation Letter between ECT and ECT Canada dated February 27, 1998, and supplemented August 31, 1998. To acquire this gas, ECT Canada entered into a purchase agreement with a Canadian producer, PanCanadian Petroleum Limited, under a Master Firm Gas Purchase/Sale Agreement, with a Confirmation Letter dated February 27, 1998, and supplemented August 31, 1998.

The price ECT will pay ECT Canada each month is equal to the price for the applicable delivery month published in the first issue by *Gas Daily*, in the table entitled "Monthly Contract Index," in the column for "Index," in the row for "Michigan MichCon, large," *minus* the Great Lakes tariff.[5/] ECT will also pay a deficiency charge if it fails to schedule the prescribed minimum daily quantity or daily contract quantity.

II. FINDING

The application filed by ECT 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

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5/ The Great Lakes tariff only applies to deliveries from St.Clair, Michigan/St. Clair, Ontario, to Belle River Mills, Michigan.

of natural gas from a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by ECT to import natural gas from Canada, a nation with which a free trade agreement is in effect, meets the section 3(c) criterion and, therefore, is consistent with the public interest.

ORDER

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

A. Enron Capital & Trade Resources Corp. (ECT) is authorized to import up to 20,000 Mcf of natural gas per day from Canada in accordance with the "Enfolio Master Firm Purchase/Sale Agreement" between ECT and Enron Capital & Trade Resources Canada Corp., dated June 1, 1994, which was confirmed by a letter agreement dated February 27, 1998, and supplemented August 31, 1998. This natural gas may be imported from Canada near St. Clair, Michigan (St. Clair, Ontario), or at alternative international border points with transportation facilities accessible by ECT.

B. The term of this authorization begins November 1, 1999, or when deliveries commence, whichever occurs later, and terminates 10 years following the commencement date.

C. Within two weeks after deliveries begin, ECT shall provide written notification to the Office of Natural Gas & Petroleum Import & Export Activities of the date that the first import of natural gas authorized in Ordering Paragraph A above occurred.

D. With respect to the natural gas imports authorized by this Order, ECT shall file with 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.

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, ECT must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu delivered at the international border. Whenever imports have occurred at an entry point other than St. Clair, Michigan/St. Clair, Ontario, these volumes and prices must be reported separately. In addition, ECT shall provide to the extent possible, a breakdown of the import volume showing the amount sold in each state to each of its customers.

E. The notification and reports required by Ordering Paragraphs C and D of this Order shall 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.

F. The first quarterly report required by Ordering Paragraph D 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 March 18, 1999.

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

ECT CANADA ORIGINAL

Enron Capital & Trade
Resources Canada Corp.
3500 Canterra Tower
400 - 3rd Avenue S.W.
Calgary, Alberta, Canada T2P 4H2
(403) 974-6700
Fax (403) 974-6706

August 31, 1998

VIA COURIER

Enron Capital & Trade Resources Corp.
1400 Smith Street
Houston, Texas 77251-1188

Attention: Julie Gomez, Vice President

Dear Sirs:

Re: Confirmation Letter dated February 27, 1998, between Enron Capital & Trade Resources Canada Corp.; as Seller, and Enron Capital & Trade Resources Corp., as Buyer, for the sale by Seller and the purchase by Buyer of a DCQ of 20,000.0 Mcf of Gas per Day, at the interconnection between the gas transmission facilities of TCPL and Great Lakes at St. Clair, Ontario, for a Period of Delivery from November 1, 1999, to November 1, 2008, a copy of which Confirmation Letter is attached as Exhibit "A" hereto (the "Confirmation Letter")
Our File No.: ECTR-02

We are writing in reference to the Confirmation Letter, and have used defined terms in this letter not otherwise defined by this letter with the same meanings as given to them by the Confirmation Letter.

This letter confirms our verbal agreement reached on August 27, 1998 (the "Effective Date") that, pursuant to Section IV(b) of the Confirmation Letter, that as a condition to Seller obtaining the St. Clair Transport pursuant to Section I of the Confirmation Letter, ECTR, on behalf of Buyer, has been required to provide firm take-away transportation for the DCQ from the Delivery Point and, accordingly, the Belle River Mills Transport and the Actual Great Lakes Tariff component of the Contract Price shall be applicable to the Transaction provided for under the Confirmation Letter, subject to the following:

1. The references in the Confirmation Letter to the Belle River Mills Transport being provided under Great Lakes Service Agreement (Contract Identification FT445) dated January 3, 1997, with ECTR (a copy of which was attached as Exhibit "B" to the Confirmation Letter) has, in accordance with the terms of the Belle River Mills Transport, been replaced by Great Lakes Service Agreement (Contract Identification FT720) dated August 31, 1998, with ECTR (a copy of which is attached as Exhibit "B" hereto) and, accordingly, all references in the Confirmation Letter to the "Belle River Mills Transport" shall be interpreted to mean the firm transportation service requirements for the DCQ on the gas transmission facilities of Great Lakes under Great Lakes Service Agreement (Contract Identification FT720) from St. Clair to any of the delivery points referred to in (a), (b) or (c) of paragraph 2 below.

2. As a result of the replacement of the Belle River Mills Transport under Great Lakes Service Agreement (Contract Identification FT720) pursuant to paragraph 1 above, the delivery points applicable under the Belle River Mills Transport include all delivery points available under Great Lakes Service Agreement (Contract Identification FT720), being:

(a) at the interconnection between the gas transmission facilities of Great Lakes and Michigan Consolidated at Belle River Mills, Michigan; or

(b) at the delivery point on the gas transmission facilities of Great Lakes at Capac, Michigan; or

(c) at the interconnection between the gas transmission facilities of Great Lakes and ANR Pipeline Company at Farwell, Michigan.

Accordingly, all references in the Confirmation Letter to transportation of the DCQ from St. Clair on the Belle River Mills Transport to "Belle River Mills" shall be interpreted to mean transportation of the DCQ from St. Clair under Great Lakes Service Agreement (Contract Identification FT720) to any of the then applicable delivery points referred to in (a), (b) or (c) of paragraph 2 above.

We also confirm that the reference to "November 1, 2008" in Section VI of the Confirmation Letter under the heading "Period of Delivery" is hereby amended to "November 1, 2009".

We confirm that the Transaction provided for in the Confirmation Letter otherwise continues in full force and effect in accordance with its terms.

Yours truly,

ENRON CAPITAL & TRADE
RESOURCES CANADA CORP.

Rob Milnthorp
Vice President

APPROVAL	
ORIGINATOR	
LEGAL	
CREDIT	✓
RISK MGT.	✓

ACKNOWLEDGED AND AGREED AS OF THE EFFECTIVE DATE.

ENRON CAPITAL & TRADE RESOURCES CORP.

Per:
Name: Julie Gomez
Title: Vice President

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

ENRON CAPITAL & TRADE RESOURCES CORP. § FE DOCKET NO. 99-19-NG

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

I. ACTION SOUGHT FROM THE OFFICE OF FOSSIL FUELS

Pursuant to Section 3 of the Natural Gas Act of 1938, as amended, 15 U.S.C. § 717b (1994 Supp.), Section 201 of the Energy Policy Act of 1992, 15 U.S.C. § 717b(b)-(c) (1994 Supp.), Delegation Order Nos. 0204-111, 49 Fed. Reg. 6684 (Feb. 22, 1984) and 0204-127, 54 Fed. Reg. 11437 (Mar. 20, 1991) of the United States Department of Energy ("DOE"), and Part 590 of the DOE's regulations, 10 C.F.R. Part 590, Enron Capital & Trade Resources Corp. ("ECT") hereby requests that the DOE's Office of Fossil Energy grant it long-term authorization to import approximately 20,000 Mcf of natural gas per day (up to approximately 73.0 Bcf annually) at a receipt point located near St. Clair, Ontario and other receipt points along the Canada-U.S. border, for a term commencing on November 1, 1999 or such other date on which deliveries commence under the transactions specified below, and terminating 10 years following commencement date. In support of this application, ECT presents the following:

II. OFFICIAL SERVICE LIST

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

Monica C. Jordan, Attorney
Enron Capital & Trade Resources Corp.
P.O. Box 1188
(713) 853-5910
(713) 646-3393 - Fax

Leslie J. Lawner, Attorney
Enron Capital & Trade Resources Corp.
712 North Lea
Roswell, New Mexico 88201
(505) 623-6778
(505) 625-2820

III. DESCRIPTION OF THE PARTIES AND PROPOSED TRANSACTION.

A. Background.

ECT is a Delaware corporation and is a wholly-owned subsidiary of Enron Corp. Its principal place of business is located in Houston, Texas, with other offices located in Dublin, Ohio, Chicago,

Illinois, Long Beach, San Francisco and Auburn, California, Omaha, Nebraska, Kansas City, Missouri, Denver, Colorado, and Tulsa, Oklahoma. ECT, the successor to Enron Gas Marketing, Inc., is one of the largest buyers and sellers of natural gas in North America, with physical and financial volumes in excess of 30 billion cubic feet per day. ECT is the parent corporation of Enron Capital & Trade Resources Canada Corp. ("ECT Canada"), which is the purchaser of the natural gas subject to this application from a supplier in the Province of Alberta, and the seller of the gas to ECT at the international boundary.

ECT proposes to import the natural gas from Canada at the export point near St. Clair, in the Province of Ontario. However, as this supply forms part of ECT's corporate portfolio, ECT may wish to bring these volumes in to the U.S. at other points along the U.S.-Canadian border from time to time. In order to retain flexibility, ECT requests that the subject import authorization not be restricted to a single point of import.

ECT will use the Canadian natural gas supplies imported hereunder to enhance its overall corporate supply portfolio. The natural gas to be imported will be produced in Alberta, and will be transported to market through NOVA Gas Transmission Ltd. ("NOVA"), TransCanada PipeLines Limited ("TCPL"), and Great Lakes Gas Transmission Company ("Great Lakes"). The gas will flow on NOVA for firm delivery to TCPL near Empress, Alberta and then on TCPL for delivery at the export point near St. Clair, Ontario. From St. Clair, Ontario, the gas will flow on the transportation system of Great Lakes to one of three delivery points available to ECT being: (a) at the interconnection between the gas transmission facilities of Great Lakes and Michigan Consolidated at Belle River Mills, Michigan; or (b) at the delivery point on the gas transmission facilities of Great Lakes at Capac, Michigan; or (c) at the interconnection between the gas transmission facilities of Great Lakes and ANR Pipeline Company at Farwell, Michigan.

B. Supply

ECT will purchase the gas supplies from ECT Canada under an Enfolio Master Firm Purchase/Sale Agreement ("Master Agreement") dated June 1, 1994. This Master Agreement contemplates the parties entering into various transactions for the firm purchase and sale of gas to which the Agreement is to apply. The import arrangement contemplated hereunder is subject to the Master Agreement pursuant to a Confirmation Letter between ECT and ECT Canada effective as of February 27, 1998 and supplemented on August 31, 1998 (the "Confirmation Letter"). The Confirmation Letter provides for the sale by ECT Canada to ECT of 20,000 Mcf of gas per day to be delivered at the U.S.-Canada border near St. Clair, Ontario for a term commencing on November 1, 1999 or such other date on which deliveries commence under the transactions specified, and terminating 10 years following the commencement date. If ECT, as Buyer, fails to schedule the minimum daily quantity (MinDQ) or daily contract quantity (DCQ), this

constitutes a Buyer's Deficiency Default and Buyer's Deficient quantity shall be the difference between the DCQ or MinDQ and the quantity of gas scheduled for such day. ECT will then be required to pay ECT Canada the sum of an amount equal to the product of Buyer's Deficiency Quantity multiplied by the Replacement Price Differential plus liquidated damages equal to $0.15 multiplied by Buyer's Deficiency Quantity to cover ECT Canada's administrative and operational costs. The Replacement Price Differential means the positive difference, if any, obtained by subtracting the lesser of (a) the price obtained by Seller in an incremental, arms-length sale(s) to a third party of a quantity of gas equal to Buyer's Deficiency Quantity for such day, less incremental transportation charges to the Seller, and including other basis adjustments or (b) the Spot Price for the day in which Buyer's Deficiency Default occurred from the Contract Price. Buyer shall not be liable to Seller for any amount for failing to Schedule or receive any volumes which are designated by Seller or Buyer to be Fuel or which are deemed to be Fuel Gas. The Master Agreement and the Confirmation Letter are attached hereto as Exhibit "A".

ECT Canada has arranged to purchase 20,000 Mcf per day of natural gas from one Canadian Supplier pursuant to Confirmation Letter entered into under Master Firm Gas Purchase/Sale Agreements. The Confirmation Letter provides for the following supply:

Supplier	Confirmation Letter	Volume
PanCanadian Petroleum Limited	February 27, 1998 *Supplemented August 31, 1998	20,000 Mcf/d plus Fuel Gas

C. Transportation

The Alberta-sourced natural gas will be transported from the field to a point on the Alberta-Saskatchewan border near Empress, Alberta through the NOVA facilities. PanCanadian Petroleum Limited ("PCPL") has sufficient NOVA capacity, with renewal rights, for transportation of the 20,000 Mcf of gas, plus fuel gas, to be imported annually hereunder (See Paragraph V. of the Confirmation Letter dated February 27, 1998 where PCPL is required to deliver the gas to ECT Canada at the interconnection of NOVA and TCPL). The natural gas will be transported from Empress, Alberta to the Canada-U.S. border near St. Clair, Ontario, through the facilities of TCPL. ECT Canada will initially hold the requisite transportation capacity on TCPL, and will transport the proposed volumes to the contract delivery point and then sell the gas to ECT. ECT will purchase the gas from ECT Canada on the Canadian side of the International Border at the point of interconnection between the gas transmission facilities of TCPL and Great Lakes at St. Clair, Ontario.

D. Markets

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

The natural gas acquired by ECT pursuant to the application filed herein will be used as part of ECT's overall corporate gas supply portfolio necessary to serve approximately 10 Bcf per day of market commitment. The volumes hereunder represent a small fraction of this overall portfolio which is used by ECT to serve various markets available to it. In the U.S. Northeast alone, ECT has commitments to deliver over 400,000 MMBtu's per day under a portfolio of contracts. It is generally expected that the subject natural gas will be used to serve the U.S. Northeast markets currently under long-term contracts to ECT.

IV. THE AUTHORIZATION SOUGHT IS CONSISTENT WITH THE PUBLIC INTEREST

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

V. ENVIRONMENTAL CONSIDERATIONS

As a result of the amendment of Section 3 of the Natural Gas Act effectuated by the Energy Policy Act of 1992, an environmental review of an import application is not required under the National Environmental Policy Act. See DOE/FE Order No. 762. Any environmental assessment or analysis necessary due to pipeline construction to serve ECT will be performed by the Federal Energy Regulatory Commission.

ECT has authority to export the gas made the subject of this transaction for the period of November 1, 1999 to November 18, 2000 pursuant to NEB Short Term Order GO-75-98. ECT has applied for the necessary Long Term Export License from the National Energy Board of Canada authorizing the long-term export of the gas made the subject of this transaction for a 10 year period commencing November 1, 1999, or such other date on which deliveries commence, and anticipates a decision by the NEB will be rendered by July 1999.

VI. OTHER FEDERAL ACTION

Neither ECT nor any other party has any pending applications with any other federal agency with respect to the proposed import of natural gas.

VII. CONCLUSION

WHEREFORE, ECT requests that the Department of Energy Office of Fossil Energy grant it the authorization sought herein to import approximately 20,000 Mcf of natural gas per day from Canada for a ten year term commencing November 1, 1999, or such commencement date as set forth above.

Respectfully submitted,

Monica C. Jordan,
Attorney
ENRON CAPITAL & TRADE RESOURCES CORP.
P.O. Box 1188
1400 Smith Street
Houston, Texas 77251-1188

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

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

To Whom It May Concern:

This opinion is rendered in connection with the application of Enron Capital & Trade Resources Corp. ("ECT") for authorization under Section 3 of the Natural Gas Act to import up to 20,000 Mcf of natural gas per day (up to 73.0 Bcf annually), at a receipt point located near St. Clair, Ontario and other receipt points along the Canada-U.S. border, for a term commencing on November 1, 1999 or such other date on which deliveries commence under the transactions specified below, and terminating November 1, 2009.

Based upon my understanding of the application and my examination of the relevant documents, records and matters of law, it is my opinion that the proposed import of natural gas from Canada by ECT, as contemplated in the instant application, is within the corporate power of ECT.

Very truly yours,

Monica C. Jordan

Monica C. Jordan

EXHIBIT "A"
SUPPLY ARRANGEMENTS

Enfolio Master Firm Purchase/Sale Agreement between Enron Capital & Trade Resources Corp. and Enron Capital & Trade Resources Canada dated June 1, 1994

Confirmation Letter between ECT and ECT Canada dated February 27, 1998 and supplemented August 31, 1998

B.

EXHIBIT "A"

ECT CANADA ORIGINAL

Enron Capital & Trade
Resources Canada Corp.
3500 Canterra Tower
400 - 3rd Avenue S.W.
Calgary, Alberta, Canada T2P 4H2
(403) 974-6700
Fax (403) 974-6706

February 27, 1998

Enron Capital & Trade Resources Corp.
1400 Smith Street
Houston, Texas 77251-1188

Attention: Julie Gomez, Vice President

CONFIRMATION LETTER

This Confirmation Letter confirms the specific terms of the agreement between Enron Capital & Trade Resources Canada Corp., successor to Enron Gas Services Canada Corp. ("Seller") and Enron Capital & Trade Resources Corp., successor to Enron Gas Marketing, Inc. ("Buyer"), regarding the Transaction described in this Confirmation Letter for the sale and purchase of natural gas:

I. TRANSPORTATION AND REGULATORY REQUIREMENTS:

(a) As a condition of Seller's and Buyer's respective obligations under the Transaction provided for in this Confirmation Letter:

(i) Seller shall have obtained all approvals and firm transportation agreements in form and content satisfactory to Seller necessary to transport the DCQ for the Period of Delivery from the interconnection of the gas transmission facilities of NOVA Gas Transmission Ltd. ("NOVA") and TransCanada PipeLines Limited ("TCPL") at Empress, Alberta ("Empress") for firm service delivery to the Delivery Point (such firm transportation requirements, the "St. Clair Transport"); and

(ii) Buyer or Seller shall have obtained all regulatory approvals necessary to: (A) export the DCQ from Canada; and (B) import the DCQ to the United States, each for the Period of Delivery,

collectively, the "Transportation and Regulatory Requirements".

(b) Seller and Buyer will use all reasonable efforts and due diligence to obtain the Transportation and Regulatory Requirements. Seller and Buyer shall cooperate in fulfilling the Transportation and Regulatory Requirements.

(c) Seller and Buyer shall promptly inform each other in writing upon the Transportation and Regulatory Requirements having been obtained.

(d) If by October 1, 1999, the Transportation and Regulatory Requirements have not been obtained; then either Seller or Buyer may terminate the Transaction provided for in this Confirmation Letter by giving written notice thereof to the other Party prior to 5:00 p.m., MST on October 5, 1999; provided that, if no such notice is given, then the Parties shall be deemed to have waived any requirement to obtain the Transportation and Regulatory Requirements as a condition of their respective obligations under the Transaction provided for in this Confirmation Letter.

(e) In the event this Transaction terminates as provided for in this Section I, then neither Party shall have any further rights or obligations under this Transaction.

II. DCQ: (a) 20,000.0 Mcf per Day.

(b) For the purposes of converting Mcf to MMBtu under this Transaction, the Parties shall use the Monthly average Btu factor posted by TCPL at the Delivery Point for the applicable delivery Month.

LEGAL-CONTRACT\ectr.ectc.77d.pancanadlsr.2999 Natural gas. Electricity. Endless possibilities March 3, 1998 11:58 AM

(c) Effective on the date TCPL converts from its current system of volumetric measurement to energy content measurement for the purposes of determining the quantity of Gas shipped on TCPL's gas transmission facilities (anticipated to occur November 1, 1999) (the "Amended Measurement Date"), the DCQ will be converted for the remainder of the Period of Delivery from Mcf to GJ's by the applicable conversion factor used by TCPL as of the Amended Measurement Date for the conversion of Mcf to GJ's.

(d) For the purposes of energy conversions under this Transaction from and after the Amended Measurement Date, one MMBtu shall equal 1.055056 GJ's.

III. DELIVERY POINT: At the interconnection of the gas transmission facilities of TCPL and Great Lakes Gas Transmission Limited Partnership ("Great Lakes") at St. Clair, Ontario, on the Canadian side of the international border.

IV. CONTRACT PRICE: (a) The Contract Price, for each delivery Month, shall be a price in U.S. dollars per MMBtu equal to: (i) the MichCon Index (defined below); minus, if the Belle River Mills Transport (defined below) is applicable to this Transaction as provided for in paragraph (b) of this Section IV below, (ii) the Actual Great Lakes Tariff (defined below), where:

"MichCon Index" means the price for the applicable delivery Month in U.S. dollars per MMBtu published in the first issue in that Month by *Gas Daily*, in the table entitled "Monthly Contract Index", in the column for "Index" in the row for "Michigan MichCon, large" in U.S. dollars per MMBtu.

"Actual Great Lakes Tariff" means the negotiated tariff for the delivery Month relative to the DCQ for firm service delivery from the Delivery Point to the interconnection between the gas transmission facilities of Great Lakes and Michigan Consolidated at Belle River Mills, Michigan ("Belle River Mills") (such firm transportation requirements, the "Belle River Mills Transport") pursuant to Great Lakes Service Agreement (Contract Identification FT445) dated January 3, 1997, with Buyer (a copy of which is attached as Exhibit "B" hereto), as amended, restated or replaced from time to time.

(b) Notwithstanding the foregoing or any other provision of this Confirmation Letter, the Belle River Mills Transport and the Actual Great Lakes Tariff component of the Contract Price shall only be applicable to the Transaction provided for in this Confirmation Letter if, as a condition to Seller obtaining the St. Clair Transport pursuant to Section I above, Seller or Buyer, on behalf of Seller, is required to provide take-away transport for the DCQ from the Delivery Point.

(c) During all periods of Force Majeure hereunder, Seller shall reimburse Buyer for the Actual Great Lakes Tariff, if applicable to this Transaction. If, during any such period of Force Majeure, Great Lakes provides any credits to Buyer relative to such period of Force Majeure, then such credits shall be passed through to Seller.

V. CURRENCY CONVERSIONS: All dollar amounts referred to in this Confirmation Letter, unless otherwise indicated, are stated in U.S. dollars and must be paid in U.S. dollars. For currency conversions required under this Confirmation Letter, to convert Canadian currency to the currency of the United States, and vice versa, the Parties shall use the Bank of Canada posted noon spot exchange rate as quoted for the twentieth Day of each Month following each delivery Month. If such twentieth Day falls on a weekend or statutory holiday, the Bank of Canada's posted noon spot exchange rate on the closest Business Day shall be used.

VI. PERIOD OF DELIVERY:

(a) Unless this Transaction is terminated as provided for in Section I above, and subject to paragraph (b) of this Section VI below, the Period of Delivery shall commence at 08:00h on November 1, 1999, and terminate at 08:00h on November 1, 2008.

(b) If the commencement of firm service delivery of the DCQ by TCPL pursuant to TCPL's expansion to the Delivery Point is delayed beyond November 1, 1999, then the Period of Delivery shall commence at 08:00h on the date that such firm service delivery by TCPL commences (the "Service Commencement Date"), and the Period of Delivery shall end at 08:00h on the date which is the tenth anniversary of the Service Commencement Date.

VII. AMENDMENTS TO THE MASTER AGREEMENT:

For the purpose of this Transaction only, the Master Agreement (defined below) shall be amended as follows:

(a) The following is added at the end of Section 4.1 of the Master Agreement:

"If an Early Termination Date occurs with respect to this Confirmation Letter, and regardless of which Party is the Affected Party, and provided the Belle River Mills Transport is applicable to this Transaction, Buyer shall at Seller's request promptly assign to Seller or to any designee of Seller ("Seller's Designee") for the remainder of the Period of Delivery under this Confirmation Letter, whatever right Buyer has at that time to the Belle River Mills Transport relative to the DCQ, subject to Buyer's right to assign same and to Buyer's receipt of written consent from Great Lakes.

If an Early Termination Date occurs with respect to the Producer Transaction (defined below), and if Seller is the Affected Party under such Producer Transaction, and provided the Belle River Mills Transport is applicable to this Transaction, then Buyer shall at Seller's request promptly assign to Seller or Seller's Designee for the remainder of the Period of Delivery under this Confirmation Letter, whatever right Buyer has at that time to the Belle River Mills Transport, subject to Buyer's right to assign same and to Buyer's receipt of written consent from Great Lakes."

(b) Article 5 of the Master Agreement shall be amended by deleting Article 5 in its entirety and replacing it with the following:

"This Article 5 is the sole and exclusive excuse for non-performance permitted under this Confirmation Letter, and all other excuses at law or in equity are waived. Except with regard to payment obligations, in the event either Party is rendered unable, wholly or in part, by Force Majeure to carry out its obligations under this Agreement, it is agreed that upon such Party's giving notice and full particulars of such Force Majeure to the other Party as soon as reasonably possible, such notice to be confirmed in writing, then the obligations of the Party giving such notice, to the extent that they are affected by such Force Majeure, shall be suspended, from its inception during the continuance of the Force Majeure."

(c) The definition of "Force Majeure" in Appendix "I" of the Master Agreement is deleted and replaced it with:

""Force Majeure" shall mean only interruptions or curtailments of firm service at the Delivery Point by Seller's Transporter or Buyer's Transporter, regardless of whether Buyer's Transporter or Seller's Transporter is declaring an event of Force Majeure; provided, however, that Seller shall, in addition, have the right to declare Force Majeure if: (a) there is a curtailment of firm service delivery or interruption of firm service delivery by NOVA or TCPL at Empress which affects all NOVA or TCPL shippers who had nominated for deliveries or receipts to take place at Empress on that Day; or (b) there is a curtailment of firm service delivery or interruption of firm service delivery occurring downstream of Empress at any point between Empress and the Delivery Point; provided further, however, that, if the Belle River Mills Transport is applicable to this Transaction, Buyer shall, in addition, have the right to declare Force Majeure if there is a curtailment of firm service delivery or interruption of firm service delivery occurring downstream of the Delivery Point at any point between the Delivery Point and Belle River Mills, or at Belle River Mills. On the Day the Force Majeure applies, both Parties' obligations to deliver and receive Gas shall be reduced by the same percentage that the applicable transporter interrupts or curtails firm delivery service at a point mentioned in the previous sentence on such Day."

(d) In the Master Agreement, as amended by the foregoing provisions of this Section VII, "this Confirmation Letter" means this Confirmation Letter, and capitalized terms not defined by the Master Agreement but defined by this Confirmation Letter have the same meanings as given to them by this Confirmation Letter.

VIII. OTHER: (a) Seller and Buyer acknowledge and agree that PanCanadian Petroleum Limited (the "Producer") has the right to an assignment from Seller of the St. Clair Transport and, if the Belle River Mills Transport is applicable to this Transaction, from Buyer of the Belle River Mills Transport, on the terms and conditions applicable to Seller's supply agreement with the Producer under a Confirmation Letter of even date herewith between Seller and the Producer and having the same Period of Delivery as for this Transaction (the "Producer Transaction"), in which case:

(i) if the Belle River Mills Transport is applicable to this Transaction, Buyer shall make an assignment to the Producer or the Producer's designee of the Belle River Mills Transport for the remainder of the Period of Delivery; provided that, such assignment shall be subject to Buyer's right to assign the Belle River Mills Transport and Buyer's receipt of written consents and releases from Great Lakes for such assignment, in form and content satisfactory to Buyer;

(ii) the Parties shall execute and deliver to each other a replacement Confirmation Letter in the form attached as Exhibit "A" hereto (the "Replacement Confirmation Letter") and the Transaction provided for under the Replacement Confirmation Letter shall replace and supercede the Transaction provided for under this Confirmation Letter; and

(iii) all obligations of Seller and Buyer under this Transaction shall terminate and neither Party shall have any further rights or obligations under this Transaction.

(b) On any Day, Seller shall have the right to elect by written notice to Buyer to deliver any quantity of Gas, up to the DCQ, to Buyer at the Delivery Point ("Seller's Option"); provided that:

(i) Seller gives Buyer written notice of the exercise of Seller's Option in sufficient time to allow Buyer to meet the nominations deadline for the Belle River Mills Transport on such Day, if applicable to this Transaction;

(ii) Seller shall only be entitled to exercise Seller's Option to the extent that actual volumes delivered on such Day by Producer pursuant to the Producer Transaction are reduced by the matching option granted by Seller to Producer allowing Producer to elect to deliver any quantity of Gas up to the "MaxDQ" under the Producer Transaction (the "Upstream Option"); and

(iii) Seller's reduction of the DCQ on any such Day pursuant to Seller's Option shall match the quantity of Producer's reduced deliveries on such Day to Seller under the Upstream Option.

(c) If, on any Day, Producer is (for any reason) excused from delivering, or (for any reason) fails to deliver to Seller any quantity of Gas which Producer is required to deliver to Seller on such Day pursuant to the Producer Transaction, then, notwithstanding any provision of this Confirmation Letter or the Master Agreement (defined below), Seller shall be excused from delivering the corresponding quantity of Gas to Buyer under this Transaction on such Day (including, without restriction, that Seller shall have no liability whatsoever under this Transaction for any Seller's Deficiency Default).

This Confirmation Letter is being provided pursuant to the ENFOLIO Master Firm Gas Purchase/Sale Agreement dated June 1, 1994, between Enron Capital & Trade Resources Canada Corp., successor to Enron Gas Services Canada Corp., and Enron Capital & Trade Resources Corp., successor to Enron Gas Marketing, Inc., as amended, restated or replaced, from time to time (the "Master Agreement") and constitutes part of and is subject to all of the terms and provisions of the Master Agreement.

ENRON CAPITAL & TRADE RESOURCES CANADA CORP.

Per:

Name Printed: Rob Milnthorp

Title: Vice President

ENRON CAPITAL & TRADE RESOURCES CORP.

Per:

Name Printed: David W. Delainey

Title: Managing Director

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(i) Seller gives Buyer written notice of the exercise of Seller's Option in sufficient time to allow Buyer to meet the nominations deadline for the Belle River Mills Transport on such Day, if applicable to this Transaction;

(ii) Seller shall only be entitled to exercise Seller's Option to the extent that actual volumes delivered on such Day by Producer pursuant to the Producer Transaction are reduced by the matching option granted by Seller to Producer allowing Producer to elect to deliver any quantity of Gas up to the "MaxDQ" under the Producer Transaction (the "Upstream Option"); and

(iii) Seller's reduction of the DCQ on any such Day pursuant to Seller's Option shall match the quantity of Producer's reduced deliveries on such Day to Seller under the Upstream Option.

(c) If, on any Day, Producer is (for any reason) excused from delivering, or (for any reason) fails to deliver to Seller any quantity of Gas which Producer is required to deliver to Seller on such Day pursuant to the Producer Transaction, then, notwithstanding any provision of this Confirmation Letter or the Master Agreement (defined below), Seller shall be excused from delivering the corresponding quantity of Gas to Buyer under this Transaction on such Day (including, without restriction, that Seller shall have no liability whatsoever under this Transaction for any Seller's Deficiency Default).

This Confirmation Letter is being provided pursuant to the ENFOLIO Master Firm Gas Purchase/Sale Agreement dated June 1, 1994, between Enron Capital & Trade Resources Canada Corp., successor to Enron Gas Services Canada Corp., and Enron Capital & Trade Resources Corp., successor to Enron Gas Marketing, Inc., as amended, restated or replaced, from time to time (the "Master Agreement") and constitutes part of and is subject to all of the terms and provisions of the Master Agreement.

ENRON CAPITAL & TRADE RESOURCES CANADA CORP.

Per: [signature]
Name Printed: Rob Milnthorp
Title: Vice President

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ENRON CAPITAL & TRADE RESOURCES CORP.

Per: [signature]
Name Printed: David W. Delainey
Title: Managing Director

Julie Gomez
Vice President

EXHIBIT "A"

to the Confirmation Letter dated February 27, 1998,
between Enron Capital & Trade Resources Canada Corp.,
successor to Enron Gas Services Canada Corp., as Seller, and
Enron Capital & Trade Resources Corp.,
successor to Enron Gas Marketing, Inc., as Buyer,
under the Master Agreement hereinafter referred to

[Assignment Date]

Enron Capital & Trade Resources Corp.
1400 Smith Street
Houston, Texas 77251-1188

Attention: [•]

CONFIRMATION LETTER

This Confirmation Letter confirms the specific terms of the agreement between Enron Capital & Trade Resources Canada Corp., successor to Enron Gas Services Canada Corp. ("Seller") and Enron Capital & Trade Resources Corp., successor to Enron Gas Marketing, Inc. ("Buyer"), regarding the Transaction described in this Confirmation Letter for the sale and purchase of natural gas:

I. DCQ: (a) 20,000.0 Mcf's per Day.

(b) For the purposes of converting Mcf to MMBtu under this Transaction, the Parties shall use the Btu factor posted by TransCanada PipeLines Limited ("TCPL") at the Delivery Point.

(c) Effective on the date TCPL converts from its current system of volumetric measurement to energy content measurement for the purposes of determining the quantity of Gas shipped on TCPL's gas transmission facilities (anticipated to occur November 1, 1999) (the "Amended Measurement Date"), the DCQ will be converted for the remainder of the Period of Delivery from Mcf to GJ's by the applicable conversion factor used by TCPL as of the Amended Measurement Date for the conversion of Mcf to GJ's.

(d) For the purposes of energy conversions under this Transaction from and after the Amended Measurement Date, one MMBtu shall equal 1.055056 GJ's.

II. DELIVERY POINT: At the interconnection of the gas transmission facilities of TCPL and Great Lakes Gas Transmission Limited Partnership at St. Clair, Ontario, on the Canadian side of the international border.

III. CONTRACT PRICE: The Contract Price, for each delivery Month, shall be a price in U.S. dollars per MMBtu equal to the MichCon Index, where:

"MichCon Index" means the price for the applicable delivery Month in U.S. dollars per MMBtu published in the first issue in that Month by *Gas Daily*, in the table entitled "Monthly Contract Index", in the column for "Index" in the row for "Michigan MichCon, large" in U.S. dollars per MMBtu.

IV. CURRENCY CONVERSIONS: All dollar amounts referred to in this Confirmation Letter, unless otherwise indicated, are stated in U.S. dollars and must be paid in U.S. dollars. For currency conversions required under this Confirmation Letter, to convert Canadian currency to the currency of the United States, and vice versa, the Parties shall use the Bank of Canada posted noon spot exchange rate as quoted for the twentieth Day of each Month following each delivery Month. If such twentieth Day falls on a weekend or statutory holiday, the Bank of Canada's posted noon spot exchange rate on the closest Business Day shall be used.

A.

V. PERIOD OF DELIVERY: The Period of Delivery shall commence at 08:00h on **[assignment date]**, and terminate at 08:00h on **[tenth anniversary of the commencement of the Period of Delivery under the primary Transaction]**.

VI. OTHER: (a) On any Day, Seller shall have the right to elect by written notice to Buyer to deliver any quantity of Gas, up to the DCQ, to Buyer at the Delivery Point ("Seller's Option"); provided that:

(i) Seller shall only be entitled to exercise Seller's Option to the extent that actual volumes delivered by PanCanadian Petroleum Limited ("Producer") under Seller's supply agreement with Producer under a Confirmation Letter of even date herewith between Seller and Producer and having the same Period of Delivery as for this Transaction (the "Producer Transaction") are reduced by the matching option granted by Seller to Producer to Producer allowing Producer to elect to deliver any quantity of Gas up to the "MaxDQ" under the Producer Transaction (the "Upstream Option"); and

(ii) Seller's reduction of the DCQ on any such Day pursuant to Seller's Option shall match the quantity of Producer's reduced deliveries on such Day to Seller under the Upstream Option.

(b) If, on any Day, Producer is (for any reason) excused from delivering, or (for any reason) fails to deliver to Seller any quantity of Gas which Producer is required to deliver to Seller on such Day pursuant to the Producer Transaction, then, notwithstanding any provision of this Confirmation Letter or the Master Agreement (defined below), Seller shall be excused from delivering the corresponding quantity of Gas to Buyer under this Transaction on such Day (including, without restriction, that Seller shall have no liability whatsoever under this Transaction for any Seller's Deficiency Default).

This Confirmation Letter is being provided pursuant to the ENFOLIO Master Firm Gas Purchase/Sale Agreement dated June 1, 1994, between Enron Capital & Trade Resources Canada Corp., successor to Enron Gas Services Canada Corp., and Enron Capital & Trade Resources Corp., successor to Enron Gas Marketing, Inc., as amended, restated or replaced, from time to time (the "Master Agreement") and constitutes part of and is subject to all of the terms and provisions of the Master Agreement.

ENRON CAPITAL & TRADE RESOURCES CANADA CORP.

Per: _____
Name Printed: _____
Title: _____

ENRON CAPITAL & TRADE RESOURCES CORP.

Per: _____
Name Printed: _____
Title: _____

Great Lakes Gas Transmission
Limited Partnership

EXHIBIT "8"

SERVICE AGREEMENT
Contract Identification FT445

This Transportation Service Agreement (Agreement) is entered into by Great Lakes Gas Transmission Limited Partnership (Transporter) and Enron Capital & Trade Resources, Corp. (Shipper).

WHEREAS, Shipper has requested Transporter to transport Gas on its behalf and Transporter represents that it is willing to transport Gas under the terms and conditions of this Agreement.

NOW, THEREFORE, Transporter and Shipper agree that the terms below constitute the transportation service to be provided and the rights and obligations of Shipper and Transporter.

1. CONTRACT DATE: January 3, 1997

2. CONTRACT IDENTIFICATION: FT445

3. RATE SCHEDULE: FT

4. SHIPPER TYPE: Marketer/Broker

5. STATE/PROVINCE OF INCORPORATION: Delaware

6. TERM:
10-year term beginning on the in-service date of Shipper's service on TransCanada PipeLines Limited's Nexus 98 expansion at St. Clair, expected approximately November 1, 1998.

7. MAXIMUM DAILY QUANTITY (Dth/Day):
The lower of 25,500 Dth/d or the quantity allocated to Shipper for service on TransCanada PipeLines Limited's Nexus 98 expansion at St. Clair.

8. RATES:
The applicable rates and charges will be the maximum allowable rates and charges under Rate Schedule FT, except that Shipper and Transporter agree that for service under this Agreement from the point(s) of receipt listed on Appendix A to the point(s) of delivery listed on Appendix A: a) the Reservation Fee to be charged shall be $0.152, resulting in a monthly Reservation Fee of $3,876.00 for the MDQ of 25,500 Dth under this Agreement and b) the Utilization Fee to be charged under this Agreement shall be $0.00000 per Dth.

Upon Shipper's use of the Belle River Mills delivery point, Transporter shall recalculate the Reservation Fee stated above to reflect the collection of an additional $0.01500 per Dth delivered to Belle River Mills.

9. POINTS OF RECEIPT AND DELIVERY:
The primary receipt and delivery points are set forth on Appendix A.

10. EFFECT ON PREVIOUS CONTRACTS: N/A

11. RELEASED CAPACITY: N/A

12. INCORPORATION OF TARIFF INTO AGREEMENT:

This Agreement shall incorporate and in all respects be subject to the "General Terms and Conditions" and the applicable Rate Schedule (as stated above) set forth in Great Lakes' FERC Gas Tariff, Second Revised Volume No. 1, as may be revised from time to time. Great Lakes may file and seek Commission approval under Section 4 of the Natural Gas Act (NGA) at any time and from time to time to change any rates, charges or provisions set forth in the applicable Rate Schedule (as stated above) and the "General Terms and Conditions" in Great Lakes' FERC Gas Tariff, Second Revised Volume No. 1, and Great Lakes shall have the right to place such changes in effect in accordance with the NGA, and this Agreement shall be deemed to include such changes and any such changes which become effective by operation of law and Commission Order, without prejudice to Shipper's right to protest the same.

13. MISCELLANEOUS:

No waiver by either party to this Agreement of any one or more defaults by the other in the performance of this Agreement shall operate or be construed as a waiver of any continuing or future default(s), whether of a like or a different character.

Any controversy between the parties arising under this Agreement and not resolved by the parties shall be determined in accordance with the laws of the State of Michigan.

14. OTHER PROVISIONS:

It is agreed that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any Partner, agent, management official or employee of the Transporter or any director, officer or employee of any of the foregoing, for any obligation of the Transporter arising under this Agreement or for any claim based on such obligation and that the sole recourse of Shipper under this Agreement is limited to assets of the Transporter.

Upon termination of this Agreement, Shipper's and Transporter's obligations to each other arising under this Agreement, prior to the date of termination, remain in effect and are not being terminated by any provision of this Agreement.

This Agreement has been entered into based on the particular needs and circumstances of Shipper and the rates and charges specified in this Agreement are applicable only to Transportation Service for Shipper as described in this Agreement; therefore, Shipper and Transporter agree that in the event that Shipper assigns or releases such Transportation Service at a rate in excess of the rate charged to Shipper, then the rate charged to Shipper for that portion of the Service assigned or released shall be adjusted under this Agreement for the period of such release or assignment to equal the assignment rate. Shipper and Transporter also agree that Transporter shall have the right to charge the maximum allowable rates and charges under Rate Schedule FT (for the service described on Appendix A) if such Transportation Service is utilized to receive or deliver Gas to points other than those described on Appendix A or utilized to reverse the direction of the flow of Gas.

The parties agree that if any additional charge or surcharge, excluding possible Transporter's Use, becomes applicable to this Agreement during the initial contract term, the Reservation Fee shall be adjusted such that the total amount to be paid by Shipper shall not change as a result of the additional charge or surcharge. In the event, however, that a change in the GRI rate or funding mechanism would result in a material adjustment to the Reservation Fee, Shipper and Transporter agree to renegotiate this Agreement in good faith.

The parties agree that if the commencement of service resulting from TransCanada Pipelines Limited's Nexus 98 expansion at St. Clair has not occurred prior to November 1, 1999, this Agreement will be null and void.

15. NOTICES AND COMMUNICATIONS:

All notices and communications with respect to this Agreement shall be in writing and sent to the addresses stated below or at any other such address(es) as may be designated in writing:

ADMINISTRATIVE MATTERS

Great Lakes Gas Transmission
Limited Partnership
One Woodward Avenue
Suite 1600
Detroit, MI 48226
Attn: Transportation Services

Enron Capital & Trade Resources, Corp.
1400 Smith
P.O. Box 1188
Houston, TX 77251-1188
Attn: Mike Legler

PAYMENT BY ELECTRONIC TRANSFER

Great Lakes Gas Transmission
Limited Partnership
NBD Bank, Detroit, MI ABA No. 072000326
Account No: 07308-43

Enron Capital & Trade Resources, Corp.
Attn: Lynda Phinney

AGREED TO BY:

GREAT LAKES GAS TRANSMISSION
LIMITED PARTNERSHIP
By: Great Lakes Gas Transmission Company

Also doing business as GLGT Company
Operator and Agent for Great Lakes Gas
Transmission Limited Partnership

By: Marc M. Mozham
Title: Vice-President, Market Services and Development

Enron Capital & Trade Resources, Corp.

By: [illegible]
Title: VP

APPENDIX A
Contract Identification FT445

Date: January 3, 1997
Supersedes Appendix Dated: Not Applicable

Shipper: Enron Capital & Trade Resources, Corp.
Maximum Daily Quantity (Dth/Day): 25,500

Point(s) of Receipt	Point(s) of Delivery	Receipt Quantities (Per Day)	Delivery Quantities (Per Day)	Maximum Allowable Operating Pressure (MAOP)
St. Clair		25,500		974
	Capac		25,500	974

Great Lakes Gas Transmission
Limited Partnership

EXHIBIT "B"

SERVICE AGREEMENT
Contract Identification FT720

This Transportation Service Agreement (Agreement) is entered into by Great Lakes Gas Transmission Limited Partnership (Transporter) and Enron Capital & Trade Resources, Corp. (Shipper).

WHEREAS, Shipper has requested Transporter to transport Gas on its behalf and Transporter represents that it is willing to transport Gas under the terms and conditions of this Agreement.

NOW, THEREFORE, Transporter and Shipper agree that the terms below constitute the transportation service to be provided and the rights and obligations of Shipper and Transporter.

1. CONTRACT DATE: August 31, 1998

2. CONTRACT IDENTIFICATION: FT720

3. RATE SCHEDULE: FT

4. SHIPPER TYPE: Marketer/Broker

5. STATE/PROVINCE OF INCORPORATION: Delaware

6. TERM:
10-year term beginning on the in-service date of Shipper's service on TransCanada PipeLines Limited's November 1999 expansion at St. Clair, expected approximately November 1, 1999. However, Shipper shall have the option to terminate service under this Agreement effective November 1st of each year starting November 1, 2000, by providing Transporter with at least six (6) months written notice.

7. MAXIMUM DAILY QUANTITY (Dth/Day):
The lower of 20,255 Dth/d or the quantity allocated to Shipper for service on TransCanada PipeLines Limited's November 1999 Expansion.

8. RATES:
The applicable rates and charges will be the maximum allowable rates and charges under Rate Schedule FT, except that Shipper and Transporter agree that for service under this Agreement: a) the Reservation Fee to be charged shall be $0.304; b) upon Shipper's use of the Belle River Mills or Farwell delivery points, Transporter shall recalculate the monthly Reservation Fee stated above to reflect the collection of an additional $0.01000 per Dth delivered to Belle River Mills or Farwell during such month; and c) the Utilization Fee to be charged under this Agreement shall be $0.00000 per Dth.

9. POINTS OF RECEIPT AND DELIVERY:
The primary receipt and delivery points are set forth on Appendix A.

10. EFFECT ON PREVIOUS CONTRACTS: N/A

11. RELEASED CAPACITY: N/A

C.

Recieved Time Sep. 4. 3:02PM

12. INCORPORATION OF TARIFF INTO AGREEMENT:

This Agreement shall incorporate and in all respects be subject to the "General Terms and Conditions" and the applicable Rate Schedule (as stated above) set forth in Great Lakes' FERC Gas Tariff, Second Revised Volume No. 1, as may be revised from time to time. Great Lakes may file and seek Commission approval under Section 4 of the Natural Gas Act (NGA) at any time and from time to time to change any rates, charges or provisions set forth in the applicable Rate Schedule (as stated above) and the "General Terms and Conditions" in Great Lakes' FERC Gas Tariff, Second Revised Volume No. 1, and Great Lakes shall have the right to place such changes in effect in accordance with the NGA, and this Agreement shall be deemed to include such changes and any such changes which become effective by operation of law and Commission Order, without prejudice to Shipper's right to protest the same.

13. MISCELLANEOUS:

No waiver by either party to this Agreement of any one or more defaults by the other in the performance of this Agreement shall operate or be construed as a waiver of any continuing or future default(s), whether of a like or a different character.

Any controversy between the parties arising under this Agreement and not resolved by the parties shall be determined in accordance with the laws of the State of Michigan.

14. OTHER PROVISIONS:

It is agreed that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any Partner, agent, management official or employee of the Transporter or any director, officer or employee of any of the foregoing, for any obligation of the Transporter arising under this Agreement or for any claim based on such obligation and that the sole recourse of Shipper under this Agreement is limited to assets of the Transporter.
Upon termination of this Agreement, Shipper's and Transporter's obligations to each other arising under this Agreement, prior to the date of termination, remain in effect and are not being terminated by any provision of this Agreement.

The rates and charges specified in this Agreement are applicable only to the path(s) described by the primary receipt and delivery points contained in Appendix A to this Agreement. Transporter shall have the right to charge the maximum allowable rates and charges under Rate Schedule FT for service allowable under this Agreement and Great Lakes' tariff, but not described on Appendix A.

The parties agree that if any additional charge or surcharge, excluding possible Transporter's Use, becomes applicable to this Agreement during the initial contract term, the Reservation Fee shall be adjusted such that the total amount to be paid by Shipper shall not change as a result of the additional charge or surcharge. In the event, however, that a change in the GRI rate or funding mechanism would result in a material adjustment to the Reservation Fee, Shipper and Transporter agree to renegotiate this Agreement in good faith.

If, by October 1, 1999, Shipper has not obtained a firm Transportation Agreement from TransCanada PipeLines Limited satisfactory to Shipper in form and substance for service from Empress to St. Clair in conjunction with TransCanada PipeLines Limited's November 1999 Expansion, then Shipper may terminate this Agreement by providing Transporter with written notice by such date.

Recieved Time Sep. 4. 3:02PM

15. **NOTICES AND COMMUNICATIONS:**
All notices and communications with respect to this Agreement shall be in writing and sent to the addresses stated below or at any other such address(es) as may be designated in writing.

ADMINISTRATIVE MATTERS

Great Lakes Gas Transmission
Limited Partnership
One Woodward Avenue
Suite 1600
Detroit, MI 48226
Attn: Transportation Services

Enron Capital & Trade Resources, Corp.
1400 Smith
P.O. Box 1188
Houston, TX 77251-1188
Attn: Chris Mayer

PAYMENT BY ELECTRONIC TRANSFER

Great Lakes Gas Transmission
Limited Partnership
NBD Bank, Detroit, MI ABA No. 072000326
Account No: 07308-43

Enron Capital & Trade Resources, Corp.
Attn: Lynda Phinney

FT720

AGREED TO BY:

GREAT LAKES GAS TRANSMISSION LIMITED PARTNERSHIP
By: Great Lakes Gas Transmission Company

Also doing business as GLGT Company
Operator and Agent for Great Lakes Gas
Transmission Limited Partnership

By: Marc M. Mozlom
Marc M. Mozlom
Title: Vice-President, Market Services and Development

Enron Capital & Trade Resources, Corp.

By: [signature]
Title: Vice President

Recieved Time Sep. 1. 5:44AM

APPENDIX A
Contract Identification FT445

Date: January 3, 1997
Supersedes Appendix Dated: Not Applicable

Shipper: Enron Capital & Trade Resources, Corp.
Maximum Daily Quantity (Dth/Day): 25,500

Point(s) of Receipt	Point(s) of Delivery	Receipt Quantities (Per Day)	Delivery Quantities (Per Day)	Maximum Allowable Operating Pressure (MAOP)
St. Clair		25,500		974
	Capac		25,500	974

ENFOLIO MASTER FIRM PURCHASE/SALE AGREEMENT

Enron Gas Marketing, Inc., a Delaware corporation("Company"), and Enron Gas Services Canada Corp., an Alberta, Canada corporation ("Customer"), referred to collectively as the "Parties," enter into this Master Firm Purchase/Sale Agreement (together with all Transactions, collectively, this "Agreement") effective as of the 1st of June, 1994 (the "Effective Date"). The ENFOLIO General Provisions set forth in Appendix "1" shall apply to this Agreement.

ARTICLE 1. TERM This Agreement shall govern all Transactions and be in effect for a term of one year from the Effective Date. It shall then continue in effect from Month to Month, unless terminated by either Party upon 30 Days prior written notice to the other Party; provided, this Agreement shall continue to apply to all Transactions then in effect until all Transactions are completed. Termination of this Agreement in all instances shall be subject to Section 8.4.

ARTICLE 2. SCOPE OF AGREEMENT 2.1. Scope of Agreement. Company and Customer from time to time during the term hereof may, but are not obligated to, enter into Transactions for the firm purchase and sale of Gas to which this Agreement shall apply. Each Transaction shall be effectuated and evidenced as set forth in this Article 2 and shall constitute a part of this Agreement. Each Transaction shall be construed as one with this Agreement and any discrepancy between this Agreement and a Transaction shall be resolved in favor of the Transaction. Each Transaction shall provide whether the Transaction is based upon DCQ quantity obligations or MinMQ or MinDQ and MaxDQ quantity obligations, in which case the applicable alternative definitions and provisions set forth in this Agreement shall apply.

2.2. Transaction Procedures. It is the intent of the Parties to facilitate Transactions in accordance with the agreed procedures in this Article 2 and assure such Transactions are valid and enforceable as a result of the use of these procedures for the mutual benefit of the Parties. Any Transaction may be formed and effectuated (i) by a written paper-based Transaction Agreement executed by the Parties (including by facsimile and/or counterparts) or (ii) in a recorded telephone conversation between the Parties occurring on any Business Day during the Pricing Hours whereby an offer and acceptance shall constitute the agreement of the Parties to a Transaction as evidenced by the Transaction Tape; provided, each Party may stipulate by prior notice to the other Party that any particular contemplated Transaction may be effectuated and formed only by means of procedure (i) above. The Parties shall be legally bound by each Transaction from the time they agree to its terms in accordance with this Article 2 and acknowledge that each Party will rely thereon in doing business related to the Transaction. The Transaction Tape is adopted by the Parties as a means by which a Transaction is reduced to tangible form, and the Parties to a Transaction are identified and authenticate a Transaction. Any Transaction formed and effectuated pursuant to the foregoing shall be considered to be a "writing" or "in writing" and to have been "signed" and any Transaction Tape shall be considered to constitute an "original" document evidencing the Transaction. Each Party consents to the recording of its employees' telephone conversations without any further notice. **SEE RIDER TRANSACTION AGREEMENT REQUIRED**

2.3. Equipment and Transaction Tape. Company shall at its expense maintain equipment necessary to regularly record Transactions on Transaction Tapes and retain Transaction Tapes in such manner as to protect its business records from improper access; provided, Company shall not be liable for any malfunction of equipment or the operation thereof in respect of any Transaction WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING, WITHOUT LIMITATION, THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. No Transaction shall be invalidated should a malfunction occur in equipment regularly utilized for recording Transactions or retaining Transaction Tapes or the operation thereof, and in such event, the Transaction shall be evidenced by the written and computer records of the Parties concerning the Transaction made contemporaneously with the telephone conversation.

ECT CANADA ORIGINAL

2.4. Confirmations. In addition to, but not in lieu of, the foregoing, the Parties agree that Company may confirm a recorded telephonic Transaction by forwarding to Customer a facsimile Confirmation and that a reasonable time for the receipt by Customer of a Confirmation is within 24 hours of the Transaction formation. Company does hereby adopt its letterhead, including its address, as its signature on any Confirmation as the identification of Company and authentication by Company of the Confirmation, and such letterhead shall be sufficient to verify that Company originated the Confirmation. The Parties agree that any objections to the contents of the Confirmation shall be made in writing on or before the Confirm Deadline for all purposes hereunder and at law.

2.5. Enforcement of Transactions. The Parties agree not to contest or assert a defense to the validity or enforceability of telephonic Transactions entered into in accordance with this Agreement under laws relating to (i) whether certain agreements are to be in writing or signed by the Party to be thereby bound or (ii) the authority of any employee of the Party if the employee name and the Identification Code of the Party are stated in the Transaction Tape.

ARTICLE 3. QUANTITY OBLIGATIONS 3.1. Seller's Sales Obligation. Seller shall Schedule, or cause to be Scheduled, at the Delivery Point(s) on a firm basis each Gas Day a quantity of Gas equal to the quantity properly requested by Buyer up to the DCQ or MaxDQ, if applicable ("Buyer's Requested Quantity"). Unless otherwise agreed nothing in this Agreement, and in particular this Article 3, shall require or permit either Party to Schedule Gas at a point other than a Delivery Point or in excess of the DCQ, Maximum Daily Delivery Point Quantity or MaxDQ, as applicable.

3.2. Seller's Failure to Schedule. If on any Gas Day Seller fails to Schedule Buyer's Requested Quantity, then such occurrence shall constitute a "Seller's Deficiency Default" and "Seller's Deficiency Quantity" shall be the numerical difference between Buyer's Requested Quantity and the amount of Gas Scheduled for such Gas Day. In the event of a Seller's Deficiency Default, Seller shall pay Buyer the sum of the following: (i) an amount equal to the product of the Seller's Deficiency Quantity multiplied by the Replacement Price Differential, plus (ii) liquidated damages equal to $0.15 multiplied by Seller's Deficiency Quantity to cover Buyer's administrative and operational costs. During any Month in which Seller's nonperformance continues for a period of five consecutive Gas Days Buyer may elect upon notice to Seller, without liability, not to recommence Scheduling Gas hereunder for the remainder of such Month, but for no longer period. Subject to offset pursuant to Section 3.5, payment to Buyer shall be made no later than 10 Days after receipt by Seller of Buyer's invoice for same.

3.3. Buyer's Purchase Obligation. Buyer shall Schedule, or cause to be Scheduled, at the Delivery Point(s) on a firm basis each Gas Day a quantity of Gas equal to the DCQ; provided, (i) if the MinMQ is applicable to a Transaction, Buyer shall Schedule, or cause to be Scheduled, at the Delivery Point(s) on a firm basis each Month a minimum quantity of Gas equal to the MinMQ and (ii) if the MinDQ is applicable to a Transaction, Buyer shall Schedule, or cause to be Scheduled, at the Delivery Point(s) on a firm basis each Day a minimum quantity of Gas equal to the MinDQ.

3.4. Buyer's Failure to Schedule. If on any Gas Day Buyer fails to Schedule the DCQ or MinDQ, if applicable, then such occurrence shall constitute a "Buyer's Deficiency Default" and "Buyer's Deficiency Quantity" shall be the numerical difference between the DCQ or MinDQ, if applicable, and the quantity of Gas Scheduled for such Gas Day; provided, if the MinMQ is applicable to a Transaction, (i) the Buyer's Deficiency Default shall occur if Buyer fails to Schedule the MinMQ for any Month and (ii) the Buyer's Deficiency Quantity shall be the numerical difference between the MinMQ and the quantity of Gas Scheduled for such Month. In the event of a Buyer's Deficiency Default, Buyer shall pay Seller the sum of the following: (i) an amount equal to the product of Buyer's Deficiency Quantity multiplied by the

Replacement Price Differential, plus (ii) liquidated dam equal to $0.15 multiplied by Buyer's Deficiency Quantity to cover Seller's administrative and operational costs. With respect to DCQ and MinDQ obligations, during any Month in which Buyer's nonperformance continues for a period of five consecutive Gas Days Seller may elect on notice to Buyer, without liability, not to recommence Scheduling Gas for the er of such Month, but for no longer period. Subject to offset pursuant to 3.5, payment to Seller shall be made in accordance with the Billing and Payment provisions set forth in Appendix "1."

3.5. Offset. In the event that Buyer and Seller are each required to pay an amount in the same Month under Section 3.2 and Section 3.4, or under Section 3.2 and the Billing and Payment provisions set forth in Appendix "1", then such amounts with respect to each Party shall be aggregated and the Parties shall discharge their obligations to pay through offset, in which case the Party, if any, owing the greater aggregate amount shall pay to the other Party the difference between the amounts owed.

ARTICLE 4. DEFAULTS AND REMEDIES 4.1. Early Termination. If a Triggering Event (defined in Section 4.2) occurs with respect to either Party at any time during the term of this Agreement, the other Party (the "Notifying Party") may (i) upon two Business Days written notice to the first Party, which notice shall be given no later than 60 Days after the discovery of the occurrence of the Triggering Event, establish a date on which any or all Transactions selected by it and this Agreement in respect thereof will terminate ("Early Termination Date") except as provided in Section 8.4, and (ii) withhold any payments due in respect of such Transactions; provided, upon the occurrence of any Triggering Event listed in item (iv) of Section 4.2 as it may apply to any party, the Transactions selected by the Notifying Party and this Agreement in respect thereof shall automatically terminate, without notice, as if an Early Termination Date had been immediately declared except as provided in Section 8.4. If an Early Termination Date occurs, the Notifying Party shall in good faith lculate its damages, including its associated costs and attorneys' fees, resulting he termination of the terminated Transactions (the "Termination Payment"). ermination Payment will be determined by (i) comparing the value of (a) the remaining term, quantities and prices under each such Transaction had it not been terminated to (b) the equivalent quantities and relevant market prices for the remaining term either quoted by a bona fide third party offer or which are reasonably expected to be available in the market under a replacement contract for each such Transaction and (ii) ascertaining the associated costs and attorneys' fees. To ascertain the market prices of a replacement contract the Notifying Party may consider, among other valuations, any or all of the settlement prices of NYMEX Gas futures contracts, quotations from leading dealers in Gas swap contracts and other bona fide third party offers, all adjusted for the length of the remaining term and the basis differential. Upon the netting of all terminated Transactions, if the calculation of the Termination Payment does not result in damages to the Notifying Party, the Termination Payment shall be zero. The Notifying Party shall give the Affected Party (defined in Section 4.2) written notice of the amount of the Termination Payment, inclusive of a statement showing its determination. The Affected Party shall pay the Termination Payment to the Notifying Party within 10 Days of receipt of such notice. At the time for payment of any amount due under this Article 4, each Party shall pay to the other Party all additional amounts payable by it pursuant to this Agreement, but all such amounts shall be netted and aggregated with any Termination Payment payable hereunder. If the Affected Party disagrees with the calculation of the Termination Payment, the issue shall be submitted to arbitration pursuant to this Agreement and the resulting Termination Payment shall be due and payable within three Days after the award.

4.2. Triggering Event shall mean, with respect to a Party (the "Affected Party"): (i) the failure by the Affected Party to make, when due, any payment required under Agreement if such failure is not remedied within five Business Days after en notice of such failure is given to the Affected Party; provided, the payment is ut the subject of a good faith dispute as described in the Billing and Payment provisions or (ii) any representation or warranty made by the Affected Party in this Agreement shall prove to have been false or misleading in any material respect when made or deemed to be rep. or (iii) the failure by the Affected Party to perform any covenant set forth in this Agreement (other than its obligations to make any payment or obligations which are otherwise specifically covered in this Section 4.2 as a separate Triggering Event), and such failure is not excused by Force Majeure or cured within five Business Days after written notice thereof to the Affected Party or (iv) the Affected Party shall (a) make an assignment or any general arrangement for the benefit of creditors, (b) file a petition or otherwise commence, authorize or acquiesce in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors, or have such petition filed against it and such proceeding remains undismissed for 30 Days, (c) otherwise become bankrupt or insolvent (however evidenced) or (d) be unable to pay its debts as they fall due or (v) Seller's unexcused failure to Schedule the Buyer's Requested Quantity requested by Buyer for a cumulative period of 30 or more Gas Days in a 12 Month period in any one Transaction or (vi) Buyer's unexcused failure to Schedule the DCQ or MinDQ for a cumulative period of 30 or more Gas Days in a 12 Month period in any one Transaction, or, if applicable, the MinMQ for a cumulative period of three Months in a 12 Month period in any one Transaction or (vii) the occurrence of a Material Adverse Change of the Affected Party; provided, such Material Adverse Change shall not be considered if the Affected Party establishes, and maintains throughout the term hereof, a Letter of Credit (naming the Notifying Party as the beneficiary) in an amount equal to the sum of (in each case rounding upwards for any fractional amount to the next $ 500,000.00) (a) the Notifying Party's Termination Payment plus (b) if the Notifying Party is Seller, the aggregate of the amounts Seller is entitled to receive under each Transaction for Gas Scheduled during the 60 Day period preceding the Material Adverse Change (the amount of said Letter of Credit to be adjusted quarterly to reflect amounts owing at that point in time) or (viii) the Affected Party fails to establish, maintain, extend or increase a Letter of Credit when required pursuant to this Agreement, or after reasonable notice fails to replace the issuing bank with another bank acceptable to the beneficiary.

4.3. Other Events. In the event Buyer under a Transaction is regulated by a federal, state or local regulatory body, and such body shall disallow all or any portion of any costs incurred or yet to be incurred by Buyer under any provision of this Agreement, such action shall not operate to excuse Buyer from performance of any obligation nor shall such action give rise to any right of Buyer to any refund or retroactive adjustment of the Contract Price provided in any Transaction. Notwithstanding the foregoing, if the Affected Party's activities hereunder become subject to regulation of any kind whatsoever under any law (other than with respect to New Taxes) to a greater or different extent than that existing on the Effective Date and such regulation either (i) renders this Agreement illegal or unenforceable or (ii) materially adversely affects the business of the Affected Party, with respect to its financial position or otherwise, then in the case of (i) above, either Party, and in the case of (ii) above, only the Affected Party, shall at such time have the right to declare an Early Termination Date in accordance with the provisions hereof; provided, notwithstanding the rights of the Parties to declare an Early Termination Date as above stated, the Affected Party shall be liable for payment of the Termination Payment calculated by the non-Affected Party as provided in Section 4.1.

4.4. Offset. Each Party reserves to itself all rights, set-offs, counterclaims and other remedies and defenses consistent with Section 8.3 (to the extent not expressly herein waived or denied) which such Party has or may be entitled to arising from or out of this Agreement. All outstanding Transactions and the obligations to make payment in connection therewith or under this Agreement may be offset against each other, set off or recouped therefrom.

ARTICLE 5. FORCE MAJEURE This Article 5 is the sole and exclusive excuse of performance permitted under this Agreement and all other excuses at law or in equity are WAIVED to the extent permitted by law. Except with respect to payment obliga- tions, in the event either Party is rendered unable, wholly or in part, by Force Majeure to carry out its obligations hereunder, it is agreed that upon such Party's giving notice and full particulars of such Force Majeure to the other Party as soon as

reasonably possible (such notice to be confirmed in ig), the obligations of the Party giving such notice, to the extent they are affected by such event, shall be suspended from the inception and during the continuance of the Force Majeure for a period of up to 60 Days in the aggregate during any 12 Month period, but for no nger period. The Party receiving notice of Force Majeure may immediately take tion as it deems necessary at its expense for the entire 60 Day period or any reof. The Parties expressly agree that upon the expiration of the 60 Day period Force Majeure shall no longer apply to the obligations hereunder and both Buyer and Seller shall be obligated to perform. The cause of the Force Majeure shall be remedied with all reasonable diligence and dispatch; provided, unless otherwise agreed no provision herein shall require or permit Seller or Buyer to Schedule quantities of Gas (i) in excess of the DCQ, Maximum Daily Delivery Point Quantity or MaxDQ, as applicable, or (ii) at points other than the Delivery Point(s).

ARTICLE 6. TAXES 6.1. Allocation of and Indemnity for Taxes. The Contract Price includes full reimbursement for, and Seller is liable for and shall pay, or cause to be paid, or reimburse Buyer if Buyer has paid, all Taxes applicable to the Gas sold upstream of the Delivery Point(s). In the event Buyer is required to remit such Tax, the amount thereof shall be deducted from any sums becoming due to Seller hereunder. Seller shall indemnify, defend and hold harmless Buyer from any Claims for such Taxes. The Contract Price does not include reimbursement for, and Buyer is liable for and shall pay, cause to be paid, or reimburse Seller if Seller has paid, all Taxes applicable to the Gas sold downstream of or at the Delivery Point(s), including any Taxes imposed or collected by a taxing authority with jurisdiction over Buyer. Buyer shall indemnify, defend and hold harmless Seller from any Claims for such Taxes.

6.2. New Taxes. A. If (i) a New Tax occurs and (ii) Buyer or Seller would be responsible for such New Tax if it were a Tax under Section 6.1 and (iii) such New Tax is, due to and on the basis of laws, regulations and applicable contracts of Buyer in effect as of the effective date of the New Tax, of the type which Buyer can pass ly through to, or be reimbursed by, another person or entity in the chain of Gas , such Buyer shall pay or cause to be paid, or reimburse Seller if Seller has ... all such New Taxes and Buyer shall indemnify, defend and hold harmless Seller from any Claims for such Taxes; provided, if Buyer does not identify its contracts for long-term fixed sourcing in the ordinary course of its business and cannot identify applicable contracts, this Paragraph A shall not apply. B. If (i) a New Tax occurs and (ii) either Buyer or Seller would be responsible for such New Tax if it were a Tax under Section 6.1, and (iii) Paragraph A does not apply, such responsible Buyer or Seller (the "Taxed Party") shall be entitled to declare an Early Termination Date in accordance with the provisions of this Agreement subject to the following conditions; provided, prior to and including the initial Agreement Period (below defined) invoked under this Section 6.2, New Taxes shall be allocated as if they were Taxes as provided in Section 6.1: (a) the Taxed Party must give the non-Taxed Party at least 30 Days prior written notice (the "Agreement Period") of its intent to declare an Early Termination Date (and which notice shall be given no later than 90 Days after the later of the enactment or effective date of the relevant New Tax), and prior to the proposed Early Termination Date Buyer and Seller shall attempt to reach a mutual agreement as to the sharing of the New Tax, (b) if a mutual sharing agreement is not reached, the non-Taxed Party shall have the right, but not the obligation, upon written notice to the Taxed Party within the Agreement Period, to pay the New Tax for any continuous period it so elects on a Month to Month basis, and in such case the Taxed Party shall not have the right during such continuous period to declare the Early Termination Date on the basis of the New Taxes, (c) should the non-Taxed Party at its election agree to pay the New Tax on a Month to Month basis, then upon 30 Days prior written notice to the Taxed Party of its election to cease payment of such New Tax, the Taxed Party shall then be liable for the payment of the New Tax and the Parties shall again be subject to this Section 2 as if the New Tax had an effective date as of the date the non-Taxed Party s payment of such New Tax, (d) if a mutual sharing agreement is not reached the non-Taxed Party does not elect to pay the New Tax for any period of time within the Agreement Period, the Early Termination Date shall take effect and all Transactions must be terminated and be subject to the same Early Termination Date, (e) the Early Termination D shall be effected as if a Triggering Event had occurr and the Termination Payment calculated as set forth in Section 4.1 shall be payabl provided, both Seller and Buyer pursuant to Section 4.1 shall calculate th respective Termination Payments resulting from the termination of all Transactio as if they each were a Notifying Party; provided further, if the calculation of t Termination Payments results in either the non-Taxed Party's or the Taxed Party having either a gain or loss (after netting its gains against its losses), the Parti shall share equally such net gain due, or be responsible to pay to the Party having t net loss, one-half of the Termination Payment and (f) such Termination Payment sh be payable as provided in Section 4.1 and its calculation shall be subject arbitration as provided in the ENFOLIO General Provisions.

6.3. Cooperation. Upon request, a Party shall provide a certificate of exemption other evidence of exemption from any Tax and each Party agrees to cooperate w the other in obtaining an exemption and minimizing Taxes payable in respect of Transactions.

ARTICLE 7. TITLE, RISK OF LOSS, INDEMNITY AND BALANCING 7.1. Titl Risk of Loss and Indemnity. As between the Parties, Seller shall be deemed to in exclusive control and possession of Gas Scheduled hereunder and responsible f any damage or injury caused thereby prior to the time the same shall have be delivered to Buyer. After delivery of Gas to Buyer at the Delivery Point(s), Buy shall be deemed to be in exclusive control and possession thereof and responsible f any injury or damage caused thereby. Title to Gas Scheduled hereunder shall pa from Seller to Buyer at the Delivery Point(s). Seller and Buyer each assumes liability for and shall indemnify, defend and hold harmless the other Party from a Claims, including injury to and death of persons, arising from any act or incide occurring when title to the Gas is vested in the Indemnifying Party. IT IS T INTENT OF THE PARTIES THAT THIS INDEMNITY AND THE LIABILITY ASSUM UNDER IT BE WITHOUT REGARD TO THE CAUSE OR CAUSES THERE INCLUDING, WITHOUT LIMITATION, THE NEGLIGENCE OF ANY INDEMNIFI PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, ACTIVE OR PASSIVE.

7.2. Correction of Imbalances, Cashouts and Penalties. Differences betwe Scheduled quantities and actual quantities delivered and received hereun ("Imbalances") will be corrected or settled in cash or Gas or by offset as the Parti agree. Additionally, in the event of (i) an Imbalance on Buyer's Transporter's syst caused by Seller or Seller's Transporter's delivery of less or more than the Schedu quantity for any Gas Day (in which case Seller shall be the "Responsible Party") or an Imbalance on Seller's Transporter's system caused by Buyer or Buye Transporter's receipt of more or less than the Scheduled quantity for any Gas Day which case Buyer shall be the "Responsible Party"), the Responsible Party shall liable for and reimburse to the other Party any associated Transporter penalties cashout costs and losses incurred by such other Party. In the event the tariff either Buyer's or Seller's Transporter provides for cashouts on the basis of aggregation of all overdeliveries and underdeliveries between such Transporter Buyer or Seller, respectively (the "Aggregate Transporter Imbalance"), and the nat of the Imbalance (overdelivery or underdelivery) attributable to the Responsible Pa is the same as the Aggregate Transporter Imbalance (overdelivery or underdelive the Responsible Party shall participate in the other Party's cashout settlement of Aggregate Transporter Imbalance on the basis of only the Responsible Party's rata share thereof.

ARTICLE 8. MISCELLANEOUS 8.1. Notices. All notices, including, with limitation, consents, and communications made pursuant to this Agreement shal made as specified in Exhibit "A." Notices required to be in writing shall be delive in written form by letter, facsimile or other documentary form. Notice by facsi or hand delivery shall be deemed to have been received by the close of the Busi Day on which it was transmitted or hand delivered (unless transmitted or h delivered after close in which case it shall be deemed received at the close of next Business Day) or such earlier time confirmed by the receiving Party. Notic

overnight mail or courier shall be deemed to have bee[illegible]ived two Business Days after it was sent or such earlier time confirmed by the receiving Party. Any notices given hereunder in respect of the declaration of an Early Termination Date shall be also addressed and sent to the attention of the Corporate Secretary of Buyer or [illegible]ller at the notice address in Exhibit "A." Any Party may change its addresses by [illegible]ng notice of same in accordance herewith.

8.2. Transfer. This Agreement, including, without limitation, each indemnification, shall inure to and bind the permitted successors and assigns of the Parties; provided, neither Party shall transfer this Agreement without the prior written approval of the other Party which may be withheld entirely at the option of such Party; provided further, 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 transferor Party of its obligations hereunder. Any Party's transfer in violation of this Section 8.2 shall be void.

8.3. Limitation of Remedies, Liability and Damages and Mitigation. THE PARTIES DO HEREBY CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS HEREIN PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY HEREUNDER. THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY HEREIN PROVIDED, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY HEREUNDER AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. SEE RIDER ANTICIPATORY REPUDIATION UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR [illegible]DIRECT DAMAGES, IN TORT, CONTRACT, UNDER ANY INDEMNITY PROVISION [illegible]THERWISE. NOTWITHSTANDING ANY OTHER PROVISION IN THIS [illegible]MENT, IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY PENALTIES [illegible] CHARGES ASSESSED BY ANY TRANSPORTER OR OTHER ENTITY FOR THE UNAUTHORIZED RECEIPT OF GAS BY THE OTHER PARTY. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING, WITHOUT LIMITATION, THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE LIQUIDATED DAMAGES CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS. BUYER ACKNOWLEDGES THAT IT HAS ENTERED INTO THIS AGREEMENT AND IS CONTRACTING FOR THE GOODS TO BE SUPPLIED BY SELLER BASED SOLELY UPON THE EXPRESS REPRESENTATIONS AND WARRANTIES HEREIN SET FORTH AND SUBJECT TO SUCH REPRESENTATIONS AND WARRANTIES, ACCEPTS SUCH GOODS "AS-IS" AND "WITH ALL FAULTS." SELLER EXPRESSLY NEGATES ANY OTHER REPRESENTATION OR WARRANTY, WRITTEN OR ORAL, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY WITH RESPECT TO CONFORMITY TO MODELS OR SAMPLES, MERCHANTABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE. EACH PARTY HEREBY WAIVES ALL RIGHTS UNDER, ARISING OUT OF OR ASSOCIATED WITH TEXAS & BUSINESS COMMERCE CODE SECTIONS 17.41 THROUGH 17.63 KNOWN AS THE DECEPTIVE TRADE PRACTICES-CONSUMER PROTECTION ACT TO THE EXTENT ALLOWED BY LAW. The Parties acknowledge the duty to mitigate damages hereunder. In this connection, the Parties recognize [illegible] the ability to effectuate arrangements for the sale or purchase of Gas is [illegible]ioned upon the volatility of Gas markets, the creditworthiness and reliability of [illegible]tial customers, the complexity and size of the portfolios of contracts managed by each Party and the need to conduct market business in an orderly manner. Therefore, the Parties agree that (i) three Business Days is a commercially reasonable period to pur[illegible] or sell Gas in respect of a Seller's or Buyer's Deficiency Default and (ii) three Business Days after the end of the Month in which the Early Termination Date occurs is a commercially reasonable period after the establishment of an Early Termination Date to determine the Termination Payment; provided, notwithstanding the foregoing, if Gas volumes made the basis of a Seller's or Buyer's Deficiency Default or a Party's determination of the Termination Payment are in excess of 20,000 MMBtu/Gas Day, the Parties recognize that a longer period may ordinarily be required to effectuate cover or determine the Termination Payment in an orderly manner so as not to adversely affect the Gas market. Each Party may utilize its discretion, with commercially reasonable foresight, to adjust the timing and staggering of the purchases or sales of Gas volumes in its efforts to mitigate damages. No claim that a Party failed to mitigate damages shall be grounded solely on the basis of counter Gas market movement.

8.4. Winding Up Arrangements. Upon the expiration of the Parties' sale and purchase obligations under this Agreement, any monies, penalties or other charges due and owing Seller shall be paid, any corrections or adjustments to payments previously made shall be determined, and any refunds due Buyer made, within 60 Days. Any Imbalances in receipts or deliveries shall be corrected to zero balance within 60 Days. All indemnity obligations and audit rights shall survive the termination of this Agreement. The Parties' obligations provided in this Agreement shall remain in effect for the purpose of complying herewith.

8.5. Applicable Law. THIS AGREEMENT AND EACH TRANSACTION AND THE RIGHTS AND DUTIES OF THE PARTIES ARISING OUT OF THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. THE PARTIES AGREE THAT THIS AGREEMENT AND ALL TRANSACTIONS SHALL BE ACCEPTED AND FORMED IN THE STATE OF TEXAS ACCORDING TO THE PROCEDURES HEREIN SET FORTH.

8.6. Document, Record Retention and Evidence. This Agreement, the Exhibits and Appendices hereto, if any, and each Transaction, constitute the entire agreement between the Parties relating to the subject matter contemplated by this Agreement. There are no prior or contemporaneous agreements or representations (whether oral or written) affecting the subject matter other than those herein expressed. Other than with respect to Transactions entered into in accordance with the procedures set forth in this Agreement and as otherwise herein expressly stated (the "Transaction Procedures"), no amendment or modification to this Agreement shall be enforceable, unless reduced to writing and executed by both Parties. The conduct of the Parties in accordance with the Transaction Procedures shall evidence a course of dealing and a course of performance accepted by the Parties in furtherance of this Agreement and all Transactions entered into by the Parties. The provisions of this Agreement shall not impart rights enforceable by any person, firm or organization not a Party or not bound as a Party, or not a permitted successor or assignee of a Party bound to this Agreement. Except as otherwise herein stated, any provision, article or section declared or rendered unlawful by a court of law or regulatory agency with jurisdiction over the Parties or deemed unlawful because of a statutory change will not otherwise affect the lawful obligations that arise under this Agreement. The headings used for the Articles herein are for convenience and reference purposes only. All Exhibits and Appendices referenced in this Agreement, if any, are incorporated. Any original executed Agreement or Transaction Agreement may be photocopied and stored on computer tapes and disks (the "Imaged Agreement"). The Imaged Agreement, if introduced as evidence on paper, the Confirmation, if introduced as evidence in facsimile form, and the Transaction Tape, if introduced as evidence in its original form and as transcribed onto paper, in any judicial, arbitration, mediation or administrative proceedings, will be admissible as between the Parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither Party shall contest the admissibility of the Transaction Tape in its original form, or photocopies of the transcription thereof, or photocopies of the Confirmation or the Imaged Agreement under either the business records exception to the hearsay rule or the best evidence rule on the basis that such were not originated or maintained in documentary form.

8.7. Confidentiality. Each Party shall not disclose t. .ms of any Transaction to a third party (other than the Party's and its affiliates' employees, lenders, counsel or accountants who have agreed to keep such terms confidential) except in order to comply with any applicable law, order, regulation or exchange rule; provided, each shall notify the other Party of any proceeding of which it is aware which may disclosure and use reasonable efforts to prevent or limit the disclosure. The ..ions of the Agreement other than the terms of any Transaction are not subject to this confidentiality obligation. The Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation; provided, all monetary damages shall be limited to actual direct damages.

The Parties have executed this Agreement in multiple counterparts to be construed as one effective as of the Effective Date.

ENRON GAS MARKETING, INC.

By: _____ DOB

Title: VICE PRESIDENT

ENRON GAS SERVICES CANADA CORP.

By: _____ MLK

Title: President

f:\atty.fms\3102sf.doc 1/94
CONTRACT\437CTR.DOC

APPENDIX "1"
ENFOLIO GENERAL PROVISIONS

•Usage and Definitions All references to Articles and Sections are to those set forth in this Agreement. Reference to any document means such document as ·ended from time to time and reference to any Party includes any permitted ·r or assignee thereof. The following definitions and any terms defined in this Agreement shall apply to this Agreement and all notices and communications made pursuant to this Agreement.

"*Btu*" means the amount of energy required to raise the temperature of one pound of pure water one degree Fahrenheit from 59 degrees Fahrenheit to 60 degrees Fahrenheit. The term "*MMBtu*" means one million Btus.

"*Buyer*" means the Party to a Transaction who is obligated to purchase Gas during a Period of Delivery.

"*C.T.*" means Central Time.

"*Claims*" means all claims or actions, threatened or filed and whether groundless, false or fraudulent, that directly or indirectly relate to the subject matters of the indemnity, and the resulting losses, damages, expenses, attorneys' fees and court costs, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement.

"*Confirmation*" means a written notice confirming the specific terms of a Transaction which may be in any form adequate at law; an example of a Confirmation which may be utilized hereunder is shown in "Exhibit B."

"*Confirm Deadline*" means 24 hours after a Party receives a Confirmation; provided, if the Confirmation is not received during a Business Day it shall be deemed received at the open of the next Business Day.

"*Contract Price*" means the price for the purchase or sale of Gas pursuant to a Transaction.

"*Daily Contract Quantity*" ("*DCQ*") means the quantity of Gas to be Scheduled each Gas Day pursuant to a Transaction.

"*Day*" means a period of 24 consecutive hours, beginning at midnight C.T. on any calendar Day. "*Business Day*" means a Day on which Federal Reserve ·ember banks in New York City are open for business and a Business Day shall ·en at 8:00 a.m. and close at 5:00 p.m. local time. "*Gas Day*" means a period of 24 consecutive hours beginning at the time of the applicable Transporter's gas day.

"*Delivery Point(s)*" means the agreed point(s) of delivery pursuant to a Transaction.

"*Force Majeure*" means an event not anticipated as of the Effective Date, which is not within the reasonable control of the Party claiming suspension, and which by the exercise of due diligence such Party is unable to overcome or obtain or cause to be obtained a commercially reasonable substitute performance therefor; provided, neither (i) the loss of Buyer's markets nor Buyer's inability economically to use or resell Gas purchased hereunder nor (ii) the loss or failure of Seller's Gas supply, including, without limitation, depletion of reserves or failure of production resulting from well freeze-offs, nor Seller's ability to sell Gas to a market at a more advantageous price, shall constitute an event of Force Majeure. "Force Majeure" shall include an event of Force Majeure occurring with respect to the facilities or services of Buyer's or Seller's Transporter.

"*GAAP*" means generally accepted accounting principles, consistently applied.

"*Gas*" means methane and other gaseous hydrocarbons meeting the quality standards and specifications of Buyer's Transporter.

"*Identification Code*" means a Party's numerical code utilized for recorded telephonic Transactions, as follows: Company _____, Customer _____.

"*Indemnified Party*" and "*Indemnifying Party*" mean the Party receiving and providing an indemnity, respectively.

"*Interest Rate*" means, for any date, two percent over the per annum rate of interest announced as the "Prime Rate" from time to time for commercial loans by Citibank, N. A. as established by the administrative body of such bank ·harged with the responsibility of establishing such rate, as same may change from time to time; provided, the Interest Rate shall never exceed the maximum lawful rate permitted by applicable law.

["*Letter of Credit*" ·s an irrevocable standby letter of credit issued or confirmed in a form and by a commercial bank acceptable to the Party in whose favor it is issued.]

"*Material Adverse Change*" means with respect to Company or Customer, either ceases to be owned or otherwise controlled by Enron Corp.; "owned or otherwise controlled by" meaning the direct or indirect ownership of at least 51% of the outstanding capital stock or other equity interests of Customer or Company having ordinary voting power.

"*MaxDQ*" means the maximum quantity of Gas that Seller is required to Schedule per Gas Day pursuant to a Transaction, if applicable.

"*Maximum Daily Delivery Point Quantity*" means the maximum quantity of Gas which may be Scheduled per Gas Day at each Delivery Point where there are multiple Delivery Points applicable to a Transaction.

"*MinDQ*" means the minimum quantity of Gas that Buyer is required to Schedule per Gas Day pursuant to a Transaction, if applicable.

"*MinMQ*" means for any Month the minimum quantity of Gas per Gas Day that Buyer is obligated to Schedule times the number of Days in the Month pursuant to a Transaction, if applicable.

"*Month*" means a period of time beginning at midnight C.T. on the first Day of any calendar Month and ending at midnight C.T. on the first Day of the following calendar Month.

"*New Taxes*" means (i) any Taxes enacted and effective after the Effective Date, including, without limitation, that portion of any Taxes or New Taxes that constitutes an increase, or (ii) any law, order, rule or regulation, or interpretation thereof, enacted and effective after the Effective Date resulting in the application of any Taxes to a new or different class of parties.

"*Period of Delivery*" means the period from the date Scheduling obligations are to commence to the date same are to terminate under a Transaction.

"*Pipeline*" means a company authorized to ship Gas on behalf of itself or others on physical Gas transmission facilities.

"*Pricing Hours*" means the hours C.T. from 8:00 a.m. to 5:00 p.m. of each Business Day.

"*Replacement Price Differential*" means (i) in the event of a Seller's Deficiency Default, the positive difference, if any, obtained by subtracting the Contract Price from the greater of (a) the cost to Buyer, including incremental transportation costs and other basis adjustments, to replace Seller's Deficiency Quantity for such Gas Day (but excluding penalties or charges for unauthorized receipts of Gas by Buyer) or (b) the Spot Price for the Gas Day in which Seller's Deficiency Default occurred, and (ii) in the event of a Buyer's Deficiency Default, the positive difference, if any, obtained by subtracting the lesser of (a) the price obtained by Seller in an incremental, arms-length sale(s) to a third party of a quantity equal to Buyer's Deficiency Quantity for such Gas Day, less incremental transportation charges to Seller, and including other basis adjustments, or (b) the Spot Price for the Gas Day in which Buyer's Deficiency Default occurred (or if the MinMQ is applicable, the Spot Price for the middle Gas Day of the Month in which Buyer's Deficiency Default occurred), from the Contract Price.

"*Scheduling*" or "*Schedule*," when used in reference to Seller, means to make Gas available, or cause Gas to be made available, at the Delivery Point(s) for delivery to or for the account of Buyer, including making all Pipeline nominations, and when used in reference to Buyer, means to cause Buyer's Transporter to make available at the Delivery Point(s) transportation capacity sufficient to permit Buyer's Transporter to receive on a firm basis the quantities Seller has available at such Delivery Point(s), including making all Pipeline nominations. Gas shall be deemed to have been Scheduled when confirmed by Transporter.

"*Seller*" means the Party to a Transaction who is obligated to sell Gas during a Period of Delivery.

"*Spot Price*" means the price set forth in Gas Daily® (Pasha Publications, Inc.), or successor publication, in the column "Daily Price Survey" under the listing applicable to the geographic location agreed pursuant to a Transaction for the relevant Gas Day. If there is no single price published for that particular Gas Day, but there is published a range of prices under the above column and listing, then the Spot Price shall be the average of such high and low prices. In the event that no price or range of prices is published for that particular Gas

Day, then the Spot Price shall be the averag. the following: the price (determined as stated above) for each of the first Gas Day immediately preceding and following the Gas Day in which the default occurred for which a Spot Price can be determined.

"*Taxes*" means any or all ad valorem, property, occupation, severance, production, extraction, first use, conservation, Btu or energy, gathering, ansport, Pipeline, utility, gross receipts, gas or oil revenue, gas or oil import, privilege, sales, use, consumption, excise, lease, transaction, and other or new taxes, governmental charges, licenses, fees, permits and assessments, or increases therein, other than taxes based on net income or net worth.

"*Transaction*" means an agreement and any amendment or modification thereof made in accordance herewith for the purchase or sale of Gas to be performed hereunder.

"*Transaction Agreement*" means a written paper-based agreement executed by the Parties to form and effectuate a Transaction which may be substantially in the form set forth in Exhibit "B-1."

"*Transaction Tape*" means the tape recording of a recorded Transaction effectuated in accordance with Article 2.

"*Transporter*" means either the Pipeline delivering or receiving Gas at a Delivery Point in a Transaction.

•Representations and Warranties As a material inducement to entering into this Agreement, including each Transaction, each Party, with respect to itself, hereby represents and warrants to the other Party continuing throughout the term of this Agreement as follows: (i) there are no suits, proceedings, judgments, rulings or orders by or before any court or any governmental authority that materially adversely affect its ability to perform this Agreement or the rights of the other Party under this Agreement, (ii) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, and it has the legal right, power and authority and is qualified to conduct its business, and to execute and deliver this Agreement and perform its obligations under the same and each Transaction, and all regulatory authorizations have been maintained as necessary for it to legally perform its obligations hereunder, (iii) the making and performance by it of this Agreement is in its powers, has been duly authorized by all necessary action on its part, and ot and will not violate any provision of law or any rule, regulation, order, writ, ment, decree or other determination presently in effect applicable to it or its governing documents, (iv) each of this Agreement and each Transaction when entered into constitutes a legal, valid and binding act and obligation of it, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization and other laws affecting creditor's rights generally, and with regard to equitable remedies, to the discretion of the court before which proceedings to obtain same may be pending, (v) there are no bankruptcy, insolvency, reorganization, receivership or other arrangement proceedings pending or being contemplated by it, or to its knowledge threatened against it, (vi) it has assets of $5,000,000 or more according to its most recent financial statements prepared in accordance with GAAP and knowledge and experience in financial matters that enable it to evaluate the merits and risks of this Agreement, and (vii) it is not in a disparate bargaining position with the other Party.

•Operations and Delivery Scheduling Requests. Not later than two Business Days prior to the earlier of Buyer's or Seller's Transporter's nomination deadline for the first Gas Day of each Month during a Period of Delivery, Buyer agrees to provide to Seller facsimile notice of the quantities Buyer requests Seller to Schedule for each Gas Day of such Month. Should Buyer desire to change the requested quantities Scheduled, Buyer shall provide to Seller facsimile notice thereof not later than one Business Day prior to the earlier of Buyer's or Seller's Transporter's nomination deadline for the applicable Gas Day. In the event the nomination or Scheduling deadline of a Transporter conflicts with these notification dates, Buyer and Seller agree to modify the notification dates accordingly. Scheduling requests to Seller will be accepted at the telephone number and shall be confirmed by facsimile as set forth in Exhibit "A."

ansportation. Seller shall obtain, or cause to be obtained, transportation to the ry Point, and Buyer shall obtain, or cause to be obtained, transportation from elivery Point.

Gas Specifications. Seller represents that all Gas delivered hereunder shall meet or exceed the specifications of Buyer's Transporter.

Multiple Delivery Point . ation. In the event a Transaction shall contain more than one Delivery Point, the Parties shall specify a Maximum Daily Delivery Point Quantity for each Delivery Point. The Delivery Points which shall be utilized for delivery of Gas and the quantities of Gas to be Scheduled for delivery at such Delivery Points shall be determined by Seller in its sole discretion within each applicable Maximum Daily Delivery Point Quantity. Seller shall provide to Buyer a list of Delivery Points and quantities determined by it within a period of time necessary to permit Buyer to make nominations.

Operational Flow Orders. Should either Party receive an operational flow order or other order or notice from a Transporter requiring action to be taken in connection with this Agreement or Gas flowing under this Agreement ("OFO"), such Party shall immediately notify the other Party of the OFO and provide the other Party a copy of same by facsimile. The Parties shall take all actions required by the OFO within the time prescribed. Each Party shall indemnify, defend and hold harmless the other Party from any Claims, including, without limitation, all non-compliance penalties and attorneys' fees, associated with an OFO (i) of which the Indemnifying Party failed to give the Indemnified Party the notice required hereunder or (ii) under which the Indemnifying Party failed to take the action required by the OFO within the time prescribed.

•Financial Matters Billing, Invoice Date, Charges and Payment. By the 10th Day of each calendar Month following the Month in which Gas was Scheduled under a Transaction, Seller shall provide Buyer with a written statement setting forth Gas Scheduled during the preceding Month, and other charges due Seller, including, without limitation, deficiency charges under Article 3. Billing and payment will be based on Scheduled quantities. Within five Business Days of the request of either Party, the other Party shall provide, to the extent it has a legal right of access thereto and/or such statement is then available, a copy of the Transporter's allocation or imbalance statement applicable to Gas sold hereunder for the requested period. The difference, if any, between Scheduled and actual quantities delivered or accepted shall be treated as Imbalances under Article 7. Buyer shall remit any amounts due by the 10th Day following Buyer's receipt of Seller's statement. Payment of all funds shall be made by wire transfer, in U. S. funds on a same day basis to the account designated on Exhibit "A." If Buyer or Seller should fail to remit any amounts in full when due hereunder interest on the unpaid portion shall accrue from the date due at a rate equal to the Interest Rate. Billings, payments and statements shall be made by wire transfer to the accounts or the addresses/facsimiles specified in Exhibit "A."

Suspension of Performance. If either Party fails to make a timely payment and such failure is not remedied within two Business Days after such Party receives written notice of default, the nondefaulting Party, in addition to other remedies, may suspend the Scheduling of Gas until such amount, including interest, is paid; provided, if the defaulting Party, in good faith, shall dispute the amount of any such billing or part thereof and shall pay such amounts as it concedes to be correct, no suspension shall be permitted.

Audit Rights. For a period of two years from the date of termination of a Transaction Buyer or Seller or any third party representative thereof shall have the right, upon reasonable notice and at reasonable times, to examine the books and records of the other to the extent reasonably necessary to verify the accuracy of any billing statement, payment demand, charge, payment or computation made under this Agreement. The records of the Parties shall be retained in accordance with Section 8.6 for a like period to facilitate the audit rights of the Parties.

Financial Information. If requested by Customer, Company shall deliver (i) within 120 Days following the end of each fiscal year, a copy of the annual report of Enron Corp. containing consolidated financial statements for such fiscal year certified by independent certified public accountants and (ii) within 60 Days after the end of each of its first three fiscal quarters of each fiscal year, a copy of the quarterly report of Enron Corp. containing unaudited consolidated financial statements for such fiscal quarter. If requested by Company, Customer [or its Guarantor] shall deliver (i) within 120 Days following the end of each fiscal year, a copy of its annual report containing consolidated financial statements for such fiscal year certified by independent certified public accountants and (ii) within 60 Days after the end of each of its first three fiscal quarters of each fiscal year, a copy of its quarterly report containing unaudited consolidated financial statements for such fiscal quarter. In all cases the statements shall be for the most recent accounting period and prepared in

accordance with GAAP; provided, should any such sta. ..its not be timely due to a delay in preparation or certification, such delay shall not be considered a default so long as such Party diligently pursues the preparation, certification and delivery of the statements.

Varranty of Title to Gas Seller in any Transaction warrants that title to Gas to ..eduled by Seller is free from all production burdens, liens and adverse claims ..rrants its right to sell the same. Seller agrees to indemnify, defend and hold harmless Buyer against all Claims to or against the title of said Gas. In the event any Claim is asserted to said Gas, Buyer, in addition to other remedies, may suspend its obligation to pay for said Gas up to the amount of such Claim.

•Alternate Price Redetermination If any or all of the indices used to determine the Spot Price or the Contract Price are not available in the future, the Parties agree to promptly negotiate a mutually satisfactory alternate index for the Spot Price or Contract Price (each an "Alternate Price"). If the Parties cannot agree by the end of the first Month for which the Spot Price or Contract Price could not be determined, then Seller and Buyer shall each prepare a prioritized list of up to five alternative published reference postings or prices representative of spot prices for Gas delivered in the same geographic area. Each Party shall submit its list to the other within 10 Days after the end of the first Month for which the price could not be determined. The first listed index appearing in Seller's list that also appears in Buyer's list shall constitute the replacement index. If no common indices appear on the lists, each Party shall submit a new list adding two indices within 10 Days. If either Party fails to provide timely a list, such Party's list shall not be considered. From and after the "Renegotiation Date," which shall be the date the Spot Price or Contract Price is no longer available, until the Alternate Price is determined, the Alternate Price shall be the average of the Spot Price(s) or Contract Price(s) in effect during the 12 Months preceding the Month in which the Renegotiation Date occurred, which price shall be effective until the Alternate Price is determined. Upon determination of a new Alternate Price, the Spot Price or Contract Price, as applicable, will be adjusted retroactively to the Renegotiation Date.

•Effect of Waiver or Consent No waiver or consent by either Party, express or ..plied, of any one or more defaults by the other Party in the performance of any ..ion of this Agreement shall operate or be construed as a waiver or consent of ..her default or defaults whether of a like or different nature. Failure by a Party .. complain of any act of the other Party or to declare the other Party in default with respect to this Agreement, regardless of how long that failure continues, shall not constitute a waiver by that Party of its rights with respect to that default until the applicable statute of limitations period has run.

•Indemnifications With respect to each indemnification included in this Agreement the indemnity is given to the extent authorized by law and the following provisions shall be considered applicable. The Indemnified Party shall promptly notify the Indemnifying Party in writing of any Claim and the Indemnifying Party shall have the right to assume the investigation and defense thereof, including the employment of counsel, and shall be obligated to pay the related attorneys' fees; provided, the Indemnified Party shall have the right to employ separate counsel and participate in the defense of any Claim, however, the attorneys' fees of such counsel shall be paid by the Indemnified Party unless the employment of such counsel has been consented to in writing by the Indemnifying Party or the Indemnifying Party has failed to assume the defense and employ counsel in a timely manner; provided further, if the named parties to any Claim include both Parties, and the Indemnified Party shall have been advised by counsel that there may be a legal defense available to it which is different from those available to the Indemnifying Party, the Indemnified Party may elect to employ separate counsel at the expense of the Indemnifying Party, in which case the Indemnifying Party shall pay all attorneys' fees of such counsel and shall not have the right to assume the defense of the Claim on behalf of the Indemnified Party. The Parties shall use reasonable efforts to cooperate in the defense of any Claim. The Indemnifying Party shall not be liable for any settlement of a Claim without its express written consent thereto. The Indemnified Party shall reimburse the Indemnifying Party for payments made or costs incurred in respect of an indemnity ..h the proceeds of any judgment, insurance, bond, surety or other recovery made ..respect to an event covered by the indemnity.

..rbitration Any dispute or need of interpretation arising out of this Agreement pertaining to the calculation of a Termination Payment shall be submitted to binding arbitration by one arbitrator with over eight years of professional experience in the commodity futures market. ..rivative products and the Gas industry and who has not previously been employed by either Party, and does not have a direct or indirect interest in either Party or the subject matter of the arbitration. Such arbitrator shall either be as mutually agreed by the Parties within 30 Days after written notice from either Party requesting arbitration, or failing agreement, shall be selected under the expedited rules of the American Arbitration Association (the "AAA") using the above criteria. Such arbitration shall be held in alternating locations of the home offices of Seller and Buyer, commencing with Seller's office. The rules of the AAA shall apply to the extent not inconsistent with the rules herein specified. Either Party may initiate arbitration by written notice to the other Party and the arbitration shall be conducted according to the following: (i) not later than seven Days prior to the hearing date set by the arbitrator each Party shall submit a brief with a single dollar figure for settlement, (ii) the hearing shall be conducted on a confidential basis without continuance or adjournment, (iii) the arbitrator shall be limited to selecting only one of the two figures submitted by the Parties, (iv) each Party shall divide equally the cost of the hearing and each shall be responsible for its own expenses and those of its counsel and representatives and (v) evidence concerning the financial position or organizational make-up of the Parties, any offer made or the details of any negotiation prior to arbitration and the cost to the Parties of their representatives and counsel shall not be permissible.

•Authority for Transactions Each Party represents to the other Party that each of its employees has authority to enter into Transactions pursuant to this Agreement on its behalf. Identification and authority of a Party's employee engaging in a recorded telephonic Transaction shall be conclusively established for all purposes by a statement on the Transaction Tape by the employee of the employee's name and the Party's Identification Code; provided, failure to state either the employee name or the Identification Code shall not evidence any lack of authority of the employee to effectuate and form a Transaction.

EXHIBIT "A"
ENFOLIO MASTER FIRM PURCHASE/SALE AGREEMENT

NOTICE AND COMMUNICATION

J COMPANY:
/Correspondence:
as Marketing, Inc.
P.O. Box 1188
Houston, Texas 77251-1188
Attn: Commercial Operations
Facsimile No. (713) 646-8420

Invoices:
Enron Gas Marketing, Inc.
P.O. Box 1188
Houston, Texas 77251-1188
Attn: Commercial Operations
Facsimile No. (713) 646-8420

Payments:
Enron Gas Marketing, Inc.
ABA Routing 111000025 Nations Bank Tx
Account 4140327387

Nominations: 1(800)356-9427/1(800)FLOWGAS

Confirmations: EGM Gas Trading 1(713)646-2531

TO CUSTOMER:
Notices/Correspondence:
Enron Gas Services Canada Corp.
Canterra Tower, Suite 3500
400-3rd Avenue S.W.
y, Alberta T2P 4H2
Corporate Secretary
one# (403) 974-6703
Facsimile # (403) 974-6707

Invoices:
Enron Gas Services Canada Corp.
Canterra Tower, Suite 3500
400 - 3rd Avenue S.W.
Calgary, Alberta T2P 4H2
Attn: Manager, Accounting
Phone # (403) 974-6728
Facsimile # (403) 974-6706

Payments:
Enron Gas Services Canada Corp.
The Toronto-Dominion Bank
Commercial Banking Center
2 Calgary Place, 340-5th Avenue, S.W.
Calgary, Alberta T2P 4H2
Bank #004 Branch #80609
Account # 0805 0465537
Phone #(403) 292-1100
Facsimile #(403) 292-1217

Nominations:
Phone # (403) 974-6752
Facsimile # (403) 974-6706
firmations:
(403) 974-6752
simile # (403) 974-6706

EXHIBIT "B"
ENFOLIO MASTER FIRM PURCHASE/SALE AGREEMENT

EXAMPLE OF CONFIRMATION ON COMPANY LETTERHEAD (INCLUDING NAME AND ADDRESS) TO CONFIRM TELEPHONIC TRANSACTIONS UNDER SECTION 2.4

nfirmation shall confirm the Transaction agreed to on _____, 19___ and binding between Enron Gas Services Canada Corp. ("Customer") and Enron Gas ng, Inc. ("Company") regarding the firm purchase and sale of Gas under the following terms and conditions. _____ to purchase and receive (Buyer) and _____ to sell and deliver (Seller). Transaction number _____.

DAILY CONTRACT QUANTITY (DCQ): _____
MAXDQ (if applicable): _____
MINMQ (if applicable): _____
MINDQ (if applicable): _____
DELIVERY POINT(S): _____
CONTRACT PRICE (per MMBtu): _____
PERIOD OF DELIVERY: _____
SPOT PRICE LOCATION: _____

This Confirmation is being provided pursuant to and in accordance with the ENFOLIO Master Firm Purchase/Sale Agreement in effect between Customer and Company (the "Agreement") and constitutes part of and is subject to all of the terms and provisions of such Agreement. All capitalized terms herein used, but not defined, shall have the meanings set forth in the Agreement. Company does hereby adopt its letterhead, including its address, as its signature in respect of the identification of Company and the authentication by Company of this Confirmation. Any objection of Customer to this Confirmation must be made by written notice to Company prior to the Confirm Deadline, as agreed and defined in the Agreement.

_____.

EXHIBIT "B-1"
ENFOLIO MASTER FIRM PURCHASE/SALE AGREEMENT

SUGGESTED FORM OF TRANSACTION AGREEMENT FOR USE WITH TRANSACTIONS FORMED UNDER SECTION 2.2(i)

his Transaction Agreement (this "Agreement") shall form and effectuate the current proposal between _Enron Gas Services Canada Corp. ("Customer") and Enron Gas ing, Inc. ("Company") regarding the firm purchase and sale of Gas under the following terms and conditions. _____ to purchase and receive and _____ to sell and deliver (Seller). Transaction number _____.

DAILY CONTRACT QUANTITY (DCQ): _____
MAXDQ (if applicable): _____
MINMQ (if applicable): _____
MINDQ (if applicable): _____
DELIVERY POINT(S): _____
CONTRACT PRICE (per MMBtu): _____
PERIOD OF DELIVERY: _____
SPOT PRICE LOCATION: _____

This Transaction Agreement is being provided pursuant to and in accordance with the ENFOLIO Master Firm Purchase/Sale Agreement in effect between Customer and Company and constitutes part of and is subject to all of the terms and provisions of such Agreement. Please execute this Transaction Agreement and return an executed copy to Company. Your execution should reflect the appropriate party in your organization who has the authority to enter into this Transaction. Upon receipt by Company of this executed Transaction Agreement it shall constitute a Transaction formed and effectuated under Section 2.2(i) of the above referenced Master Agreement. In the event Customer alters the terms of this Transaction Agreement in any manner or fails to execute and return to Company this Transaction Agreement within 24 hours of its receipt thereof, there will be no Transaction under the above referenced Master Agreement pursuant to this Transaction Agreement.

ENRON GAS SERVICES CNADA CORP.	ENRON GAS MARKETING, INC.
_____	_____
(Title) _____	(Title) _____
Date) _____	(Date) _____

G.

ENRON CAPITAL & TRADE RESOURCES
WORLDWIDE ENERGY SOLUTIONS

Christian G. Yoder
Senior Counsel

1400 Smith Street
Houston TX 77002-7361
713 853 4708
Fax 713 646 3490

November 3, 1995

95-109-NG

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

Dear Sirs:

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

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

Yours truly,

Christian Yoder

Enclosures

CGY:ltrs\088.doc

191.

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

Enron Capital & Trade Resources Corp.) FE Docket No. 95-109 NG

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

I. ACTION SOUGHT FROM THE OFFICE OF FOSSIL FUELS

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

II. OFFICIAL SERVICE LIST

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

Leslie J. Lawner
Attorney for Enron Capital & Trade Resources Corp.
712 North Lea
Roswell, New Mexico 88201
(505) 623-6778
Fax (505) 625-2820

Christian Yoder, Senior Counsel
Enron Capital & Trade Resources Corp.
P.O. Box 1188
Houston, Texas 77251-1188
(713) 853-4708
Fax (713) 6463490

III. DESCRIPTION OF THE PARTIES AND PROPOSED TRANSACTION.

A. Background.

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

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

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

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

B. Supply

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

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

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

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

C. Transportation

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

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

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

D. Markets

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

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

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

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

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

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

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

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

TBG Cogen Partners ("TBG"):

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

Brooklyn Union Gas Company ("BUG"):

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

Long Island Lighting Company ("LILCO"):

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

IV. THE AUTHORIZATION SOUGHT IS CONSISTENT WITH THE PUBLIC INTEREST

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

V. ENVIRONMENTAL CONSIDERATIONS

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

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

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

VI. OTHER FEDERAL ACTION

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

VII. CONCLUSION

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

Respectfully submitted,

For

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

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

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

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

To Whom It May Concern:

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

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

Very truly yours,

Christian Yoder
Senior Counsel
Enron Capital & Trade Resources Corp.

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

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

GAS PURCHASE AGREEMENT

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

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

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

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

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

B. Conwest Exploration Company Limited ("Conwest")

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

C. Czar Resources Ltd. ("Czar")

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

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

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

GAS SUPPLY

A. CONWEST

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

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

Sexsmith Montney
Sexsmith Bluesky
Valhalla Halfway
Webster Charlie Lake
Knopcik

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

1. Reserves

Conwest controls total proved reserves of 8,621 10^6m^3 (420 bcf) and total proved and probable reserves of 11,833 10^6m^3 (420 bcf). Broken down among various areas, Conwest's reserves are as follows:

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

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

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

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

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

These reserves serve two long-term committments. Pursuant to an arrangement with Pan Alberta Gas, Conwest has committed to supply 9.1 bcf of gas per year totalling approximately 100 bcf of gas in the years 1995 through to 2006. In addition, Conwest's portion of the gas to be exported hereunder totals approximately 4 bcf of gas per year or 40 bcf during the term of the Agreement. Accordingly, Conwest's total contractual committments relating to these reserves equals approximately 4,000 10^6m^3 (141 bcf). Conwest's reserves significantly exceed their total contractual committments. A table demonstrating both the aggregate reserves and demand on those reserves, in addition to deliverability information, is provided at Subtab B.

2. **Deliverability**

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

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

B. CZAR AND ORBIT

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

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

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

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

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

1. **Reserves**

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

Czar's total proved corporate gas reserves pool as at December 31, 1994, is 189.3 Bcf or 5333.3 10^6m^3. Orbit's total proved corporate gas reserves pool as at December 31, 1994, is 106.1 Bcf or 2989.4 10^6m^3. A breakdown of these volumes can be found in the tables contained at Subtab C.

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

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

2. **Deliverability**

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

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

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

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

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

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

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

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

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

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

TRANSPORTATION

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

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

The Alberta sourced natural gas will be transported from the field to the contract delivery point on the Alberta-Saskatchewan border near Empress, Alberta through the facilities of NOVA. Conwest Exploration Company Ltd. and Czar Resources Ltd. (on behalf of itself and Orbit Oil & Gas Ltd.) currently hold sufficient NOVA transportation to the TCPL receipt point at Empress for the 423.7 10^3m^3 per day, plus fuel gas, to be exported hereunder. Conwest has been assigned 620 10^3m^3 per day of NOVA delivery capacity at Empress by TCPL. A copy of Schedule "A" to that assignment agreement can be found at Subtab A. A copy of NOVA's Schedule for Service with Czar is included under Subtab B.

2. TransCanada PipeLines Limited ("TCPL")

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

ECT Canada has executed a Precedent Agreement dated May 19, 1995 for 423.7 10^3m^3 (15 MMcf/d) per day of capacity commencing November 1, 1996 and terminating October 31, 2006. A copy of that Agreement can be found at Subtab C. In addition, TCPL and ECT Canada have executed a Financial Assurances Letter Agreement dated April 17, 1995 relating to financial security to be provided to TCPL in connection with transportation charges. Matters relating to ECT Canada's transportation on TCPL are currently before the Board as part of TCPL's 1996/97 expansion proceedings, Hearing Order GH-3-95.

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

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

4. Other Downstream Arrangements

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

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

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

MARKET

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

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

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

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

Trigen-Nassau District Energy Corp. (Trigen):

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

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

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

TBG Cogen Partners (TGB):

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

F.

Brooklyn Union (BUG):

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

Long Island Lighting Company (LILCO):

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

UNITED STATES OF AMERICA

[6450-01-P]

DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

[FE DOCKET NO 95-109-NG]

ENRON CAPITAL & TRADE RESOURCES CORPORATION

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

AGENCY: Office of Fossil Energy, DOE.

ACTION: Notice of Order.

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

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

Issued in Washington, D.C., November 30, 1995.

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

G.

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

DEC 20 1995

ENRON CAPITAL & TRADE RESOURCES CORPORATION	)	FE DOCKET NO. 95-109-NG

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

DOE/FE ORDER NO. 1135

DECEMBER 20, 1995

I. DESCRIPTION OF REQUEST

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

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

1/ 15 U.S.C. § 717b.

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

II. FINDING

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

ORDER

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

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

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

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

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

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

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

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

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

95-109

ENRON CAPITAL & TRADE RESOURCES
WORLDWIDE ENERGY SOLUTIONS

ECT CANADA ORIGIN

April 24, 1995

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

Attention: Thomas S. Glanville, President

CONFIRMATION LETTER

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

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

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

(a) ECT Canada's suppliers shall have obtained all regulatory approvals and firm transportation agreements necessary to transport the MaxDQ to Empress, Alberta and to remove the MaxDQ from Alberta for the term hereof; and

(b) ECT Canada shall have transportation agreements necessary to transport the MaxDQ on the facilities of TransCanada Pipelines Limited ("TCPL") to the interconnect of TCPL and the facilities of Iroquois Gas Transmission System ("Iroquois"); and

(c) ECTR shall have obtained all regulatory approvals and transportation agreements necessary to (i) export the MaxDQ from Canada; (ii) import the MaxDQ to the United States; and (iii) transport the MaxDQ on Iroquois to ECTR'S markets in the northeastern United States.

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ECT Canada and ECTR warrant that they will use all reasonable efforts to fulfill their respective conditions precedent. ECT Canada shall notify ECTR forthwith in writing upon the conditions in subsection (a) and (b) above having been met, and ECTR shall inform ECT Canada forthwith in writing upon the conditions in subsection (c) above having been met. Each Party shall cooperate with the other Party in fulfilling the conditions set forth above in order that the delivery of Gas hereunder shall commence on the Date of First Delivery. If any of the conditions set forth herein have not been satisfied on or before October 1, 1996, then either Party hereto shall have the right to terminate this Confirmation Letter on at least thirty (30) days' prior written notice to the other Party hereto.

MaxDQ: 15,000.0 MMBtu's per Day, plus Fuel Gas (defined below).

LOAD FACTOR: 100%

MinPQ: MaxDQ multiplied by the Load Factor, multiplied by the number of Days in the applicable Month

DELIVERY POINT: The interconnect between TCPL and Iroquois at Waddington, on the Canadian side of the international border.

CONTRACT PRICE:

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

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

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

FUEL G

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

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

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

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

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

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

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

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

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

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

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

ENRON CAPITAL & TRADE RESOURCES CORP.

Per: Julie Gómez
Title: Vice President

Accepted and agreed effective as of the Effective Time.

ENRON CAPITAL & TRADE RESOURCES CANADA CORP.

Per: Thomas S. Glanville
Title: President

CONTRACT SUMMARY

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

1. **Canadian Seller:**

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

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

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

3. **Third-Party Re-sale Agreements:**

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

4. **Conditions Precedent:**

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

   (a) ECT Canada's suppliers having obtained all regulatory approvals and firm transportation agreements necessary to transport their volumes to Empress, Alberta.

   (b) ECT Canada having the transportation agreement necessary to transport the volumes on the facilities of TCPL to the interconnect of TCPL and Iroquois.

   (c) ECTR having obtained all regulatory approvals and transportation agreements necessary to:

      (i) export the volumes from Canada;

(ii) import the volumes into the United States; and

(iii) transport the volumes on Iroquois to ECTR's markets in the Northeastern United States.

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

5. **Term:**

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

6. **Delivery Point:**

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

7. **Contract Quantity:**

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

8. **Pricing Provisions:**

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

9. **Delivery and Take Provisions:**

(a) Delivery Obligations

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

(b) ECTR's Take Obligations

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

10. **Force Majeure:**

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

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

June 05, 1998

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

RECD DOE/FE
1998 JUN 15 11:

Gentlemen:

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

Respectfully submitted,

ENRON CAPITAL AND TRADE RESOURCES CORP.

By Juanita Marchand
Juanita Marchand
Regulatory Analyst

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

DOE/FE
A 11:48

October 25, 1999

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

Gentlemen:

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

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

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

Respectfully submitted,

ENRON NORTH AMERICA

By Juanita Marchand
Juanita Marchand
Logistics Specialist

State of Delaware

Office of the Secretary of State

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

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

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Edward J. Freel, Secretary of State

2240966 8100

991366280

AUTHENTICATION: 9950716

DATE: 09-01-99

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

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

DOES HEREBY CERTIFY:

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

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

ARTICLE I.

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

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

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

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

Angus H Davis

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

ATTEST:

Elaine Overturf

Name: Elaine V. Overturf
Title: Deputy Corporate Secretary

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UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

DOE/FE

A 11:03

ENRON NORTH AMERICA CORP. (Formerly Enron Capital & Trade Resources Corp.)	)	FE DOCKET NO. 95-109-NG

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

DOE/FE ORDER NO. 1135-A

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

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

1/ 1 FE ¶ 71,220.

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

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

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

ENRON CAPITAL & TRADE RESOURCES
WORLDWIDE ENERGY SOLUTIONS

November 3, 1995

95-110

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

Dear Sirs:

Enclosed are an original and five (5) copies each of:

(1) Application of Enron Capital & Trade Resources Corp. for blanket authorization to import from and export natural gas to Mexico;

(2) Application of Enron Capital & Trade Resources Corp. for blanket authorization to import from and export natural gas to Canada.

(3) A check for $100.00.

We have also enclosed an extra copy of each application which we ask that you kindly stamp as "filed" and return to us.

If you have any question about either application, please call me at (505) 623-6778.

Yours truly,

For: Leslie Lawner

Enclosures

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1400 Smith Street Houston TX 77002-7361 • PO Box 4428 Houston TX 77210-4428 • 713 853 7500

BEFORE THE DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

ENRON CAPITAL & TRADE RESOURCES CORP. } Docket No. 95-110-NG

APPLICATION OF ENRON CAPITAL & TRADE RESOURCES CORP. FOR BLANKET AUTHORIZATION TO IMPORT AND EXPORT NATURAL GAS

ENRON CAPITAL & TRADE RESOURCES CORP. ("ECT")hereby submits this application pursuant to Section 3 of the Natural Gas Act ("NGA"), 15 U.S.C. § 717b, the Department of Energy ("DOE") Delegation Order Nos. 0204.111 and 0204.127, and the regulations of DOE found at 10 C.F.R. Part 590, requesting blanket authorization to import up to 200 Bcf a year of natural gas produced in Mexico and to export up to 200 Bcf of year of natural gas to markets Mexico, for a term of two years commencing January 1, 1996. ECT currently has blanket import/export authority under Order No. 908 issued by the DOE in Docket 93-143-NG, effective Jan. 1, 1994. Extension of this blanket authorization is in the public interest.

In support of this application, ECT submits the following:

I.

Communications and correspondence regarding this application should be addressed to:

Leslie J. Lawner
Attorney for Enron Capital & Trade Resources Corp.
712 North Lea
Roswell, New Mexico 88201
(505) 625-2820

Stehpen Van Hooser
Senior Counsel
Enron Capital & Trade Resources Corp.
P.O. Box 1188
Houston, Texas 77251-1188
(713) 853-7238

200.

II.

The exact name of the applicant is Enron Capital & Trade Resources Corp. ECT is a Delaware corporation with its principle place of business in Houston, Texas. It is a wholly owned subsidiary of Enron Corp. ECT is a marketer of natural gas and ships gas on virtually every major interstate pipeline system in the U.S. and Canada. ECT purchases gas from the major producing areas in the U.S. and Canada and serves markets throughout the U.S., Canada and Mexico.

III.

By this application, ECT seeks authorization to import up to 200 Bcf annually of natural gas from Mexico, to enable ECT to serve various spot and long-term markets. ECT also seeks authorization to export natural gas to buyers located in Mexico also up to 200 Bcf annually. ECT requests this authorization for a minimum period of two years, or longer, if DOE determines that such would be in the public interest so that ECT may efficiently and economically serve its existing and future commitments. ECT intends to utilize such facilities as may exist at the time the gas in exported or imported hereunder; accordingly, this application does not request approval of construction of any facilities.

ECT will notify the DOE's Office of Fossil Energy in writing of the date of first delivery hereunder and will file such reports as may be required by that Office.

IV.

Pursuant to Section 590.202 of DOE's regulations, ECT states that the import authorization would enable it to purchase up to 200 Bcf of natural gas annually. The export authorization will enable ECT to export gas to markets in Mexico.

ECT is affiliated with four major interstate pipelines in the U.S.: Northern Natural Gas Co., Transwestern Pipeline Company, Florida Gas Transmission Co. and Northern Border Pipeline Company. ECT is also affiliated with Houston Pipe Line Company, a

Texas intrastate pipeline company, and Louisiana Resources Pipeline, a Louisiana intrastate pipeline company. One or more of these affiliated companies may be involved in subsequent import or export transactions.

ECT is a major marketer of natural gas in North America. ECT sells gas to distribution companies, electric utilities, industrial users, cogeneration facilities and other marketers. The location, size and diversity of ECT's markets require it to find diverse supplies both geographically and economically. ECT would include foreign supplies in its portfolio as these supplies become available to it on reasonable terms and at competitive prices.

ECT does not contemplate the construction of any new facilities as part of this application. Accordingly, this application, if granted, would not have any measurable environmental impact. The application does not contemplate a Federal action significantly affecting the quality of the human environment under the National Environmental Policy Act, 42 U.S.C. §§ 4321 *et seq.* No environmental assessment or impact statement is therefore required.

V.

ECT's current import/export authorization expires on Dec. 31, 1995. ECT therefore requests that this new authorization be granted so that ECT will not experience a disruption in its ability to bring gas into or out of the U.S. to serve its markets. The authorization requested will further enable ECT to serve new markets with new supplies, both of which may have been unavailable to ECT in the past. The authorizations sought are in the public interest in that they enhance natural gas and interfuel competition in the North American market, consistent with the North American Free Trade Agreement and other federal policies designed to foster trade between the U.S. and Mexico. This can be achieved by granting the requested authorization to commence Jan. 1, 1996, for a term of at least two years.

WHEREFORE, ECT respectfully requests that the authorizations described herein be granted as consistent with the public interest.

Respectfully submitted,

Leslie J. Lawner,
Attorney for Enron Capital & Trade
Resources Corp.

Dated: October 31, 1995

Certificate of Counsel

Pursuant to 10 C.F.R. Section 590.202, this certificate of counsel is hereby furnished in connection with the application of Enron Capital & Trade Resources Corp. ("ECT") for authorization to import and export natural gas to and from Mexico pursuant to Section 3 of the Natural Gas Act. In respect to this application, I am of the opinion that:

- ECT is a corporation duly organized, validly existing and in good standing under the laws of the state of Delaware, and

- The proposed importation and exportation of natural gas is within the corporate powers of ECT.

Dated: October 31, 1995

By: _____
Leslie J. Lawner
Attorney for Enron Capital & Trade Resources Corp.

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

NOV 22 1995
REC'D DOE/FE/OFP

ENRON CAPITAL & TRADE RESOURCES CORPORATION	)	FE DOCKET NO. 95-110-NG

ORDER GRANTING BLANKET AUTHORIZATION TO
IMPORT AND EXPORT NATURAL GAS
FROM AND TO MEXICO

DOE/FE ORDER NO. 1123

NOVEMBER 22, 1995

A.

I. DESCRIPTION OF REQUEST

On November 7, 1995, Enron Capital & Trade Resources Corporation (ECT) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),[1/] and DOE Delegation Order Nos. 0204-111 and 0204-127, for blanket authorization to import up to 200 billion cubic feet (Bcf) of natural gas and to export up to 200 Bcf of natural gas from and to Mexico over a two-year term beginning on the date of first import or export delivery after December 31, 1995.[2/] ECT, a Delaware corporation with its principal place of business in Houston, Texas, is a wholly-owned subsidiary of Enron Corporation. ECT will import and export the natural gas under spot and short-term purchase arrangements for sale to ETC's markets throughout the U.S. and Mexico. The proposed authorization does not involve the construction of new pipeline facilities.

II. FINDING

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

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1/ 15 U.S.C. § 717b.

2/ This is the date ECT's current blanket authorization to import and export natural gas from and to Mexico expires. ECT is the successor in interest to Enron Gas Marketing, Inc. DOE/FE Order No. 908, issued January 3, 1994 (1 FE ¶ 70,920).

section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486). Under section 3(c), the import or export of natural gas from or to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by ECT to import and export natural gas from and to Mexico, 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. This blanket order authorizes transactions under contracts with terms of no longer than two years.

ORDER

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

A. Enron Capital & Trading Resources Corporation (ECT) is authorized to import up to 200 Bcf of natural gas and to export up to 200 Bcf of natural gas from and to Mexico over a two-year term beginning on the date of first import or export delivery after December 31, 1995. This natural gas may be imported or exported at any point on the border of the United States and Mexico.

B. Within two weeks after deliveries begin, ECT shall provide written notification to the Office of Fuels Programs

(OFP), Fossil Energy, Room 3F-056, FE-50, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the first import or export of natural gas authorized in Ordering Paragraph A above occurred.

C. With respect to the natural gas imports and exports authorized by this Order, ECT shall file with OFP, within 30 days following each calendar quarter, quarterly reports indicating whether imports or exports of natural gas have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports or exports of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If imports or exports have occurred, ECT must report the following: (1) total monthly volumes in Mcf; (2) the average monthly purchase price of gas per MMBtu at the international border; (3) the name of the seller(s); (4) the name of the purchaser(s); (5) the estimated or actual duration of the agreement(s); (6) the name of the United States transporter(s); (7) the point(s) of entry and exit; and (8) the geographic market(s) served (for imports, by State). For import transactions only, the report shall also include: (1) whether sales are being made on an interruptible or firm basis; and, if applicable, (2) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than April 30, 1996, and should cover the period from January 1, 1996, until the end of the first calendar quarter, March 31, 1996.

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

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

LAW OFFICES
FLOOD & WARD
A PARTNERSHIP INCLUDING A PROFESSIONAL CORPORATION
SUITE 402
1000 POTOMAC STREET, N. W.
WASHINGTON, D. C. 20007
(202) 298-6910
TELECOPIER (202) 298-6914

October 10, 1991

REC'D DOE/FE
OFFICE OF HYDROCARBON

Mr. Clifford P. Tomaszewski,
Acting Deputy Assistant Secretary
Department of Energy
Office of Fossil Energy, Fuels Programs
Room 3F056 FE-531
1000 Independence Avenue, S.W.
Washington, D.C. 20585

91-83-NG

Re: Application of Enron Oil & Gas Marketing, Inc. For Blanket Short Term Authorization to Export Natural Gas To Mexico

Dear Mr. Tomaszewski:

Enron Oil & Gas Marketing, Inc. ("EOGM") hereby submits for filing an original and fifteen (15) copies of the above-referenced application requesting blanket authorization for a two year term to export natural gas to Mexico.

Also enclosed are four (4) additional copies of the application to be date stamped and returned to the messenger. A check in the amount of $50.00 is enclosed for the filing fee.

Respectfully submitted,

Allan W. Anderson, Jr.

Allan W. Anderson, Jr.
One of Counsel for
Enron Oil & Gas Marketing, Inc.

Attachments

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

In The Matter Of:

Enron Oil & Gas Marketing, Inc.	))	FE Docket No. 91- -NG

APPLICATION OF ENRON OIL & GAS MARKETING, INC.
FOR AUTHORIZATION TO EXPORT NATURAL GAS TO MEXICO

Pursuant to Section 3 of the Natural Gas Act, 15 U.S.C. § 717b, Sections 301(b) and 402(f) of the Department of Energy Organization Act of 1977 ("DOE"), DOE Delegation Order Nos. 0204-111 and 0204-127 and Part 590 of the Office of Fossil Energy's Regulations, 10 C.F.R. Part 590, Enron Oil & Gas Marketing, Inc. ("EOGM") hereby submits this Application for blanket authorization to export natural gas to Mexico for a two year period commencing on the date of first delivery. In support hereof EOGM states as follows:

I.

EOGM, a Delaware corporation with its principle place of business at 1400 Smith Street, Houston, Texas 77002, is a marketer engaged in the sale of natural gas on a direct basis and for resale. EOGM primarily operates in the southwestern portion of the United States.

II.

The names, addresses, and telephone numbers of the persons to be contacted with respect to this application are:

Dennis Ulak
Assistant General Counsel
Enron Oil & Gas Marketing, Inc.
1400 Smith Street, Suite EB2377
Houston, Texas 77002
(713) 853-5482

and

Allan W. Anderson, Jr., Esquire
Flood & Ward
1000 Potomac Street, N.W.
Suite 402
Washington, D.C. 20007
(202) 298-6910

III.

EOGM requests blanket authorization for a two year period to export to Mexico up to 50,000 Mcf of natural gas per day produced in the United States. EOGM would limit total export deliveries to 36.5 Bcf of natural gas. The natural gas to be exported would be natural gas which EOGM would purchase from domestic producers or would have the right to sell as agent for other parties. EOGM proposes to make such exports through existing pipeline facilities at the international border between the U.S. and Mexico. EOGM does not propose to construct any new facilities.

The export authorization that EOGM seeks is identical to that granted other applicants.1/ In accordance with

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1/ See Access Energy Corporation, 1 FE ¶ 70,361 (1990); Transco Energy Marketing Company, 1 FE ¶ 70,333 (1990).

conditions imposed on other export requests, EOGM is willing to notify the Office of Fossil Energy of the date of first delivery of exports and make quarterly reports providing details of each export transaction, as may be required.

IV.

Pursuant to Section 590.202(b) of the Office of Fossil Energy, Fuels Program's Regulations, 10 C.F.R. § 590.202(b), the following information is provided:

1. Scope Of The Project

As discussed above, the scope of the proposed authorization would permit EOGM to export up to 50,000 Mcf of natural gas per day to Mexico for a two year period. Total volumes could not exceed 36.5 Bcf. Such authorization would become effective on the date of first export delivery by EOGM from the United States to Mexico.

2. Source And Security Of Natural Gas Supply

All gas supply under the requested authorization would come from the United States. EOGM will purchase the gas from or act as agent for various producers in the United States, including some which would be affiliated with EOGM. Presently, EOGM purchases the majority of its gas from Enron Oil & Gas Company, which owns 100 percent of the stock of EOGM.

The gas to be exported will come from areas with surplus supplies of natural gas or will consist of supplies of natural gas which are incremental to the needs of other purchasers or

producers. There is a current surplus supply of natural gas in the United States. The proposed exports will help alleviate such glut and should, therefore, be viewed as a positive element in the public interest.

3. Identification Of Participants In The Transaction

EOGM is the applicant requesting authorization herein. EOGM expects to sell the natural gas to be exported to Petroleos Mexicanos ("Pemex") for local distribution by Pemex to its customers. However, if other customers materialize, including end-users and electric utilities, EOGM would also attempt to make export sales to them under this authorization. EOGM is willing to provide the Department of Energy with quarterly reports about its exports.

4. Terms Of The Transactions And Provisions Of The Export Arrangements

EOGM anticipates that all transactions will be short term in nature, but could be for a term of up to two years. Any agreements and arrangements will be the product of "arms length" negotiations between EOGM and the purchaser. The terms and conditions will include price, volume and duration provisions and will reflect the current natural gas market conditions.

5. Lack Of U.S. Need For The Gas

The volume of natural gas to be exported will be surplus to the regional and national needs for natural gas in the United States. The short term nature of individual contracts and this requested authorization will ensure that if the

availability of gas in the United States becomes a problem, exported surplus gas can be reallocated within a reasonable time to domestic needs.

6. Potential Environmental Import

Since no new facilities will be constructed for this export of natural gas, granting the subject authorization is not a federal action affecting the quality of the environment, and no environmental assessment is required.

Also attached hereto it an opinion of legal counsel, pursuant to 10 C.F.R. 590.202(e) of the Office of Fossil Energy, Fuels Program's Regulations that the proposed export of natural gas to Mexico is within the corporate powers of EOGM.

V.

PUBLIC INTEREST

The export of natural gas to Mexico by EOGM will be in the public interest. The proposed exports will permit domestic producers in the United States to continue the production of natural gas where otherwise a market might not have existed for their excess supplies. It will help alleviate the current glut of excess supplies. Further, exports to Mexico of natural gas will serve to lower the overall U.S. trade deficit and enhance development of the U.S. trade relationship with a neighboring country. The terms of any sales of gas for export will be freely negotiated, thereby ensuring the market competitiveness of each arrangement. It

would, therefore, be in the public interest to approve the subject application.

VI.

CONCLUSION

WHEREFORE, in view of the above, EOGM respectfully requests that the Department of Energy find promptly, pursuant to Section 3 of the Natural Gas Act, that the blanket export from the United States to Mexico of up to 50,000 Mcf per day of natural gas for a two year term commencing with the date of first export delivery by EOGM is not inconsistent with the public interest and should be approved.

Respectfully submitted,

ENRON OIL & GAS MARKETING, INC.

By Andrew N Hoyle
Andrew Hoyle
Vice President, Marketing

Of Counsel:

Lewis P. Chandler, Jr.
Vice President and General Counsel
Dennis Ulak
Assistant General Counsel
Enron Oil & Gas Marketing, Inc.
Post Office Box 1188
Houston, Texas 77251-1188

Allan W. Anderson, Jr.
David B. Ward, P.C.
Flood & Ward
1000 Potomac Street, N.W.
Suite 402
Washington, D.C. 20007

Dated: October 9, 1991.

ENRON
OIL & GAS MARKETING, INC.
P.O. Box 1188 Houston, Texas 77251-1188 (713)853-6161

October 4, 1991

Department of Energy
Office of Fossil Energy, Natural Gas Branch
Room 3F056 FE-531
1000 Independence Avenue, S.W.
Washington, D.C. 20585

Gentlemen:

Pursuant to 10 C.F.R. Section 590.202(c), this opinion of counsel is hereby furnished in connection with the Application of Enron Oil & Gas Marketing, Inc., a Delaware corporation (hereinafter referred to as "EOGM") for authorization to export natural gas from the United States to Mexico pursuant to Section 3 of the Natural Gas Act.

In respect to the above, I am of the opinion that:

- EOGM is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware; and

- The proposed export of natural gas to Mexico is within the corporate powers of EOGM.

Respectfully submitted,

By Dennis M. Ulak
Dennis M. Ulak
Assistant General Counsel
Enron Oil & Gas Marketing, Inc.

VERIFICATION

STATE OF TEXAS)
) cc:
COUNTY OF HARRIS)

Andrew N. Hoyle, being duly sworn, states that he is Vice President of Enron Oil & Gas Marketing, Inc. ("EOGM"); that he is a duly authorized representative of EOGM; that he is authorized to execute this verification; that he has read the above and foregoing Application and is familiar with the contents thereof; and that all allegations and facts contained therein are true and correct to the best of his knowledge, information and belief.

Andrew N Hoyle
Andrew N. Hoyle

Subscribed to and sworn before me
This 9th day of October 1991.

Notary Public Kathryn M Turnetell
My Commission Expires 1-22-94

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

ENRON OIL & GAS MARKETING INC.	)	FE DOCKET NO. 91-83-NG

ORDER GRANTING BLANKET AUTHORIZATION
TO EXPORT NATURAL GAS
TO MEXICO

DOE/FE OPINION AND ORDER NO. 578

202.

JANUARY 24, 1992

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I. BACKGROUND

On October 10, 1991, Enron Oil & Gas Marketing (EOGM) 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) and DOE Delegation Order Nos. 0204-111 and 0204-127, requesting blanket authorization to export to Mexico up to 50,000 Mcf per day of natural gas, up to an aggregate maximum of 36.5 Bcf, over a two-year period beginning on the date of first delivery of the exported gas. EOGM intends to use existing U.S. natural gas pipelines to transport the exported gas and states it would comply with DOE's quarterly reporting provisions.

EOGM is a Delaware corporation with its principal place of business in Houston, Texas. EOGM intends to export gas supplied by domestic producers to Mexican purchasers under arms-length agreements containing prices and other terms and conditions negotiated in response to market conditions. EOGM anticipates that all transactions will be short-term in nature with none exceeding a term of two years.

In support of its import request, EOGM asserts there exists no national or regional need for the gas it proposes to export and the short-term nature of the requested export authorization

protects against the possibility that a national or regional need for these supplies might develop in the future. Further, EOGM notes that the proposed export of natural gas will benefit U.S. producers by increasing the demand for domestically produced natural gas, will lower the U.S. trade deficit, and will enhance

development of the U.S. trade relationship with a neighboring country.

A notice of the application was published in the Federal Register on December 2, 1991, inviting protests, motions to intervene, notices of intervention and comments to be filed by January 2, 1992. 1/ No comments were received.

II. DECISION

The application filed by EOGM has been evaluated to determine if the proposed export arrangement meets the public interest requirements of section 3 of the NGA. Under section 3, an export must be authorized unless there is a finding that it "will not be consistent with the public interest." 2/ In reviewing natural gas export applications, domestic need for the gas to be exported is considered as well as any other issues determined to be appropriate in a particular case.

EOGM's uncontested export proposal, as set forth in the application, is consistent with section 3 of the NGA and DOE's natural gas export policy guidelines. The current supplies of

domestic gas, coupled with the short-term, market responsive nature of the contracts into which EOGM proposes to enter, indicate that it is unlikely that the proposed export volumes will be needed during the term of the authorization. In addition, EOGM's proposal, like other blanket proposals that have

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1/ 56 FR 61240, December 2, 1991.

2/ 15 U.S.C. Sec. 717b.

been approved by DOE, 3/ will further the Secretary's policy goals of reducing trade barriers by encouraging market forces to achieve a more competitive distribution of goods between the U.S. and Mexico. Thus, EOGM's export arrangement will enhance cross-border competition in the marketplace.

After taking into consideration all of the information in the record of this proceeding, I find that granting EOGM authority to export natural gas to Mexico over a two-year term beginning on the date of first delivery is not inconsistent with the public interest and should be approved. In order to provide EOGM with maximum operating flexibility I have designated just a total authorized volume for the two-year term of 36.5 Bcf of natural gas, rather than the 50,000 MCF per day that EOGM requested in its export application. 4/

ORDER

For reasons set forth above, pursuant to section 3 of the Natural Gas Act, it is ordered that:

3/ E.g., Corpus Christie Gas Marketing Inc., 1 FE Para. 70,386 (November 23, 1990); Clajon Marketing, L.P.; 1 FE Para. 70,406 (January 31, 1991); and American Central Gas Companies, Inc., 1 FE Para. 70,446 (May 16, 1991).

4/ Because the proposed export of gas will use existing facilities, DOE has determined that granting this application is not a major Federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act (42 U.S.C. 4321, et seq.) and therefore an environmental impact statement or an environmental assessment is not required. See 40 CFR Sec. 1508.4 and 54 FR 12474 (March 27, 1989).

A. Enron Oil & Gas Marketing (EOGM), is authorized to export to Mexico up to 36.5 Bcf of natural gas over a two-year term, beginning on the date of first export delivery.

B. This natural gas may be exported at any point on the international border where existing pipeline facilities exist.

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

D. With respect to the natural gas exports authorized by this Order, the applicant shall file within 30 days following each calendar quarter, quarterly reports indicating whether exports of natural gas have been made, and if so, giving by month, the total volume of the exports in Mcf and the average price per MMBtu at the international border. The reports shall also provide the details of each export transaction, including the names of the seller(s), and the purchaser(s), estimated or actual duration of the agreements, transporter(s), points of

exit, geographic markets served, and, if applicable, the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price, any special contract price adjustments clauses, and any take-or-pay or make-up provisions. If no exports have been made, a report of "no activity" for that calendar quarter

must be filed. Failure to file quarterly reports may result in termination of this authorization.

E. The first quarterly report required by paragraph D of this order is due not later than April 30, 1992, and should cover the period from the date of this order until the end of the current calendar quarter March 31, 1992.

Issued in Washington, D.C., on January 24, 1992.

Clifford P. Tomaszewski
Acting Deputy Assistant Secretary
for Fuels Programs
Office of Fossil Energy

REC'D DOE/FE
1999 MAY 30 P 4:14

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

In the Matter of	)	
	)	
Enron International Gas Sales Company	)	OFE Docket No. 99-33-NG
	)	
	)	
Applicant	)	

APPLICATION OF ENRON INTERNATIONAL GAS SALES COMPANY
FOR AUTHORIZATION TO IMPORT NATURAL GAS

Communications with respect to this Application should be addressed to:

Nicholas F. Coward
Janet K. Kim
Baker & McKenzie
815 Connecticut Avenue, N.W.
Washington, DC 20006
(202) 452-7000

Robert H. Walls, Jr.
Managing Director and General Counsel
Enron International Gas Sales Company
1400 Smith Street
Houston, Texas 77002

Attorneys for
Enron International Gas Sales Company

May 14, 1999

Document #: 7010639 ver 1

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UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

In the Matter of	)	
	)	
Enron International Gas Sales Company	)	OFE Docket No. 99-
	)	
	)	
Applicant	)	

APPLICATION OF ENRON INTERNATIONAL GAS SALES COMPANY
FOR AUTHORIZATION TO IMPORT NATURAL GAS

Enron International Gas Marketing Company ("EIGS"), pursuant to Section 3 of the Natural Gas Act ("NGA"), 15 U.S.C. § 717b (1982), Department of Energy Delegation Order No. 0204.111 and 10 C.F.R. Part 590 et seq., hereby requests the Department of Energy ("DOE"), Office of Fossil Energy ("OFE"), to grant blanket authorization to import up to 300 bcf annually of liquefied natural gas ("LNG"), on a short-term or spot basis, for a term of two (2) years beginning on the date of first delivery, all as more fully described herein. EIGS requests that it be granted blanket authority to import competitively-priced LNG from various international sources to receiving facilities in the United

States ("U.S.") and its territories for subsequent sale within the U.S. market.

In support hereof, EIGS respectfully shows as follows:

I.

General

The exact legal name of Applicant is Enron International Gas Sales Company which is a corporation organized under the laws of Delaware, having its principal place of business at 1400 Smith Street, Houston, Texas 77002. EIGS is a wholly-owned subsidiary of Enron International Inc.

EIGS does not now own and does not plan to own pipeline facilities to transport natural gas. It functions as an importer of LNG and a marketer of regasified LNG in the United States.

II.

Request for Blanket Authority

EIGS requests blanket authorization from the OFE to import LNG for its own account and for the accounts of others during a two (2) year period commencing on the date of first delivery under such authorization, so as to enable EIGS to participate in sales of such natural gas to U.S. customers. EIGS requests that such authority be granted on a blanket basis in order to eliminate any potential regulatory delays which would effectively

place these supplies at a disadvantage in regarding to fuel supplies in the rapidly changing and dynamic U.S. market.

Specifically, EIGS requests blanket authorization to import up to 300 bcf annually of LNG from various international sources in which trade in natural gas has not been prohibited, beginning on the date of first delivery, utilizing currently existing LNG receiving facilities in the U.S. and its territories, or any other receiving facility that may become operational in the future. No new facilities are proposed nor required to be constructed in this application. EIGS understands that additional authority may be required from other governmental agencies which are not the subject of this application, nor within the jurisdiction of the OFE.

The gas imported by EIGS would be sold on short-term or spot market basis to U.S. pipelines, distribution companies, marketers, and/or end-users under contracts to be negotiated. It is currently contemplated that delivery will be effected through such U.S. transmission facilities as may exist during the term of this authorization. EIGS will either purchase and resell the imported gas, or possibly act as an agent for other sellers, and may also negotiate with U.S. pipelines and local distribution companies to arrange transportation of the imported volumes. The identities of the actual international sources of LNG, U.S. purchasers and transporters of the volumes to be imported will

not be known until EIGS begins to enter into specific import transactions.

Pursuant to Section 3 of the Natural Gas Act, supra, and Delegation Order No. 0204.111, 49 Fed. Reg. 6684 (February 22, 1984), an application to import natural gas must be approved unless it is determined that the import is not consistent with the public interest.

III.

Description of Service

Pursuant to 10 C.F.R. Part 590, the OFE must have sufficient information regarding the import and export of natural gas in order to examine the competitiveness of the import, the need for natural gas, and the security of supply. The following is the content of this request as required by 10 C.F.R. § 590.202:

A. Scope of Project

EIGS requests blanket authority to import up to 300 bcf annually of LNG produced by various international sources with which trade in natural gas has not been prohibited, whose production can be delivered economically to receiving facilities located within the U.S. and its territories. Blanket authorization would allow EIGS to effectuate import transactions on a timely basis, without the potential regulatory delays

inherent to filing separate applications for each proposed short-term or spot contract sale and for each receiving facility. The proposed importation of LNG would commence immediately upon approval of this application or as soon thereafter as the sale of the LNG into the U.S. market can be made by EIGS. The transactions contemplated herein will utilize LNG receiving facilities in the U.S. or governed thereby.

B. Source and security of the natural gas supply

The authority sought herein precludes unwarranted, long term dependence on foreign sources of energy of which the Secretary, in his Delegation Order, cautions should be avoided. Therefore, under the term of the blanket authority proposed herein, the possibility of detrimental reliance by a U.S. purchaser is minimal.

C. Identification of participants in the transaction

The identity of the ultimate sellers and purchasers as well as the transporters of the natural gas imported pursuant to the authorization requested herein are unknown at this time.

D. Terms of transactions

EIGS anticipates that the price in such transactions will be competitively adjusted on a monthly basis as required by competing market conditions and available

competing fuels, which may include domestic natural gas. Since competitive operative provisions of the contract will enable these supplies to be sold into the market at the time of the import and since prices are expected to reflect markets at the time, the OFE would be able to verify the price competitiveness by means of the contemplated reports of import and sales volume.

E. Provisions of the import arrangement which establishes the base price, volume requirements, transportation and other costs.

Since the authorization sought relates to what will be short-term or spot market transactions, the base price, volume requirements, price and volume adjustment provisions will be negotiated between EIGS and LNG suppliers based on competitive factors as those terms currently are negotiated between U.S. buyers and domestic suppliers.

F. Need for the natural gas in U.S. markets.

Due to the nature of the transaction expected to be covered by the blanket authorization, such natural gas is expected to be available at prices competitive with the prices of alternate fuels in many U.S. markets. As stated above, the DOE policy guidelines establish a rebuttable presumption that imported natural gas is needed in the market if it is to be competitive in that

particular market. Thus, inasmuch as EIGS's transactions necessarily are premised upon these LNG supplies being price-competitive with alternate fuels in various U.S. spot markets, it is therefore shown that LNG is needed in those markets.

G. Potential environmental impact of the project

Since no new facilities are proposed to be constructed in this application, and since no new construction of U.S. transmission facilities to facilitate the proposed importation of natural gas are contemplated herein, granting this application will not constitute a Federal action" significantly affecting the quality of human environment" within the meaning of the National Environmental Policy Act, 42 U.S.C. 4321, et seq. Therefore, an environmental impact assessment is not required.

IV.

Compliance Requirements

The authorization sought and the reporting procedures outlined herein, are similar to those which were recently granted by the OFE to other applicants. Consistent with the reporting requirements imposed in those authorizations, EIGS agrees to the following actions to comply with the following requirements.

EIGS will notify the OFE in writing of the date of first delivery of LNG imported under the requested authorization within two (2) weeks of the date of such delivery and receipt of appropriate delivery documentation; and with respect to all imports made thereafter, pursuant to the requested authorization, EIGS will report as required by the OFE, reports indicating, by month, whether imports have been received, and if so, the total purchase volumes in MMBtu, the average purchase price per MMBtu at the international border, any special contract price adjustments, estimated or actual duration of the agreement(s), seller(s), and purchaser(s), transporter(s), points of entry, take or-pay or make-up provisions, per unit (MMBtu) demand/commodity charge breakdown of the price, and markets served.

To EIGS's knowledge, its proposed imports are not being considered by any other agency of the U.S. government, or by any other agency within the DOE.

A Form of Notice, suitable for publication in the Federal Register, is attached hereto.

WHEREFORE, EIGS respectfully requests that the OFE find, pursuant to Section 3 of the Natural Gas Act, that the proposed blanket import authorization is not inconsistent with the public interest, and move to grant EIGS blanket import authorization based upon the terms and conditions discussed herein. EIGS

further requests that the OFE grant such other authority, if any, that may be necessary.

Respectfully submitted,

ENRON INTERNATIONAL GAS SALES COMPANY

By: Robert H. Walls

Robert H. Walls, Jr.
Managing Director and General Counsel

Document #: 7010639 ver 1

VERIFICATION

STATE OF _____)
)SS
COUNTY OF _____)

Robert H. Walls, Jr., being first duly sworn, states that he is Managing Director and General Counsel for Enron International Gas Sales Company that he is authorized to execute this Affidavit; that he has read the Application of Enron International Gas Sales Company for Authorization to Import Natural Gas and is familiar with the contents thereof; and that all allegations of fact therein contained are true and correct, to the best of his knowledge, information, and belief.

Robert H. Walls
for

Subscribed and sworn to before me this 19th day of May 1999.

Jana L. Paxton
Notary Public in and for
Harris County, Texas

JANA L. PAXTON
NOTARY PUBLIC
STATE OF TEXAS
EXPIRES
DECEMBER 10, 2001

My Commission Expires:

12-10-01

Document #: 7010639 ver 1

Appendix A
FE Docket No. _____

CERTIFICATE FROM COUNSEL

May 14, 1999

Office of Fuels Programs
Fossil Energy, Room 3F-056, FE-SO
Forrestal Building
1000 Independence Avenue, S.W.
Washington, DC 20585

Attn: Clifford P. Tomaszewski,
Acting Deputy Assistant Secretary

Dear Sir:

Pursuant to 10 C.F.R. Section 590.202, this certificate of counsel is hereby furnished in connection with the Application of Enron International Gas Sales Company ("EIGS") for authorization to import natural gas pursuant to Section 3 of the Natural Gas Act.

In respect to the foregoing, and as counsel for EIGS, I am of the opinion that:

EIGS is a corporation duly organized, validly existing and in good standing under the laws of Delaware;

The proposed importation of natural gas is within the corporate powers of EIGS; and

EIGS either has complied with or is in the process of complying with applicable rules and regulations of state regulatory authorities in the states in which it operates.

Respectfully submitted,

Enron International Gas Sales Company

By: Robert H. Walls, Jr.
Robert H. Walls, Jr.
Managing Director and General Counsel

Document #: 7010639 ver 1

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

RECD DOE/FE
1999 MAY 24 P 3: 39

ENRON INTERNATIONAL GAS SALES COMPANY	)	FE DOCKET NO. 99-33-LNG

ORDER GRANTING BLANKET AUTHORIZATION TO
IMPORT LIQUEFIED NATURAL GAS

DOE/FE ORDER NO. 1485

MAY 24, 1999

A.

I. DESCRIPTION OF REQUEST

On May 20, 1999, Enron International Gas Sales Company (EIGS) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA)[1/] and DOE Delegation Order Nos. 0204-111 and 204-127, for authorization to import up to 300 Bcf of liquefied natural gas (LNG) annually for a two-year term beginning on the date of first delivery. EIGS asserts the LNG would be imported from various international sources to existing LNG receiving facilities in the United States and its territories. EIGS is a Delaware company, and a wholly-owned subsidiary of Enron International Inc., with its principal place of business in Houston, Texas. EIGS is an importer of LNG and a marketer of regasified LNG in the United States.

EIGS will import the LNG under spot and short-term purchase arrangements. The regasified LNG would be sold on a short-term or spot market basis to U.S. pipelines, distribution companies, marketers, and/or end-users under contracts to be negotiated. The proposed authorization does not involve the construction of new pipeline or LNG receiving facilities.

II. FINDING

The application filed by EIGS 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 LNG is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by EIGS to import LNG meets the section 3(c)

1/ 15 U.S.C. § 717b.

criterion and, therefore, is consistent with the public interest. Consistent with our treatment of similar blanket applications, there will be no restriction on the annual volumes that may be imported. This blanket Order authorizes transactions under gas purchase contracts with terms of no longer than two years.

ORDER

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

A. Enron International Gas Sales Company (EIGS) is authorized to import up to 600 Bcf of liquefied natural gas (LNG) over a two-year term beginning on the date of acquisition of the first shipment of LNG.

B. This LNG may be imported at any receiving facility in the United States, or its territories.

C. Within two weeks after deliveries begin, EIGS must provide written notification of the date that the first import of LNG authorized in Order Paragraph A above occurred.

D. With respect to the LNG imports authorized by this Order, EIGS shall file with the Office of Natural Gas & Petroleum Import & Export Activities, within 30 days following each calendar quarter, quarterly reports indicating whether imports of LNG have been made. If no imports of LNG have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, EIGS must report by month: (1) the total volume of imports in Mcf and MMBtu; (2) the country of origin; (3) the name(s) of the sellers(s); (4) the point(s) of entry; (5) the name(s) of the LNG tankers used; (6) the estimated or actual duration of the agreements; (7) the geographic market(s) served; (8) the average landed cost per MMBtu at the point of import; and (9) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract

price, if applicable. The reports also will include the monthly volumes in Mcf taken by each of EIGS' customers.

E. The first quarterly report required by Ordering Paragraph D of this Order is due not later than July 30, 1999, and should cover the period from the date of this Order, until the end of the third calendar quarter, June 30, 1999.

F. The notification and quarterly reports required by Ordering Paragraphs C and D of this Order shall 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.

Issued in Washington, D.C., on May 24, 1999.

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

Enron Global LNG
333 Clay Street, Suite 1800
Houston, TX 77002-7361

P.O. Box 1188
Houston, TX 77251-1188

December 6, 1999

Mr. Clifford P. Tomaszewski
Manager, Natural Gas Regulation
U.S. Department of Energy
Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy
Room 3E-042, FE 34 Forrestal Building
1000 Independence Avenue, S.W.
Washington, DC 20585

REC'D DOE/FE
1999 DEC 13 A 9:25

RE: Import of LNG to Lake Charles, LA on November 24, 1999

Dear Mr. Tomaszewski:

This letter is sent to you pursuant to section 3 of the Natural Gas act, and in compliance with Paragraph C of DOE FE Docket No. 99-33-LNG. Please accept our notification that Enron International Gas Sales Corporation completed the 1st import of one cargo of liquefied natural gas (LNG) at the CMS Trunkline Terminal in Lake Charles, Louisiana at 9:56am on Wednesday, November 24, 1999.

Please feel free to contact us at any time should you have any questions or concerns regarding this or any future import by Enron International Gas Sales Company.

Sincerely,

A. Wayne Perry

204

Enron Global LNG
333 Clay Street, Suite 1800
Houston, TX 77002-7361

P.O. Box 1188
Houston, TX 77251-1188

December 6, 1999

Mr. Clifford P. Tomaszewski
Manager, Natural Gas Regulation
U.S. Department of Energy
Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy
Room 3E-042, FE 34 Forrestal Building
1000 Independence Avenue, S.W.
Washington, DC 20585

REC'D DOE/FE
1999 DEC 13 A 9:25

RE: Import of LNG to Lake Charles, LA on November 24, 1999

Dear Mr. Tomaszewski:

This letter is sent to you pursuant to section 3 of the Natural Gas act, and in compliance with Paragraph C of DOE FE Docket No. 99-33-LNG. Please accept our notification that Enron International Gas Sales Corporation completed the 1st import of one cargo of liquefied natural gas (LNG) at the CMS Trunkline Terminal in Lake Charles, Louisiana at 9:56am on Wednesday, November 24, 1999.

Please feel free to contact us at any time should you have any questions or concerns regarding this or any future import by Enron International Gas Sales Company.

Sincerely,

A. Wayne Perry

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

DOE/FE
A 11:48

October 25, 1999

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

Gentlemen:

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

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

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

Respectfully submitted,

ENRON NORTH AMERICA

By Juanita Marchand
Juanita Marchand
Logistics Specialist

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State of Delaware

Office of the Secretary of State

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

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

206

Edward J. Freel, Secretary of State

2240966 8100

991366280

AUTHENTICATION: 9950716

DATE: 09-01-99

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

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

DOES HEREBY CERTIFY:

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

> RESOLVED, that in the judgment of the Board of Directors, it is deemed advisable to amend Article I of the Certificate of Incorporation of the Company so that it will be and read in its entirety as follows:
>
> ARTICLE I.
>
> The name of this corporation is **Enron North America Corp.**

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

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

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

Angus H Davis

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

ATTEST:

Elaine Overturf

Name: Elaine V. Overturf
Title: Deputy Corporate Secretary

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

ENRON NORTH AMERICA CORP. (Formerly Enron Capital & Trade Resources Corp.)	)	FE DOCKET NO. 98-12-NG

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

DOE/FE ORDER NO. 1367-A

On March 6, 1998, the Department of Energy (DOE) granted long-term authorization to Enron Capital & Trade Resources Corp. in DOE/FE Order No. 1367 (Order 1367)[1/] to import from Canada an aggregate volume of 33.1 Bcf of natural gas over ten years commencing on November 1, 1998, and extending through October 31, 2008, or for 10 years after the commencement of deliveries if deliveries begin after November 1, 1998. Deliveries began on November 1, 1998.

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

1/ 1 FE ¶ 71,538.

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Accordingly, pursuant to section 3 of the Natural Gas Act, Order 1367 is amended to substitute Enron North America Corp. as the importer of natural gas. All terms and conditions in Order 1367 remain in full force and effect.

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

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

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

Enron Capital & Trade Resources Corp. § FE Docket No. 98-12-NG

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

I. ACTION SOUGHT FROM THE OFFICE OF FOSSIL FUELS

Pursuant to Section 3 of the Natural Gas Act of 1938, as amended, 15 U.S.C. § 717b (1994 Supp.), Section 201 of the Energy Policy Act of 1992, 15 U.S.C. § 717b(b)-(c) (1994 Supp.), Delegation Order Nos. 0204-111, 49 Fed. Reg. 6684 (Feb. 22, 1984) and 0204-127, 54 Fed. Reg. 11437 (Mar. 20, 1991) of the United States Department of Energy ("DOE"), and Part 590 of the DOE's regulations, 10 C.F.R. Part 590, Enron Capital & Trade Resources Corp. ("ECT") hereby requests that the DOE's Office of Fossil Energy grant it long-term authorization to import up to 9,051 Mcf of natural gas per day (approximately 3.31 Bcf annually) at a receipt point located near Niagara, Ontario and other receipt points along the Canada-U.S. border, for a term commencing on November 1, 1998 or such other date on which deliveries commence under the transactions specified below, and terminating ten years following the commencement date. In support of this application, ECT presents the following:

II. OFFICIAL SERVICE LIST

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

Monica C. Jordan, Attorney
Enron Capital & Trade Resources Corp.
P.O. Box 1188
Houston, Texas 77251-1188
(713) 853-5910
(713) 646-3393 - Fax

Leslie J. Lawner, Attorney
Enron Capital & Trade Resources Corp.
712 North Lea
Roswell, New Mexico 88201
(505) 623-6778
(505) 625-2820

A.

III. DESCRIPTION OF THE PARTIES AND PROPOSED TRANSACTION.

A. Background.

ECT is a Delaware corporation and is a wholly-owned subsidiary of Enron Corp. Its principal place of business is located in Houston, Texas, with other offices located in Dublin, Ohio, Chicago, Illinois, Long Beach, San Francisco and Auburn, California, Omaha, Nebraska, Kansas City, Missouri, Denver, Colorado, and Tulsa, Oklahoma. ECT, the successor to Enron Gas Marketing, Inc., is one of the largest buyers and sellers of natural gas in North America, with physical and financial volumes in excess of 30 billion cubic feet per day. ECT is the parent corporation of Enron Capital & Trade Resources Canada Corp. ("ECT Canada"), which is the purchaser of the natural gas subject to this application from a supplier in the Province of Alberta, and the seller of the gas to ECT at the international boundary.

ECT proposes to import the natural gas from Canada at the export point near Niagara, in the Province of Ontario. However, as this supply forms part of ECT's corporate portfolio, ECT may wish to bring these volumes in to the U.S. at other points along the U.S.-Canadian border from time to time. In order to retain flexibility, ECT requests that the subject import authorization not be restricted to a single point of import.

ECT will use the Canadian natural gas supplies imported hereunder to enhance its overall corporate supply portfolio. The natural gas to be imported will be produced in Alberta, and will be transported to market through NOVA Gas Transmission Ltd. (NOVA"), TransCanada PipeLines Limited ("TCPL") and National Fuel Gas Supply Corporation ("National Fuel"). The gas will flow on NOVA for firm delivery service to Empress, Alberta at the inter-connect of TCPL and then across Canada on the facilities of TCPL to the inter-connect of TCPL and National Fuel at the Niagara, Ontario export point. The gas will continue on the facilities of National Fuel to a delivery point near Leidy, Pennsylvania. The gas will then be delivered to markets or to interconnecting pipeline systems for delivery to markets in the northeastern United States.

B. Supply

ECT will purchase the gas supplies from ECT Canada under an Enfolio Master Firm Purchase/Sale Agreement ("Master Agreement") dated June 1, 1994. This Master Agreement contemplates the parties entering into various transactions for the firm purchase and sale of gas to which the Agreement is to apply. The import arrangement contemplated hereunder is subject to the Master Agreement pursuant to a Confirmation Letter between ECT and ECT Canada dated January 30, 1997 (the "Confirmation Letter"). The Confirmation Letter provides for the sale by ECT Canada to ECT of 9,051 Mcf of gas per day, to be delivered at the U.S.-Canada border near Niagara, Ontario for the period from November 1, 1998 or such commencement date and will terminate ten years from the commencement

date. If ECT, as Buyer, fails to schedule the minimum daily quantity (MinDQ) or daily contract quantity (DCQ), this constitutes a Buyer's Deficiency Default and Buyer's Deficient quantity shall be the difference between the DCQ or MinDQ and the quantity of gas scheduled for such day. ECT will then be required to pay ECT Canada the sum of an amount equal to the product of Buyer's Deficiency Quantity multiplied by the Replacement Price Differential plus liquidated damages equal to $0.15 multiplied by Buyer's Deficiency Quantity to cover ECT Canada's administrative and operational costs. The Replacement Price Differential means the positive difference, if any, obtained by subtracting the lesser of (a) the price obtained by Seller in an incremental, arms-length sale(s) to a third party of a quantity of gas equal to Buyer's Deficiency Quantity for such day, less incremental transportation charges to the Seller, and including other basis adjustments or (b) the Spot Price for the day in which Buyer's Deficiency Default occurred from the Contract Price. Buyer shall not be liable to Seller for any amount for failing to Schedule or receive any volumes which are designated by Seller or Buyer to be Fuel Gas or which are deemed to be Fuel Gas. The Master Agreement and the Confirmation Letters are attached hereto as Exhibit "A".

ECT Canada has entered into a purchase arrangement with Canadian Natural Resources ("CNR") under a Master Firm Gas Purchase/Sale Agreement dated August 26, 1993 with a Confirmation Letter dated January 30, 1997. CNR will sell ECT Canada a maximum daily quantity of gas up to 9,051 Mcf per day at AECO "C "/NIT, Alberta for the period of November 1, 1998 or such commencement date and will terminate ten years from the commencement date.

C. Transportation

The Alberta-sourced natural gas will be transported from the field to the contract delivery point at AECO "C "/NIT through NOVA. ECT Canada is in the process of acquiring sufficient NOVA capacity, with renewal rights, for transportation of the 3.31 Bcf of gas to be imported annually and has a Letter of Understanding dated December 18, 1996 verifying the same. The natural gas will be transported from the contract delivery point via the NOVA facilities and onto the Canada-U.S. border near Niagara, Ontario through TCPL facilities.

ECT will purchase the gas from ECT Canada on the Canadian side of the International Border at a point near the interconnect between TCPL and National Fuel.

D. Markets

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

The natural gas which ECT will acquire under the import authorization requested herein will be used as part of ECT's overall corporate gas supply portfolio. It is generally expected that the subject natural gas will be used to serve the U.S. northeast markets currently under long-term contracts to ECT.

IV. THE AUTHORIZATION SOUGHT IS CONSISTENT WITH THE PUBLIC INTEREST

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

V. ENVIRONMENTAL CONSIDERATIONS

As a result of the amendment of Section 3 of the Natural Gas Act effectuated by the Energy Policy Act of 1992, an environmental review of an import application is not required under the National Environmental Policy Act. See DOE/FE Order No. 762. Any environmental assessment or analysis necessary due to pipeline construction to serve ECT will be performed by the Federal Energy Regulatory Commission.

ECT Canada has already received the necessary export permits from the National Energy Board of Canada authorizing the long-term export of the gas made the subject of this transaction (License No. GL-279).

VI. OTHER FEDERAL ACTION

Neither ECT nor any other party has any pending applications with any other federal agency with respect to the proposed import of natural gas.

VII. CONCLUSION

WHEREFORE, ECT requests that the Department of Energy Office of Fossil Energy grant it the authorization sought herein to import up to 9,051 Mcf/d of natural gas from Canada for a ten year term commencing November 1, 1998, or such commencement date as set forth above.

Respectfully submitted,

Monica C. Jordan

Monica C. Jordan,
Attorney
ENRON CAPITAL & TRADE RESOURCES CORP.
P.O. Box 1188
1400 Smith Street
Houston, Texas 77251-1188

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

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

To Whom It May Concern:

This opinion is rendered in connection with the application of Enron Capital & Trade Resources Corp. ("ECT") for authorization under Section 3 of the Natural Gas Act to import up to 9,051 Mcf of natural gas per day (up to 3.31 Bcf annually), at a receipt point located near Niagara, Ontario and other receipt points along the Canada-U.S. border, for a term commencing on November 1, 1998 or such other date on which deliveries commence under the transactions specified below, and terminating November 1, 2008.

Based upon my understanding of the application and my examination of the relevant documents, records and matters of law, it is my opinion that the proposed import of natural gas from Canada by ECT, as contemplated in the instant application, is within the corporate power of ECT.

Very truly yours,

Monica C. Jordan

Monica C. Jordan

O:\Legal\MJORDAN\DOCUMENT\NIAGARA.DOC

B

EXHIBIT "A"
SUPPLY ARRANGEMENTS

Enfolio Master Firm Purchase/Sale Agreement between Enron Capital & Trade Resources Corp. and Enron Capital & Trade Resources Canada dated June 1, 1994

Confirmation Letter between ECT and ECT Canada dated January 30, 1997

C.

ENFOLIO[2] MASTER FIRM PURCHASE/SALE AGREEMENT

Gas Marketing, Inc., a Delaware corporation("Company"), and Enron Gas Marketing Canada Corp., an Alberta, Canada corporation ("Customer"), referred to collectively as the "Parties," enter into this Master Firm Purchase/Sale Agreement (together with all Transactions, collectively, this "Agreement") effective as of the 1st Day of June, 1994 (the "Effective Date"). The ENFOLIO General Provisions set forth in Appendix "1" shall apply to this Agreement.

ARTICLE 1. TERM This Agreement shall govern all Transactions and be in effect for a term of one year from the Effective Date. It shall then continue in effect from Month to Month, unless terminated by either Party upon 30 Days prior written notice to the other Party; provided, this Agreement shall continue to apply to all Transactions then in effect until all Transactions are completed. Termination of this Agreement in all instances shall be subject to Section 8.4.

ARTICLE 2. SCOPE OF AGREEMENT 2.1. Scope of Agreement. Company and Customer from time to time during the term hereof may, but are not obligated to, enter into Transactions for the firm purchase and sale of Gas to which this Agreement shall apply. Each Transaction shall be effectuated and evidenced as set forth in this Article 2 and shall constitute a part of this Agreement. Each Transaction shall be construed as one with this Agreement and any discrepancy between this Agreement and a Transaction shall be resolved in favor of the Transaction. Each Transaction shall provide whether the Transaction is based upon DCQ quantity obligations or MinMQ or MinDQ and MaxDQ quantity obligations, in which case the applicable alternative definitions and provisions set forth in this Agreement shall apply.

Transaction Procedures. It is the intent of the Parties to facilitate Transactions in accordance with the agreed procedures in this Article 2 and assure that such Transactions are valid and enforceable as a result of the use of these procedures for the mutual benefit of the Parties. Any Transaction may be formed and effectuated (i) by a written paper-based Transaction Agreement executed by the Parties (including by facsimile and/or counterparts) or (ii) in a recorded telephone conversation between the Parties occurring on any Business Day during the Pricing Hours whereby an offer and acceptance shall constitute the agreement of the Parties to a Transaction as evidenced by the Transaction Tape; provided, each Party may stipulate by prior notice to the other Party that any particular contemplated Transaction may be effectuated and formed only by means of procedure (i) above. The Parties shall be legally bound by each Transaction from the time they agree to its terms in accordance with this Article 2 and acknowledge that each Party will rely thereon in doing business related to the Transaction. The Transaction Tape is adopted by the Parties as a means by which a Transaction is reduced to tangible form, and the Parties to a Transaction are identified and authenticate a Transaction. Any Transaction formed and effectuated pursuant to the foregoing shall be considered to be a "writing" or "in writing" and to have been "signed" and any Transaction Tape shall be considered to constitute an "original" document evidencing the Transaction. Each Party consents to the recording of its employees' telephone conversations without any further notice. SEE RIDER TRANSACTION AGREEMENT REQUIRED

2.3. Equipment and Transaction Tape. Company shall at its expense maintain equipment necessary to regularly record Transactions on Transaction Tapes and retain Transaction Tapes in such manner as to protect its business records from improper access; provided, Company shall not be liable for any malfunction of equipment or the operation thereof in respect of any Transaction WITHOUT REGARD THE CAUSE OR CAUSES RELATED THERETO, INCLUDING, WITHOUT LIMITATION, THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. No Transaction shall be vitiated should a malfunction occur in equipment regularly utilized for recording Transactions or retaining Transaction Tapes or the operation thereof, and in such event, the Transaction shall be evidenced by the written and computer records of the Parties concerning the Transaction made contemporaneously with the telephone conversation.

2.4. Confirmations. In addition to, but not in lieu of, the foregoing, the Parties agree that Company may confirm a recorded telephonic Transaction by forwarding to Customer a facsimile Confirmation and that a reasonable time for the receipt by Customer of a Confirmation is within 24 hours of the Transaction formation. Company does hereby adopt its letterhead, including its address, as its signature on any Confirmation as the identification of Company and authentication by Company of the Confirmation, and such letterhead shall be sufficient to verify that Company originated the Confirmation. The Parties agree that any objections to the contents of the Confirmation shall be made in writing on or before the Confirm Deadline for all purposes hereunder and at law.

2.5. Enforcement of Transactions. The Parties agree not to contest or assert a defense to the validity or enforceability of telephonic Transactions entered into in accordance with this Agreement under laws relating to (i) whether certain agreements are to be in writing or signed by the Party to be thereby bound or (ii) the authority of any employee of the Party if the employee name and the Identification Code of the Party are stated in the Transaction Tape.

ARTICLE 3. QUANTITY OBLIGATIONS 3.1. Seller's Sales Obligation. Seller shall Schedule, or cause to be Scheduled, at the Delivery Point(s) on a firm basis each Gas Day a quantity of Gas equal to the quantity properly requested by Buyer up to the DCQ or MaxDQ, if applicable ("Buyer's Requested Quantity"). Unless otherwise agreed nothing in this Agreement, and in particular this Article 3, shall require or permit either Party to Schedule Gas at a point other than a Delivery Point or in excess of the DCQ, Maximum Daily Delivery Point Quantity or MaxDQ, as applicable.

3.2. Seller's Failure to Schedule. If on any Gas Day Seller fails to Schedule Buyer's Requested Quantity, then such occurrence shall constitute a "Seller's Deficiency Default" and "Seller's Deficiency Quantity" shall be the numerical difference between Buyer's Requested Quantity and the amount of Gas Scheduled for such Gas Day. In the event of a Seller's Deficiency Default, Seller shall pay Buyer the sum of the following: (i) an amount equal to the product of the Seller's Deficiency Quantity multiplied by the Replacement Price Differential, plus (ii) liquidated damages equal to $0.15 multiplied by Seller's Deficiency Quantity to cover Buyer's administrative and operational costs. During any Month in which Seller's nonperformance continues for a period of five consecutive Gas Days Buyer may elect upon notice to Seller, without liability, not to recommence Scheduling Gas hereunder for the remainder of such Month, but for no longer period. Subject to offset pursuant to Section 3.5, payment to Buyer shall be made no later than 10 Days after receipt by Seller of Buyer's invoice for same.

3.3. Buyer's Purchase Obligation. Buyer shall Schedule, or cause to be Scheduled, at the Delivery Point(s) on a firm basis each Gas Day a quantity of Gas equal to the DCQ; provided, (i) if the MinMQ is applicable to a Transaction, Buyer shall Schedule, or cause to be Scheduled, at the Delivery Point(s) on a firm basis each Month a minimum quantity of Gas equal to the MinMQ and (ii) if the MinDQ is applicable to a Transaction, Buyer shall Schedule, or cause to be Scheduled, at the Delivery Point(s) on a firm basis each Day a minimum quantity of Gas equal to the MinDQ.

3.4. Buyer's Failure to Schedule. If on any Gas Day Buyer fails to Schedule the DCQ or MinDQ, if applicable, then such occurrence shall constitute a "Buyer's Deficiency Default" and "Buyer's Deficiency Quantity" shall be the numerical difference between the DCQ or MinDQ, if applicable, and the quantity of Gas Scheduled for such Gas Day; provided, if the MinMQ is applicable to a Transaction, (i) the Buyer's Deficiency Default shall occur if Buyer fails to Schedule the MinMQ for any Month and (ii) the Buyer's Deficiency Quantity shall be the numerical difference between the MinMQ and the quantity of Gas Scheduled for such Month. In the event of a Buyer's Deficiency Default, Buyer shall pay Seller the sum of the following: (i) an amount equal to the product of Buyer's Deficiency Quantity multiplied by the

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Replacement Price Differential, plus (ii) liquidated dar ...s equal to $0.15 multiplied by Buyer's Deficiency Quantity to cover Seller's administrative and operational costs. ... respect to DCQ and MinDQ obligations, during any Month in which Buyer's ...formance continues for a period of five consecutive Gas Days Seller may elect ...otice to Buyer, without liability, not to recommence Scheduling Gas for the ...nder of such Month, but for no longer period. Subject to offset pursuant to Section 3.5, payment to Seller shall be made in accordance with the Billing and Payment provisions set forth in Appendix "1."

3.5. Offset. In the event that Buyer and Seller are each required to pay an amount in the same Month under Section 3.2 and Section 3.4, or under Section 3.2 and the Billing and Payment provisions set forth in Appendix "1", then such amounts with respect to each Party shall be aggregated and the Parties shall discharge their obligations to pay through offset, in which case the Party, if any, owing the greater aggregate amount shall pay to the other Party the difference between the amounts owed.

ARTICLE 4. DEFAULTS AND REMEDIES 4.1. Early Termination. If a Triggering Event (defined in Section 4.2) occurs with respect to either Party at any time during the term of this Agreement, the other Party (the "Notifying Party") may (i) upon two Business Days written notice to the first Party, which notice shall be given no later than 60 Days after the discovery of the occurrence of the Triggering Event, establish a date on which any or all Transactions selected by it and this Agreement in respect thereof will terminate ("Early Termination Date") except as provided in Section 8.4, and (ii) withhold any payments due in respect of such Transactions; provided, upon the occurrence of any Triggering Event listed in item (iv) of Section 4.2 as it may apply to any party, the Transactions selected by the Notifying Party and this Agreement in respect thereof shall automatically terminate, without notice, as if an Early Termination Date had been immediately declared except as provided in Section ... If an Early Termination Date occurs, the Notifying Party shall in good faith ...late its damages, including its associated costs and attorneys' fees, resulting ...the termination of the terminated Transactions (the "Termination Payment"). ...e Termination Payment will be determined by (i) comparing the value of (a) the remaining term, quantities and prices under each such Transaction had it not been terminated to (b) the equivalent quantities and relevant market prices for the remaining term either quoted by a bona fide third party offer or which are reasonably expected to be available in the market under a replacement contract for each such Transaction and (ii) ascertaining the associated costs and attorneys' fees. To ascertain the market prices of a replacement contract the Notifying Party may consider, among other valuations, any or all of the settlement prices of NYMEX Gas futures contracts, quotations from leading dealers in Gas swap contracts and other bona fide third party offers, all adjusted for the length of the remaining term and the basis differential. Upon the netting of all terminated Transactions, if the calculation of the Termination Payment does not result in damages to the Notifying Party, the Termination Payment shall be zero. The Notifying Party shall give the Affected Party (defined in Section 4.2) written notice of the amount of the Termination Payment, inclusive of a statement showing its determination. The Affected Party shall pay the Termination Payment to the Notifying Party within 10 Days of receipt of such notice. At the time for payment of any amount due under this Article 4, each Party shall pay to the other Party all additional amounts payable by it pursuant to this Agreement, but all such amounts shall be netted and aggregated with any Termination Payment payable hereunder. If the Affected Party disagrees with the calculation of the Termination Payment, the issue shall be submitted to arbitration pursuant to this Agreement and the resulting Termination Payment shall be due and payable within three Days after the award.

4.2. Triggering Event shall mean, with respect to a Party (the "Affected Party"): (i) failure by the Affected Party to make, when due, any payment required under ...s Agreement if such failure is not remedied within five Business Days after ...itten notice of such failure is given to the Affected Party; provided, the payment is not the subject of a good faith dispute as described in the Billing and Payment provisions or (ii) any representation or warranty made by the Affected Party in this Agreement shall prove to have been false or misleading in any material respect when made or deemed to be re... ...d or (iii) the failure by the Affected Party to perform any covenant set forth in this Agreement (other than its obligations to make any payment or obligations which are otherwise specifically covered in this Section 4.2 as a separate Triggering Event), and such failure is not excused by Force Majeure or cured within five Business Days after written notice thereof to the Affected Party or (iv) the Affected Party shall (a) make an assignment or any general arrangement for the benefit of creditors, (b) file a petition or otherwise commence, authorize or acquiesce in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors, or have such petition filed against it and such proceeding remains undismissed for 30 Days, (c) otherwise become bankrupt or insolvent (however evidenced) or (d) be unable to pay its debts as they fall due or (v) Seller's unexcused failure to Schedule the Buyer's Requested Quantity requested by Buyer for a cumulative period of 30 or more Gas Days in a 12 Month period in any one Transaction or (vi) Buyer's unexcused failure to Schedule the DCQ or MinDQ for a cumulative period of 30 or more Gas Days in a 12 Month period in any one Transaction, or, if applicable, the MinMQ for a cumulative period of three Months in a 12 Month period in any one Transaction or (vii) the occurrence of a Material Adverse Change of the Affected Party; provided, such Material Adverse Change shall not be considered if the Affected Party establishes, and maintains throughout the term hereof, a Letter of Credit (naming the Notifying Party as the beneficiary) in an amount equal to the sum of (in each case rounding upwards for any fractional amount to the next $ 500,000.00) (a) the Notifying Party's Termination Payment plus (b) if the Notifying Party is Seller, the aggregate of the amounts Seller is entitled to receive under each Transaction for Gas Scheduled during the 60 Day period preceding the Material Adverse Change (the amount of said Letter of Credit to be adjusted quarterly to reflect amounts owing at that point in time) or (viii) the Affected Party fails to establish, maintain, extend or increase a Letter of Credit when required pursuant to this Agreement, or after reasonable notice fails to replace the issuing bank with another bank acceptable to the beneficiary.

4.3. Other Events. In the event Buyer under a Transaction is regulated by a federal, state or local regulatory body, and such body shall disallow all or any portion of any costs incurred or yet to be incurred by Buyer under any provision of this Agreement, such action shall not operate to excuse Buyer from performance of any obligation nor shall such action give rise to any right of Buyer to any refund or retroactive adjustment of the Contract Price provided in any Transaction. Notwithstanding the foregoing, if the Affected Party's activities hereunder become subject to regulation of any kind whatsoever under any law (other than with respect to New Taxes) to a greater or different extent than that existing on the Effective Date and such regulation either (i) renders this Agreement illegal or unenforceable or (ii) materially adversely affects the business of the Affected Party, with respect to its financial position or otherwise, then in the case of (i) above, either Party, and in the case of (ii) above, only the Affected Party, shall at such time have the right to declare an Early Termination Date in accordance with the provisions hereof; provided, notwithstanding the rights of the Parties to declare an Early Termination Date as above stated, the Affected Party shall be liable for payment of the Termination Payment calculated by the non-Affected Party as provided in Section 4.1.

4.4. Offset. Each Party reserves to itself all rights, set-offs, counterclaims and other remedies and defenses consistent with Section 8.3 (to the extent not expressly herein waived or denied) which such Party has or may be entitled to arising from or out of this Agreement. All outstanding Transactions and the obligations to make payment in connection therewith or under this Agreement may be offset against each other, set off or recouped therefrom.

ARTICLE 5. FORCE MAJEURE This Article 5 is the sole and exclusive excuse of performance permitted under this Agreement and all other excuses at law or in equity are WAIVED to the extent permitted by law. Except with respect to payment obligations, in the event either Party is rendered unable, wholly or in part, by Force Majeure to carry out its obligations hereunder, it is agreed that upon such Party's giving notice and full particulars of such Force Majeure to the other Party as soon as

onably possible (such notice to be confirmed i .ing), the obligations of the giving such notice, to the extent they are affected by such event, shall be fed from the inception and during the continuance of the Force Majeure for a f up to 60 Days in the aggregate during any 12 Month period, but for no period. The Party receiving notice of Force Majeure may immediately take action as it deems necessary at its expense for the entire 60 Day period or any t thereof. The Parties expressly agree that upon the expiration of the 60 Day iod Force Majeure shall no longer apply to the obligations hereunder and both yer and Seller shall be obligated to perform. The cause of the Force Majeure shall remedied with all reasonable diligence and dispatch; provided, unless otherwise reed no provision herein shall require or permit Seller or Buyer to Schedule quanti- s of Gas (i) in excess of the DCQ, Maximum Daily Delivery Point Quantity or axDQ, as applicable, or (ii) at points other than the Delivery Point(s).

RTICLE 6. TAXES 6.1. Allocation of and Indemnity for Taxes. The Contract rice includes full reimbursement for, and Seller is liable for and shall pay, or cause to e paid, or reimburse Buyer if Buyer has paid, all Taxes applicable to the Gas sold pstream of the Delivery Point(s). In the event Buyer is required to remit such Tax, he amount thereof shall be deducted from any sums becoming due to Seller hereunder. Seller shall indemnify, defend and hold harmless Buyer from any Claims for such Taxes. The Contract Price does not include reimbursement for, and Buyer is liable for and shall pay, cause to be paid, or reimburse Seller if Seller has paid, all Taxes applicable to the Gas sold downstream of or at the Delivery Point(s), including any Taxes imposed or collected by a taxing authority with jurisdiction over Buyer. Buyer shall indemnify, defend and hold harmless Seller from any Claims for such Taxes.

6.2. New Taxes. A. If (i) a New Tax occurs and (ii) Buyer or Seller would be sponsible for such New Tax if it were a Tax under Section 6.1 and (iii) such New is, due to and on the basis of laws, regulations and applicable contracts of Buyer fect as of the effective date of the New Tax, of the type which Buyer can pass ectly through to, or be reimbursed by, another person or entity in the chain of Gas supply, such Buyer shall pay or cause to be paid, or reimburse Seller if Seller has paid, all such New Taxes and Buyer shall indemnify, defend and hold harmless Seller from any Claims for such Taxes; provided, if Buyer does not identify its contracts for long-term fixed sourcing in the ordinary course of its business and cannot identify applicable contracts, this Paragraph A shall not apply. B. If (i) a New Tax occurs and (ii) either Buyer or Seller would be responsible for such New Tax if it were a Tax under Section 6.1, and (iii) Paragraph A does not apply, such responsible Buyer or Seller (the "Taxed Party") shall be entitled to declare an Early Termination Date in accordance with the provisions of this Agreement subject to the following conditions; provided, prior to and including the initial Agreement Period (below defined) invoked under this Section 6.2, New Taxes shall be allocated as if they were Taxes as provided in Section 6.1: (a) the Taxed Party must give the non-Taxed Party at least 30 Days prior written notice (the "Agreement Period") of its intent to declare an Early Termination Date (and which notice shall be given no later than 90 Days after the later of the enactment or effective date of the relevant New Tax), and prior to the proposed Early Termination Date Buyer and Seller shall attempt to reach a mutual agreement as to the sharing of the New Tax, (b) if a mutual sharing agreement is not reached, the non-Taxed Party shall have the right, but not the obligation, upon written notice to the Taxed Party within the Agreement Period, to pay the New Tax for any continuous period it so elects on a Month to Month basis, and in such case the Taxed Party shall not have the right during such continuous period to declare the Early Termination Date on the basis of the New Taxes, (c) should the non-Taxed Party at its election agree to pay the New Tax on a Month to Month basis, then upon 30 Days prior written notice to the Taxed Party of its election to cease payment of such New Tax, the Taxed Party shall then be liable for the payment of the New Tax and the Parties shall again be subject to this Section 6.2 as if the New Tax had an effective date as of the date the non-Taxed Party ceases payment of such New Tax, (d) if a mutual sharing agreement is not reached and the non-Taxed Party does not elect to pay the New Tax for any period of time within the Agreement Period, the Early Termination Date shall take effect and all Transactions must be terminated and be subject to the same Early Termination Date, (e) the Early Termination Date shall be effected as if a Triggering Event had occurred and the Termination Payment calculated as set forth in Section 4.1 shall be payable; provided, both Seller and Buyer pursuant to Section 4.1 shall calculate their respective Termination Payments resulting from the termination of all Transactions as if they each were a Notifying Party; provided further, if the calculation of the Termination Payments results in either the non-Taxed Party's or the Taxed Party's having either a gain or loss (after netting its gains against its losses), the Parties shall share equally such net gain due, or be responsible to pay to the Party having the net loss, one-half of the Termination Payment and (f) such Termination Payment shall be payable as provided in Section 4.1 and its calculation shall be subject to arbitration as provided in the ENFOLIO General Provisions.

6.3. Cooperation. Upon request, a Party shall provide a certificate of exemption or other evidence of exemption from any Tax and each Party agrees to cooperate with the other in obtaining an exemption and minimizing Taxes payable in respect of all Transactions.

ARTICLE 7. TITLE, RISK OF LOSS, INDEMNITY AND BALANCING 7.1. Title, Risk of Loss and Indemnity. As between the Parties, Seller shall be deemed to be in exclusive control and possession of Gas Scheduled hereunder and responsible for any damage or injury caused thereby prior to the time the same shall have been delivered to Buyer. After delivery of Gas to Buyer at the Delivery Point(s), Buyer shall be deemed to be in exclusive control and possession thereof and responsible for any injury or damage caused thereby. Title to Gas Scheduled hereunder shall pass from Seller to Buyer at the Delivery Point(s). Seller and Buyer each assumes all liability for and shall indemnify, defend and hold harmless the other Party from any Claims, including injury to and death of persons, arising from any act or incident occurring when title to the Gas is vested in the Indemnifying Party. IT IS THE INTENT OF THE PARTIES THAT THIS INDEMNITY AND THE LIABILITY ASSUMED UNDER IT BE WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF, INCLUDING, WITHOUT LIMITATION, THE NEGLIGENCE OF ANY INDEMNIFIED PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE.

7.2. Correction of Imbalances, Cashouts and Penalties. Differences between Scheduled quantities and actual quantities delivered and received hereunder ("Imbalances") will be corrected or settled in cash or Gas or by offset as the Parties agree. Additionally, in the event of (i) an Imbalance on Buyer's Transporter's system caused by Seller or Seller's Transporter's delivery of less or more than the Scheduled quantity for any Gas Day (in which case Seller shall be the "Responsible Party") or (ii) an Imbalance on Seller's Transporter's system caused by Buyer or Buyer's Transporter's receipt of more or less than the Scheduled quantity for any Gas Day (in which case Buyer shall be the "Responsible Party"), the Responsible Party shall be liable for and reimburse to the other Party any associated Transporter penalties or cashout costs and losses incurred by such other Party. In the event the tariff of either Buyer's or Seller's Transporter provides for cashouts on the basis of the aggregation of all overdeliveries and underdeliveries between such Transporter and Buyer or Seller, respectively (the "Aggregate Transporter Imbalance"), and the nature of the Imbalance (overdelivery or underdelivery) attributable to the Responsible Party is the same as the Aggregate Transporter Imbalance (overdelivery or underdelivery), the Responsible Party shall participate in the other Party's cashout settlement of the Aggregate Transporter Imbalance on the basis of only the Responsible Party's pro-rata share thereof.

ARTICLE 8. MISCELLANEOUS 8.1. Notices. All notices, including, without limitation, consents, and communications made pursuant to this Agreement shall be made as specified in Exhibit "A." Notices required to be in writing shall be delivered in written form by letter, facsimile or other documentary form. Notice by facsimile or hand delivery shall be deemed to have been received by the close of the Business Day on which it was transmitted or hand delivered (unless transmitted or hand delivered after close in which case it shall be deemed received at the close of th next Business Day) or such earlier time confirmed by the receiving Party. Notice l

night mail or courier shall be deemed to have be ...eceived two Business Days r it was sent or such earlier time confirmed by the receiving Party. Any notices hereunder in respect of the declaration of an Early Termination Date shall be ddressed and sent to the attention of the Corporate Secretary of Buyer or at the notice address in Exhibit "A." Any Party may change its addresses by ...ing notice of same in accordance herewith.

. Transfer. This Agreement, including, without limitation, each indemnification, ll inure to and bind the permitted successors and assigns of the Parties; provided, ther Party shall transfer this Agreement without the prior written approval of the er Party which may be withheld entirely at the option of such Party; provided ther, either Party may transfer its interest to any parent or affiliate by signment, merger or otherwise without the prior approval of the other Party, but no ch transfer shall operate to relieve the transferor Party of its obligations reunder. Any Party's transfer in violation of this Section 8.2 shall be void.

3. Limitation of Remedies, Liability and Damages and Mitigation. THE ARTIES DO HEREBY CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL URPOSES HEREOF. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS EMEDY OR MEASURE OF DAMAGES IS HEREIN PROVIDED, SUCH EXPRESS EMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE EMEDY HEREUNDER, THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET ORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR N EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS XPRESSLY HEREIN PROVIDED, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO IRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY HEREUNDER AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. SEE RIDER ANTICIPATORY REPUDIATION UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR ECT DAMAGES, IN TORT, CONTRACT, UNDER ANY INDEMNITY PROVISION OTHERWISE. NOTWITHSTANDING ANY OTHER PROVISION IN THIS GREEMENT, IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY PENALTIES OR CHARGES ASSESSED BY ANY TRANSPORTER OR OTHER ENTITY FOR THE UNAUTHORIZED RECEIPT OF GAS BY THE OTHER PARTY. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING, WITHOUT LIMITATION, THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE LIQUIDATED DAMAGES CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS. BUYER ACKNOWLEDGES THAT IT HAS ENTERED INTO THIS AGREEMENT AND IS CONTRACTING FOR THE GOODS TO BE SUPPLIED BY SELLER BASED SOLELY UPON THE EXPRESS REPRESENTATIONS AND WARRANTIES HEREIN SET FORTH AND SUBJECT TO SUCH REPRESENTATIONS AND WARRANTIES, ACCEPTS SUCH GOODS "AS-IS" AND "WITH ALL FAULTS." SELLER EXPRESSLY NEGATES ANY OTHER REPRESENTATION OR WARRANTY, WRITTEN OR ORAL, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY WITH RESPECT TO CONFORMITY TO MODELS OR SAMPLES, MERCHANTABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE. EACH PARTY HEREBY WAIVES ALL RIGHTS UNDER, ARISING OUT OF OR ASSOCIATED WITH TEXAS & BUSINESS COMMERCE CODE SECTIONS 17.41 THROUGH 17.63 KNOWN AS THE DECEPTIVE TRADE PRACTICES-CONSUMER PROTECTION ACT TO THE EXTENT ALLOWED BY LAW. The Parties acknowledge uty to mitigate damages hereunder. In this connection, the Parties recognize the ability to effectuate arrangements for the sale or purchase of Gas is nditioned upon the volatility of Gas markets, the creditworthiness and reliability of potential customers, the complexity and size of the portfolios of contracts managed by each Party and the need to conduct market business in an orderly manner. Therefore, the Parties agree that (i) three Business Days is a commercially reasonable period to pu...e or sell Gas in respect of a Seller's or Buyer's Deficiency Default and (ii) three Business Days after the end of the Month in which the Early Termination Date occurs is a commercially reasonable period after the establishment of an Early Termination Date to determine the Termination Payment; provided, notwithstanding the foregoing, if Gas volumes made the basis of a Seller's or Buyer's Deficiency Default or a Party's determination of the Termination Payment are in excess of 20,000 MMBtu/Gas Day, the Parties recognize that a longer period may ordinarily be required to effectuate cover or determine the Termination Payment in an orderly manner so as not to adversely affect the Gas market. Each Party may utilize its discretion, with commercially reasonable foresight, to adjust the timing and staggering of the purchases or sales of Gas volumes in its efforts to mitigate damages. No claim that a Party failed to mitigate damages shall be grounded solely on the basis of counter Gas market movement.

8.4. Winding Up Arrangements. Upon the expiration of the Parties' sale and purchase obligations under this Agreement, any monies, penalties or other charges due and owing Seller shall be paid, any corrections or adjustments to payments previously made shall be determined, and any refunds due Buyer made, within 60 Days. Any imbalances in receipts or deliveries shall be corrected to zero balance within 60 Days. All indemnity obligations and audit rights shall survive the termination of this Agreement. The Parties' obligations provided in this Agreement shall remain in effect for the purpose of complying herewith.

8.5. Applicable Law. THIS AGREEMENT AND EACH TRANSACTION AND THE RIGHTS AND DUTIES OF THE PARTIES ARISING OUT OF THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. THE PARTIES AGREE THAT THIS AGREEMENT AND ALL TRANSACTIONS SHALL BE ACCEPTED AND FORMED IN THE STATE OF TEXAS ACCORDING TO THE PROCEDURES HEREIN SET FORTH.

8.6. Document, Record Retention and Evidence. This Agreement, the Exhibits and Appendices hereto, if any, and each Transaction, constitute the entire agreement between the Parties relating to the subject matter contemplated by this Agreement. There are no prior or contemporaneous agreements or representations (whether oral or written) affecting the subject matter other than those herein expressed. Other than with respect to Transactions entered into in accordance with the procedures set forth in this Agreement and as otherwise herein expressly stated (the "Transaction Procedures"), no amendment or modification to this Agreement shall be enforceable, unless reduced to writing and executed by both Parties. The conduct of the Parties in accordance with the Transaction Procedures shall evidence a course of dealing and a course of performance accepted by the Parties in furtherance of this Agreement and all Transactions entered into by the Parties. The provisions of this Agreement shall not impart rights enforceable by any person, firm or organization not a Party or not bound as a Party, or not a permitted successor or assignee of a Party bound to this Agreement. Except as otherwise herein stated, any provision, article or section declared or rendered unlawful by a court of law or regulatory agency with jurisdiction over the Parties or deemed unlawful because of a statutory change will not otherwise affect the lawful obligations that arise under this Agreement. The headings used for the Articles herein are for convenience and reference purposes only. All Exhibits and Appendices referenced in this Agreement, if any, are incorporated. Any original executed Agreement or Transaction Agreement may be photocopied and stored on computer tapes and disks (the "Imaged Agreement"). The Imaged Agreement, if introduced as evidence on paper, the Confirmation, if introduced as evidence in facsimile form, and the Transaction Tape, if introduced as evidence in its original form and as transcribed onto paper, in any judicial, arbitration, mediation or administrative proceedings, will be admissible as between the Parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither Party shall contest the admissibility of the Transaction Tape in its original form, or photocopies of the transcription thereof, or photocopies of the Confirmation or the Imaged Agreement under either the business records exception to the hearsay rule or the best evidence rule on the basis that such were not originated or maintained in documentary form.

8.7. Confidentiality. Each Party shall not disclose terms of any Transaction to a third party (other than the Party's and its affiliates' employees, lenders, counsel or accountants who have agreed to keep such terms confidential) except in order to comply with any applicable law, order, regulation or exchange rule; provided, each Party shall notify the other Party of any proceeding of which it is aware which may result in disclosure and use reasonable efforts to prevent or limit the disclosure. The provisions of the Agreement other than the terms of any Transaction are not subject to this confidentiality obligation. The Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation; provided, all monetary damages shall be limited to actual direct damages.

The Parties have executed this Agreement in multiple counterparts to be construed as one effective as of the Effective Date.

ENRON GAS MARKETING, INC.

By: _____ DOH

Title: VICE PRESIDENT

ENRON GAS SERVICES CANADA CORP.

By: _____ MCH

Title: President

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APPENDIX "1"

ENFOLIO GENERAL PROVISIONS

•Usage and Definitions All references to Articles and Sections are to those set in this Agreement. Reference to any document means such document as d from time to time and reference to any Party includes any permitted sor or assignee thereof. The following definitions and any terms defined mally in this Agreement shall apply to this Agreement and all notices and communications made pursuant to this Agreement.

"*Btu*" means the amount of energy required to raise the temperature of one pound of pure water one degree Fahrenheit from 59 degrees Fahrenheit to 60 degrees Fahrenheit. The term "*MMBtu*" means one million Btus.

"*Buyer*" means the Party to a Transaction who is obligated to purchase Gas during a Period of Delivery.

"*C.T.*" means Central Time.

"*Claims*" means all claims or actions, threatened or filed and whether groundless, false or fraudulent, that directly or indirectly relate to the subject matters of the indemnity, and the resulting losses, damages, expenses, attorneys' fees and court costs, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement.

"*Confirmation*" means a written notice confirming the specific terms of a Transaction which may be in any form adequate at law; an example of a Confirmation which may be utilized hereunder is shown in "Exhibit B."

"*Confirm Deadline*" means 24 hours after a Party receives a Confirmation; provided, if the Confirmation is not received during a Business Day it shall be deemed received at the open of the next Business Day.

"*Contract Price*" means the price for the purchase or sale of Gas pursuant to a Transaction.

"*Daily Contract Quantity*" ("*DCQ*") means the quantity of Gas to be Scheduled each Gas Day pursuant to a Transaction.

"*Day*" means a period of 24 consecutive hours, beginning at midnight C.T. on any calendar Day. "*Business Day*" means a Day on which Federal Reserve nember banks in New York City are open for business and a Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time. "*Gas Day*" means a period of 24 consecutive hours beginning at the time of the applicable Transporter's gas day.

"*Delivery Point(s)*" means the agreed point(s) of delivery pursuant to a Transaction.

"*Force Majeure*" means an event not anticipated as of the Effective Date, which is not within the reasonable control of the Party claiming suspension, and which by the exercise of due diligence such Party is unable to overcome or obtain or cause to be obtained a commercially reasonable substitute performance therefor; provided, neither (i) the loss of Buyer's markets nor Buyer's inability economically to use or resell Gas purchased hereunder nor (ii) the loss or failure of Seller's Gas supply, including, without limitation, depletion of reserves or failure of production resulting from well freeze-offs, nor Seller's ability to sell Gas to a market at a more advantageous price, shall constitute an event of Force Majeure. "Force Majeure" shall include an event of Force Majeure occurring with respect to the facilities or services of Buyer's or Seller's Transporter.

"*GAAP*" means generally accepted accounting principles, consistently applied.

"*Gas*" means methane and other gaseous hydrocarbons meeting the quality standards and specifications of Buyer's Transporter.

"*Identification Code*" means a Party's numerical code utilized for recorded telephonic Transactions, as follows: Company ____, Customer ____.

"*Indemnified Party*" and "*Indemnifying Party*" mean the Party receiving and providing an indemnity, respectively.

"*Interest Rate*" means, for any date, two percent over the per annum rate of interest announced as the "Prime Rate" from time to time for commercial loans by Citibank, N. A. as established by the administrative body of such bank charged with the responsibility of establishing such rate, as same may change from time to time; provided, the Interest Rate shall never exceed the maximum lawful rate permitted by applicable law.

["*Letter of Credit*" means an irrevocable standby letter of credit issued or confirmed in a form and by a commercial bank acceptable to the Party in whose favor it is issued.]

"*Material Adverse Change*" means with respect to Company or Customer, either ceases to be owned or otherwise controlled by Enron Corp.; "owned or otherwise controlled by" meaning the direct or indirect ownership of at least 51% of the outstanding capital stock or other equity interests of Customer or Company having ordinary voting power.

"*MaxDQ*" means the maximum quantity of Gas that Seller is required to Schedule per Gas Day pursuant to a Transaction, if applicable.

"*Maximum Daily Delivery Point Quantity*" means the maximum quantity of Gas which may be Scheduled per Gas Day at each Delivery Point where there are multiple Delivery Points applicable to a Transaction.

"*MinDQ*" means the minimum quantity of Gas that Buyer is required to Schedule per Gas Day pursuant to a Transaction, if applicable.

"*MinMQ*" means for any Month the minimum quantity of Gas per Gas Day that Buyer is obligated to Schedule times the number of Days in the Month pursuant to a Transaction, if applicable.

"*Month*" means a period of time beginning at midnight C.T. on the first Day of any calendar Month and ending at midnight C.T. on the first Day of the following calendar Month.

"*New Taxes*" means (i) any Taxes enacted and effective after the Effective Date, including, without limitation, that portion of any Taxes or New Taxes that constitutes an increase, or (ii) any law, order, rule or regulation, or interpretation thereof, enacted and effective after the Effective Date resulting in the application of any Taxes to a new or different class of parties.

"*Period of Delivery*" means the period from the date Scheduling obligations are to commence to the date same are to terminate under a Transaction.

"*Pipeline*" means a company authorized to ship Gas on behalf of itself or others on physical Gas transmission facilities.

"*Pricing Hours*" means the hours C.T. from 8:00 a.m. to 5:00 p.m. of each Business Day.

"*Replacement Price Differential*" means (i) in the event of a Seller's Deficiency Default, the positive difference, if any, obtained by subtracting the Contract Price from the greater of (a) the cost to Buyer, including incremental transportation costs and other basis adjustments, to replace Seller's Deficiency Quantity for such Gas Day (but excluding penalties or charges for unauthorized receipts of Gas by Buyer) or (b) the Spot Price for the Gas Day in which Seller's Deficiency Default occurred, and (ii) in the event of a Buyer's Deficiency Default, the positive difference, if any, obtained by subtracting the lesser of (a) the price obtained by Seller in an incremental, arms-length sale(s) to a third party of a quantity equal to Buyer's Deficiency Quantity for such Gas Day, less incremental transportation charges to Seller, and including other basis adjustments, or (b) the Spot Price for the Gas Day in which Buyer's Deficiency Default occurred (or if the MinMQ is applicable, the Spot Price for the middle Gas Day of the Month in which Buyer's Deficiency Default occurred), from the Contract Price.

"*Scheduling*" or "*Schedule*," when used in reference to Seller, means to make Gas available, or cause Gas to be made available, at the Delivery Point(s) for delivery to or for the account of Buyer, including making all Pipeline nominations, and when used in reference to Buyer, means to cause Buyer's Transporter to make available at the Delivery Point(s) transportation capacity sufficient to permit Buyer's Transporter to receive on a firm basis the quantities Seller has available at such Delivery Point(s), including making all Pipeline nominations. Gas shall be deemed to have been Scheduled when confirmed by Transporter.

"*Seller*" means the Party to a Transaction who is obligated to sell Gas during a Period of Delivery.

"*Spot Price*" means the price set forth in Gas Daily® (Pasha Publications, Inc.), or successor publication, in the column "Daily Price Survey" under the listing applicable to the geographic location agreed pursuant to a Transaction for the relevant Gas Day. If there is no single price published for that particular Gas Day, but there is published a range of prices under the above column and listing, then the Spot Price shall be the average of such high and low prices. In the event that no price or range of prices is published for that particular Gas

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Day, then the Spot Price shall be the avera : the following: the price (determined as stated above) for each of the first Gas Day immediately preceding and following the Gas Day in which the default occurred for which a Spot Price can be determined.

Taxes" means any or all ad valorem, property, occupation, severance, production, extraction, first use, conservation, Btu or energy, gathering, transport, Pipeline, utility, gross receipts, gas or oil revenue, gas or oil import, privilege, sales, use, consumption, excise, lease, transaction, and other or new taxes, governmental charges, licenses, fees, permits and assessments, or increases therein, other than taxes based on net income or net worth.

"*Transaction*" means an agreement and any amendment or modification thereof made in accordance herewith for the purchase or sale of Gas to be performed hereunder.

"*Transaction Agreement*" means a written paper-based agreement executed by the Parties to form and effectuate a Transaction which may be substantially in the form set forth in Exhibit "B-1."

"*Transaction Tape*" means the tape recording of a recorded Transaction effectuated in accordance with Article 2.

"*Transporter*" means either the Pipeline delivering or receiving Gas at a Delivery Point in a Transaction.

•Representations and Warranties As a material inducement to entering into this Agreement, including each Transaction, each Party, with respect to itself, hereby represents and warrants to the other Party continuing throughout the term of this Agreement as follows: (i) there are no suits, proceedings, judgments, rulings or orders by or before any court or any governmental authority that materially adversely affect its ability to perform this Agreement or the rights of the other Party under this Agreement, (ii) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, and it has the legal right, power and authority and is qualified to conduct its business, and to execute and deliver this Agreement and perform its obligations under the same and each Transaction, and all regulatory authorizations have been maintained as necessary for it to legally perform ligations hereunder, (iii) the making and performance by it of this Agreement is its powers, has been duly authorized by all necessary action on its part, and not and will not violate any provision of law or any rule, regulation, order, writ, judgment, decree or other determination presently in effect applicable to it or its governing documents, (iv) each of this Agreement and each Transaction when entered into constitutes a legal, valid and binding act and obligation of it, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization and other laws affecting creditor's rights generally, and with regard to equitable remedies, to the discretion of the court before which proceedings to obtain same may be pending, (v) there are no bankruptcy, insolvency, reorganization, receivership or other arrangement proceedings pending or being contemplated by it, or to its knowledge threatened against it, (vi) it has assets of $5,000,000 or more according to its most recent financial statements prepared in accordance with GAAP and knowledge and experience in financial matters that enable it to evaluate the merits and risks of this Agreement, and (vii) it is not in a disparate bargaining position with the other Party.

•Operations and Delivery Scheduling Requests. Not later than two Business Days prior to the earlier of Buyer's or Seller's Transporter's nomination deadline for the first Gas Day of each Month during a Period of Delivery, Buyer agrees to provide to Seller facsimile notice of the quantities Buyer requests Seller to Schedule for each Gas Day of such Month. Should Buyer desire to change the requested quantities Scheduled, Buyer shall provide to Seller facsimile notice thereof not later than one Business Day prior to the earlier of Buyer's or Seller's Transporter's nomination deadline for the applicable Gas Day. In the event the nomination or Scheduling deadline of a Transporter conflicts with these notification dates, Buyer and Seller agree to modify the notification dates accordingly. Scheduling requests to Seller will be accepted at the telephone number and shall be confirmed by facsimile as set forth in Exhibit "A."

portation. Seller shall obtain, or cause to be obtained, transportation to the ry Point, and Buyer shall obtain, or cause to be obtained, transportation from Delivery Point.

Gas Specifications. Seller represents that all Gas delivered hereunder shall meet or exceed the specifications of Buyer's Transporter.

Multiple Delivery Point zation. In the event a Transaction shall contain more than one Delivery Point, the Parties shall specify a Maximum Daily Delivery Point Quantity for each Delivery Point. The Delivery Points which shall be utilized for delivery of Gas and the quantities of Gas to be Scheduled for delivery at such Delivery Points shall be determined by Seller in its sole discretion within each applicable Maximum Daily Delivery Point Quantity. Seller shall provide to Buyer a list of Delivery Points and quantities determined by it within a period of time necessary to permit Buyer to make nominations.

Operational Flow Orders. Should either Party receive an operational flow order or other order or notice from a Transporter requiring action to be taken in connection with this Agreement or Gas flowing under this Agreement ("OFO"), such Party shall immediately notify the other Party of the OFO and provide the other Party a copy of same by facsimile. The Parties shall take all actions required by the OFO within the time prescribed. Each Party shall indemnify, defend and hold harmless the other Party from any Claims, including, without limitation, all non-compliance penalties and attorneys' fees, associated with an OFO (i) of which the Indemnifying Party failed to give the Indemnified Party the notice required hereunder or (ii) under which the Indemnifying Party failed to take the action required by the OFO within the time prescribed.

•Financial Matters Billing, Invoice Date, Charges and Payment. By the 10th Day of each calendar Month following the Month in which Gas was Scheduled under a Transaction, Seller shall provide Buyer with a written statement setting forth Gas Scheduled during the preceding Month, and other charges due Seller, including, without limitation, deficiency charges under Article 3. Billing and payment will be based on Scheduled quantities. Within five Business Days of the request of either Party, the other Party shall provide, to the extent it has a legal right of access thereto and/or such statement is then available, a copy of the Transporter's allocation or imbalance statement applicable to Gas sold hereunder for the requested period. The difference, if any, between Scheduled and actual quantities delivered or accepted shall be treated as imbalances under Article 7. Buyer shall remit any amounts due by the 10th Day following Buyer's receipt of Seller's statement. Payment of all funds shall be made by wire transfer, in U. S. funds on a same day basis to the account designated on Exhibit "A." If Buyer or Seller should fail to remit any amounts in full when due hereunder interest on the unpaid portion shall accrue from the date due at a rate equal to the Interest Rate. Billings, payments and statements shall be made by wire transfer to the accounts or the addresses/facsimiles specified in Exhibit "A."

Suspension of Performance. If either Party fails to make a timely payment and such failure is not remedied within two Business Days after such Party receives written notice of default, the nondefaulting Party, in addition to other remedies, may suspend the Scheduling of Gas until such amount, including interest, is paid; provided, if the defaulting Party, in good faith, shall dispute the amount of any such billing or part thereof and shall pay such amounts as it concedes to be correct, no suspension shall be permitted.

Audit Rights. For a period of two years from the date of termination of a Transaction Buyer or Seller or any third party representative thereof shall have the right, upon reasonable notice and at reasonable times, to examine the books and records of the other to the extent reasonably necessary to verify the accuracy of any billing statement, payment demand, charge, payment or computation made under this Agreement. The records of the Parties shall be retained in accordance with Section 8.6 for a like period to facilitate the audit rights of the Parties.

Financial Information. If requested by Customer, Company shall deliver (i) within 120 Days following the end of each fiscal year, a copy of the annual report of Enron Corp. containing consolidated financial statements for such fiscal year certified by independent certified public accountants and (ii) within 60 Days after the end of each of its first three fiscal quarters of each fiscal year, a copy of the quarterly report of Enron Corp. containing unaudited consolidated financial statements for such fiscal quarter. If requested by Company, Customer [or its Guarantor] shall deliver (i) within 120 Days following the end of each fiscal year, a copy of its annual report containing consolidated financial statements for such fiscal year certified by independent certified public accountants and (ii) within 60 Days after the end of each of its first three fiscal quarters of each fiscal year, a copy of its quarterly report containing unaudited consolidated financial statements for such fiscal quarter. In all cases the statements shall be for the most recent accounting period and prepared in

accordance with GAAP; provided, should any such st. ents not be timely due to a delay in preparation or certification, such delay shall not be considered a default so as such Party diligently pursues the preparation, certification and delivery of the ents.

. ranty of Title to Gas Seller in any Transaction warrants that title to Gas to eduled by Seller is free from all production burdens, liens and adverse claims warrants its right to sell the same. Seller agrees to indemnify, defend and hold harmless Buyer against all Claims to or against the title of said Gas. In the event any Claim is asserted to said Gas, Buyer, in addition to other remedies, may suspend its obligation to pay for said Gas up to the amount of such Claim.

•Alternate Price Redetermination If any or all of the indices used to determine the Spot Price or the Contract Price are not available in the future, the Parties agree to promptly negotiate a mutually satisfactory alternate index for the Spot Price or Contract Price (each an "Alternate Price"). If the Parties cannot agree by the end of the first Month for which the Spot Price or Contract Price could not be determined, then Seller and Buyer shall each prepare a prioritized list of up to five alternative published reference postings or prices representative of spot prices for Gas delivered in the same geographic area. Each Party shall submit its list to the other within 10 Days after the end of the first Month for which the price could not be determined. The first listed index appearing in Seller's list that also appears in Buyer's list shall constitute the replacement index. If no common indices appear on the lists, each Party shall submit a new list adding two indices within 10 Days. If either Party fails to provide timely a list, such Party's list shall not be considered. From and after the "Renegotiation Date," which shall be the date the Spot Price or Contract Price is no longer available, until the Alternate Price is determined, the Alternate Price shall be the average of the Spot Price(s) or Contract Price(s) in effect during the 12 Months preceding the Month in which the Renegotiation Date occurred, which price shall be effective until the Alternate Price is determined. Upon determination of a new Alternate Price, the Spot Price or Contract Price, as applicable, will be adjusted retroactively to the Renegotiation Date.

"fect of Waiver or Consent No waiver or consent by either Party, express or d, of any one or more defaults by the other Party in the performance of any ion of this Agreement shall operate or be construed as a waiver or consent of other default or defaults whether of a like or different nature. Failure by a Party to complain of any act of the other Party or to declare the other Party in default with respect to this Agreement, regardless of how long that failure continues, shall not constitute a waiver by that Party of its rights with respect to that default until the applicable statute of limitations period has run.

•Indemnifications With respect to each indemnification included in this Agreement the indemnity is given to the extent authorized by law and the following provisions shall be considered applicable. The Indemnified Party shall promptly notify the Indemnifying Party in writing of any Claim and the Indemnifying Party shall have the right to assume the investigation and defense thereof, including the employment of counsel, and shall be obligated to pay the related attorneys' fees; provided, the Indemnified Party shall have the right to employ separate counsel and participate in the defense of any Claim, however, the attorneys' fees of such counsel shall be paid by the Indemnified Party unless the employment of such counsel has been consented to in writing by the Indemnifying Party or the Indemnifying Party has failed to assume the defense and employ counsel in a timely manner; provided further, if the named parties to any Claim include both Parties, and the Indemnified Party shall have been advised by counsel that there may be a legal defense available to it which is different from those available to the Indemnifying Party, the Indemnified Party may elect to employ separate counsel at the expense of the Indemnifying Party, in which case the Indemnifying Party shall pay all attorneys' fees of such counsel and shall not have the right to assume the defense of the Claim on behalf of the Indemnified Party. The Parties shall use reasonable efforts to cooperate in the defense of any Claim. The Indemnifying Party shall not be liable for any settlement of a Claim without its express written consent thereto. The Indemnified Party shall reimburse the mnifying Party for payments made or costs incurred in respect of an indemnity the proceeds of any judgment, insurance, bond, surety or other recovery made respect to an event covered by the indemnity.

..rbitration Any dispute or need of interpretation arising out of this Agreement pertaining to the calculation of a Termination Payment shall be submitted to binding arbitration by one arbitrator with over eight years of professional experience in the commodity futures marke erivative products and the Gas industry and who has not previously been employed by either Party, and does not have a direct or indirect interest in either Party or the subject matter of the arbitration. Such arbitrator shall either be as mutually agreed by the Parties within 30 Days after written notice from either Party requesting arbitration, or failing agreement, shall be selected under the expedited rules of the American Arbitration Association (the "AAA") using the above criteria. Such arbitration shall be held in alternating locations of the home offices of Seller and Buyer, commencing with Seller's office. The rules of the AAA shall apply to the extent not inconsistent with the rules herein specified. Either Party may initiate arbitration by written notice to the other Party and the arbitration shall be conducted according to the following: (i) not later than seven Days prior to the hearing date set by the arbitrator each Party shall submit a brief with a single dollar figure for settlement, (ii) the hearing shall be conducted on a confidential basis without continuance or adjournment, (iii) the arbitrator shall be limited to selecting only one of the two figures submitted by the Parties, (iv) each Party shall divide equally the cost of the hearing and each shall be responsible for its own expenses and those of its counsel and representatives and (v) evidence concerning the financial position or organizational make-up of the Parties, any offer made or the details of any negotiation prior to arbitration and the cost to the Parties of their representatives and counsel shall not be permissible.

•Authority for Transactions Each Party represents to the other Party that each of its employees has authority to enter into Transactions pursuant to this Agreement on its behalf. Identification and authority of a Party's employee engaging in a recorded telephonic Transaction shall be conclusively established for all purposes by a statement on the Transaction Tape by the employee of the employee's name and the Party's Identification Code; provided, failure to state either the employee name or the Identification Code shall not evidence any lack of authority of the employee to effectuate and form a Transaction.

EXHIBIT "A"
ENFOLIO MASTER FIRM PURCHASE/SALE AGREEMENT

NOTICE AND COMMUNICATION

OMPANY:
..ces/Correspondence:
..ron Gas Marketing, Inc.
P.O. Box 1188
Houston, Texas 77251-1188
Attn: Commercial Operations
Facsimile No. (713) 646-8420

Invoices:
Enron Gas Marketing, Inc.
P.O. Box 1188
Houston, Texas 77251-1188
Attn: Commercial Operations
Facsimile No. (713) 646-8420

Payments:
Enron Gas Marketing, Inc.
ABA Routing 111000025 Nations Bank Tx
Account 4140327387

Nominations: 1(800)356-9427/1(800)FLOWGAS

Confirmations: EGM Gas Trading 1(713)646-2531

TO CUSTOMER:
Notices/Correspondence:
Enron Gas Services Canada Corp.
Canterra Tower, Suite 3500
..3rd Avenue S.W.
..ry, Alberta T2P 4H2
..n: Corporate Secretary
..hone# (403) 974-6703
Facsimile # (403) 974-6707

Invoices:
Enron Gas Services Canada Corp.
Canterra Tower, Suite 3500
400 - 3rd Avenue S.W.
Calgary, Alberta T2P 4H2
Attn: Manager, Accounting
Phone # (403) 974-6728
Facsimile # (403) 974-6706

Payments:
Enron Gas Services Canada Corp.
The Toronto-Dominion Bank
Commercial Banking Center
2 Calgary Place, 340-5th Avenue, S.W.
Calgary, Alberta T2P 4H2
Bank #004 Branch #80609
Account # 0805 0465537
Phone #(403) 292-1100
Facsimile #(403) 292-1217

Nominations:
Phone # (403) 974-6752
..simile # (403) 974-6706
..irmations:
..ne # (403) 974-6752
..acsimile # (403) 974-6706

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EXHIBIT "B"
ENFOLIO MASTER FIRM PURCHASE/SALE AGREEMENT

XAMPLE OF CONFIRMATION ON COMPANY LETTERHEAD (INCLUDING NAME AND ADDRESS) TO CONFIRM TELEPHONIC TRANSACTIONS UNDER SECTION 2.4

nfirmation shall confirm the Transaction agreed to on _____, 19___ and binding between Enron Gas Services Canada Corp. ("Customer") and Enron Gas keeting, Inc. ("Company") regarding the firm purchase and sale of Gas under the following terms and conditions. _____ to purchase and receive er) and _____ to sell and deliver (Seller). Transaction number _____.

_Y CONTRACT QUANTITY (DCQ): _____
XDQ (if applicable): _____
IMQ (if applicable): _____
IDQ (if applicable): _____
IVERY POINT(S): _____
NTRACT PRICE (per MMBtu): _____
IOD OF DELIVERY: _____
OT PRICE LOCATION: _____

s Confirmation is being provided pursuant to and in accordance with the ENFOLIO Master Firm Purchase/Sale Agreement in effect between Customer and Company (the reement") and constitutes part of and is subject to all of the terms and provisions of such Agreement. All capitalized terms herein used, but not defined, shall have the anings set forth in the Agreement. Company does hereby adopt its letterhead, including its address, as its signature in respect of the identification of Company and the hentication by Company of this Confirmation. Any objection of Customer to this Confirmation must be made by written notice to Company prior to the Confirm Deadline, as eed and defined in the Agreement.

_____

EXHIBIT "B-1"
ENFOLIO MASTER FIRM PURCHASE/SALE AGREEMENT

SUGGESTED FORM OF TRANSACTION AGREEMENT FOR USE WITH TRANSACTIONS FORMED UNDER SECTION 2.2(i)

ansaction Agreement (this "Agreement") shall form and effectuate the current proposal between Enron Gas Services Canada Corp. ("Customer") and Enron Gas ng, Inc. ("Company") regarding the firm purchase and sale of Gas under the following terms and conditions. _____ to purchase and receive er) and _____ to sell and deliver (Seller). Transaction number _____.

AILY CONTRACT QUANTITY (DCQ): _____
AXDQ (if applicable): _____
INMQ (if applicable): _____
INDQ (if applicable): _____
ELIVERY POINT(S): _____
ONTRACT PRICE (per MMBtu): _____
ERIOD OF DELIVERY: _____
POT PRICE LOCATION: _____

his Transaction Agreement is being provided pursuant to and in accordance with the ENFOLIO Master Firm Purchase/Sale Agreement in effect between Customer and Company nd constitutes part of and is subject to all of the terms and provisions of such Agreement. Please execute this Transaction Agreement and return an executed copy to Company. our execution should reflect the appropriate party in your organization who has the authority to enter into this Transaction. Upon receipt by Company of this executed ransaction Agreement it shall constitute a Transaction formed and effectuated under Section 2.2(i) of the above referenced Master Agreement. In the event Customer alters e terms of this Transaction Agreement in any manner or fails to execute and return to Company this Transaction Agreement within 24 hours of its receipt thereof, there will be o Transaction under the above referenced Master Agreement pursuant to this Transaction Agreement.

NRON GAS SERVICES CNADA CORP.	ENRON GAS MARKETING, INC.
_____	_____
Title) _____	(Title) _____
ate) _____	(Date) _____

G.

ENRON CAPITAL & TRADE RESOURCES CANADA
WORLDWIDE ENERGY SOLUTIONS

January 30, 1997

Enron Capital & Trade Resources Corp.
1400 Smith Street
Houston, Texas 77251-1188

ECT CANADA
FILE COPY

Attention: Julie Gomez, Vice President

CONFIRMATION LETTER

This Confirmation Letter confirms the specific terms of the agreement between Enron Capital & Trade Resources Canada Corp. ("Seller" or "ECT Canada")) and Enron Capital & Trade Resources Corp. ("Buyer" or "ECTR") regarding the sale and purchase of natural gas:

I. CONDITIONS PRECEDENT: Package #1: The obligations of Seller and Buyer, respectively, to deliver and sell and to take and purchase 5,581.0 Mcf's per Day ("Package #1") as provided for in this Confirmation Letter shall not arise prior to the satisfaction, or waiver, of each of the following conditions precedent (a), (b) and (c) below (collectively the "Conditions Precedent for Package #1"):

(a) Seller shall have obtained all approvals and firm transportation agreements necessary to transport 5,581.0 Mcf's per Day on the facilities of NOVA Gas Transmission Limited ("NOVA") for firm delivery service to Empress, Alberta ("Empress"), at the interconnect of NOVA with the facilities of TransCanada PipeLines Limited ("TCPL") for the Period of Delivery; and

(b) Seller shall have obtained all approvals and firm transportation agreements necessary to transport 5,581.0 Mcf's per Day on the 1998 expansion facilities of TCPL from Empress to Niagara, Ontario, at the interconnect of TCPL and National Fuel Gas Supply Corporation ("National Fuel") ("Niagara"), and Buyer shall have obtained all approvals and firm transportation agreements necessary to transport 5,581.0 Mcf's per Day on the 1997 expansion facilities of National Fuel from Niagara to Leidy, Pennsylvania ("Leidy"), each for the Period of Delivery; and

(c) Seller shall have obtained all regulatory approvals necessary to remove 5,581.0 Mcf's per Day from Alberta, and Buyer shall have obtained all regulatory approvals necessary to export 5,581.0 Mcf's per Day from Canada, and import 5,581.0 Mcf's per Day to the United States.

Package #2: The obligations of Seller and Buyer, respectively, to deliver and sell and to take and purchase 3,470.0 Mcf's per Day ("Package #2") as provided for in this Confirmation Letter shall not arise prior to the satisfaction, or waiver, of each of the following conditions precedent (a), (b) and (c) below (collectively the "Conditions Precedent for Package #2"):

(a) Seller shall have obtained all approvals and firm transportation agreements necessary to transport 3,470.0 Mcf's per Day on the facilities of NOVA for firm delivery service to Empress for the Period of Delivery; and

(b) Seller shall have obtained all approvals and firm transportation agreements necessary to transport 3,470.0 Mcf's per Day on the 1998 expansion facilities of TCPL from Empress to Niagara, and Buyer shall have obtained all approvals and firm transportation agreements necessary to transport 3,470.0 Mcf's per Day on the 1998 expansion facilities of National Fuel from Niagara to Leidy, each for the Period of Delivery; and

3500 Centerra Tower • 400 3rd Avenue SW • Calgary Alberta T2P 4H2 • 403 974 6700 • Fax 403 974 6706

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(c) Seller shall have obtained all regulatory approvals necessary to remove 3,470.0 Mcf's per Day from Alberta, and Buyer shall have obtained all regulatory approvals necessary to export 3,470.0 Mcf's per Day from Canada; and (iii) import 3,470.0 Mcf's per Day to the United States.

Buyer and Seller warrant that it will use all reasonable efforts to fulfill the Conditions Precedent for Package #1 and Package #2. Buyer and Seller shall inform each other forthwith in writing upon each Condition Precedent for Package #1 and Package #2 having been met. Buyer and Seller shall cooperate with each other in fulfilling the Conditions Precedent for Package #1 and Package #2.

(i) If by October 1, 1998, the Conditions Precedent for Package #1 have not been satisfied, after Buyer and Seller have used all reasonable efforts and diligence, then Seller may elect to permanently reduce the DCQ by 5,581.0 Mcf's per Day by giving written notice thereof to Buyer prior to October 5, 1998.

(ii) If by October 1, 1998, the Conditions Precedent for Package #2 have not been satisfied, after Buyer and Seller have used all reasonable efforts and diligence, then Seller may elect to permanently reduce the DCQ by 3,470.0 Mcf's per Day by giving written notice thereof to Buyer prior to October 5, 1998.

(iii) If pursuant to subsections (i) and (ii) of Section I, above, the DCQ has been reduced to zero Mcf's per Day, this Transaction shall automatically terminate and neither Party shall have any further obligation to the other in connection with this Confirmation Letter.

II. DCQ: 9,051.0 Mcf's per Day; provided, however, if Seller makes its election pursuant to Section I(i) above, or Section VI(b) below, the DCQ shall be 3,470.0 Mcf's per Day, or if Buyer makes its election pursuant to Section I(ii) above, or Section VI(c) below, the DCQ shall be 5,581.0 Mcf's per Day.

III. DELIVERY POINT: Niagara, Ontario, at the interconnect between TCPL and National Fuel.

IV. CONTRACT PRICE: The Contract Price, for each delivery Month, shall be a price in U.S. dollars per Mcf equal to: the Belle River Mills Index (defined below), where:

"Belle River Mills Index" means the price for the applicable delivery Month in U.S. dollars per Mcf published in the *Gas Daily Price Guide* by *Gas Daily*, in the section entitled "Monthly Contract Index", in the column for "Index" in the row for "Michigan MichCon, large in mcf". The Contract Price shall be payable in U.S. dollars.

V. CURRENCY CONVERSIONS: All dollar amounts in this Confirmation Letter are stated in U.S. dollars and must be paid in U.S. dollars. For currency conversions required under this Confirmation Letter, to convert Canadian currency to the currency of the United States, and vice versa, the Parties shall use the Bank of Canada posted noon spot exchange rate as quoted for the twentieth Day of each Month following each delivery Month.

VI. PERIOD OF DELIVERY: (a) Subject to parts (b) and (c) below, the Period of Delivery shall commence at 08:00h November 1, 1998, and terminate at 08:00h November 1, 2008.

(b) Package #1: If the commencement of firm service for 5,581.0 Mcf's per Day ("Package #1") (i) by TCPL, pursuant to TCPL's 1998 expansion to Niagara, or (ii) by National Fuel, pursuant to National Fuel's 1997 expansion to Leidy is delayed beyond November 1, 1998, then the Period of Delivery shall commence on the date that such service by TCPL and National Fuel commences, and, in that event, the Period of Delivery shall terminate at 08:00h on the date that is ten years thereafter; provided, however, if the Period of Delivery for Package #1 has not commenced by 08:00h on November 1, 2000, then Seller may elect to permanently reduce the DCQ by 5,581.0 Mcf's per Day by giving written notice thereof to Buyer prior to November 11, 2000.

(c) Package #2: If the commencement of firm service for 3,470.0 Mcf's per Day ("Package #2) (i) by TCPL, pursuant to TCPL's 1998 expansion to Niagara, or (ii) by National Fuel, pursuant to National Fuel's 1998 expansion to Leidy is delayed beyond November 1, 1998, then the Period of Delivery shall commence on the date that such service by TCPL and National Fuel commences, and the Period of Delivery shall terminate at 08:00h on the date that is ten years thereafter; provided, however, if the Period of Delivery for Package #2 has not commenced by 08:00h on November 1, 2000, then Seller may elect to permanently reduce the DCQ by 3,470.0 Mcf's per Day by giving written notice thereof to Buyer prior to November 11, 2000.

(d) If pursuant to subsection (b) and (c) of Section VI above, the DCQ has been reduced to zero Mcf's per Day, this Transaction shall automatically terminate and neither Party shall have any further obligation to the other in connection with this Confirmation Letter.

VI. AMENDMENTS TO THE MASTER AGREEMENT: For the purpose of this Transaction only, amend the Master Agreement by deleting Article 5 and replacing it with the following:

"This Article 5 is the sole and exclusive excuse for non-performance permitted under this Confirmation Letter, and all other excuses at law or in equity are waived. Except with regard to payment obligations which accrue before and after any event of Force Majeure, in the event either Party is rendered unable, wholly or in part, by Force Majeure (defined below) to carry out its obligations under this Agreement, it is agreed that upon such Party's giving notice and full particulars of such Force Majeure to the other Party as soon as reasonably possible, such notice to be confirmed in writing, then the obligations of the Party giving such notice, to the extent that they are affected by such Force Majeure, shall be suspended, from its inception during the continuance of the Force Majeure."

For the purpose of this Transaction only, amend the Master Agreement by deleting the definition of "Force Majeure" in Appendix "1" and replacing it with the following:

"'Force Majeure" shall mean only include the following: (1) curtailments of firm service and interruptions of firm service occurring with respect to the facilities of TCPL or National Fuel at Niagara; and (2) in addition, Seller shall have the right to declare Force Majeure if there is a curtailment of firm service or an interruption of firm service occurring (i) with respect to the facilities of NOVA or TCPL at Empress, or (ii) with respect to the facilities of TCPL at any point between Empress or Niagara; and (iii) with respect to the facilities of Great Lakes Gas Transmission ("Great Lakes") or Michigan Consolidated where the two interconnect at Belle River Mills, Michigan; and (3) in addition, Buyer shall have the right to declare Force Majeure if there is a curtailment of firm service or an interruption of firm service occurring with respect to the facilities of National Fuel at Leidy, or any point between Niagara and Leidy. On any Day that Force Majeure applies, both Parties' obligations to deliver and receive Gas shall be reduced by the same percentage that the applicable transporter interrupts or curtails firm service at a points mentioned in the previous sentence on such Day."

VIII. NATIONAL FUEL TOLLING METHOD: If the FERC-approved tariff for National Fuel's 1997 expansion of facilities is based on any tolling methodology other than rolled-in tolling, then Seller may elect to permanent reduce the DCQ under this Transaction by 5,581.0 Mcf's per Day by giving written notice thereof to Buyer prior to October 5, 1997.

IX. OTHER:

1. For purposes of energy conversions, one MMBtu shall be equal to 1.054615 GJ's.

2. If for purposes of this Transaction it is necessary to convert Mcf to MMBtu, or vice versa, the Parties shall use the Monthly Btu factor posted by Great Lakes for the applicable delivery Month for deliveries at Belle River Mills, Michigan at the interconnect of Michigan Consolidated and Great Lakes.

3. Seller may elect, by giving written notice thereof to Buyer on or before June 30, 1997, to terminate this Transaction if Seller fails to receive management approval of this Transaction by June 1, 1997.

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

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

ENRON CAPITAL & TRADE RESOURCES CANADA CORP.

Per: David Delainey
Name Printed: David Delainey
Title: Vice President

ENRON CAPITAL & TRADE RESOURCES CORP.

Per: Julie Gomez
Name Printed: Julie Gomez
Title: Vice President

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

RON CAPITAL & TRADE RESOURCES CORP.

DOCKET NO. 98-12-NG

ORDER GRANTING LONG-TERM AUTHORIZATION

TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 1367

MARCH 06, 1998

I

DESCRIPTION OF REQUEST

)n February 9, 1998, Enron Capital & Trade Resources Corp. (ECT) filed an application with the Office of Fossil .nergy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA)[1] and DOE Delegation)rder Nos. 0204-111 and 0204-127, requesting authorization to import from Canada an aggregate volume of 33.1 illion cubic feet (Bcf) of natural gas (9,051 thousand cubic feet (Mcf) per day), over ten years from the date of initial eliveries. ECT plans to purchase the gas supplies from its parent corporation Enron Capital & Trade Resources :anada Corp. (ECT Canada) pursuant to an Enfolio Master Firm Purchase/Sale Agreement (Master Agreement) dated une 1, 1994. The import arrangement proposed by this application is subject to the Master Agreement and a :onfirmation Letter between ECT and ECT Canada dated January 30, 1997. ECT Canada has entered into a purchase rrangement with Canadian Natural Resources for the volume and the term covered by this import application. Initial .eliveries are expected to begin no earlier than November 1, 1998. ECT, a Delaware corporation with its principal ›lace of business in Houston, Texas, is a wholly-owned subsidiary of Enron Corp.

:CT intends to use the requested volumes to enhance its overall corporate supply portfolio for delivery to markets in he northeastern United States. The natural gas to be imported will be produced in Alberta and will flow on NOVA Gas 'ransmission Ltd. for firm delivery service to Empress, Alberta, at the interconnect of TransCanada PipeLines Limited TCPL) and then across Canada on the facilities of TCPL to the interconnect of TCPL and National Fuel Gas Supply :orporation (National Fuel) near the Niagara Falls, New York import point. The gas will continue on the facilities of Vational Fuel to a delivery point near Leidy, Pennsylvania.

'he January 30, 1997 Confirmation Letter filed with this application states that the contract price for each delivery nonth shall be a price in U.S. dollars per Mcf equal to the "Belle Mills River Index". The "Belle Mills River Index" neans the price for the applicable delivery month as published in the Gas Daily Price Guide by Gas Daily, in the section entitled "Monthly Contract Index".

Under this import arrangement, ECT must take its daily contract quantity, otherwise, it constitutes a "Buyer's Deficiency Default". Under this situation, ECT would have to pay ECT Canada the sum of the following: (i) an amount equal to the product of ECT's Deficiency Quantity multiplied by the Replacement Price Differential, plus (ii) liquidated damages equal to $0.15 multiplied by ECT's Deficiency Quantity to cover ECT Canada's administrative and operational costs.

II. FINDING

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

ORDER

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

A. Enron Capital & Trade Resources Corp. (ECT) is authorized to import up to 3.31 billion cubic feet (Bcf) of natural gas per year (9,051 thousand cubic feet (Mcf) per day) from Canada. The term of the authorization is for a period of 10

ırs commencing November 1, 1998, through October 31, 2008, or for 10 years after the commencement of deliveries leliveries begin after November 1, 1998. This gas may be imported from Canada at the interconnection of ınsCanada PipeLines Limited and National Fuel Gas Supply Corporation near Niagara Falls, New York, or other ernative points on the United States/Canada border. The gas shall be imported subject to the Enfolio Master Firm rchase/Sale Agreement and Confirmation Letter entered into with Enron Capital & Trade Resources Canada Corp. CT Canada), and signed June 1, 1994, and January 30, 1997, respectively.

Within two weeks after deliveries begin, ECT shall provide written notification to the Office of Natural Gas & troleum Import and Export Activities of the date that the first import of natural gas authorized in Ordering Paragraph above occurred.

With respect to the natural gas imports authorized by this Order, ECT shall file with the Office of Natural Gas & troleum Import and Export Activities, within 30 days following each calendar quarter, a quarterly report indicating month the volumes and prices of natural gas imported pursuant to this Order. If no imports have been made, a report "no activity" for that calendar quarter must be filed. If imports have occurred, ECT must report total monthly ılumes in Mcf and the average purchase price of gas in U.S. dollars per MMBtu delivered at the international border, ıd paid to ECT Canada. Whenever imports have occurred at an entry point other than Niagara Falls, New York, these ılumes and prices must be reported separately. The monthly price information shall itemize separately the monthly emand and commodity charges, and, if applicable, any gas inventory charges. In addition to the volume and pricing formation, ECT shall identify and report, to the extent possible, the geographical area (by State) served by this gas ıpply.

. The reporting requirements required by Ordering Paragraphs B and C of this Order shall filed with the Office of atural Gas & Petroleum Import and Export Activities, Fossil Energy, Room 3E-042, FE-34, Forrestal Building, 1000 ıdependence Avenue, S.W., Washington, D.C., 20585.

.. The first quarterly report required by Ordering Paragraph C of this Order is due not later than January 30, 1999, and hould cover the period of the fourth calendar quarter of 1998 (October 1, 1998, through December 31, 1998).

ssued in Washington, D.C. on March 06, 1998.

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ohn W. Glynn

Manager, Natural Gas Regulations

Office of Natural Gas & Petroleum

mport and Export Activities

Office of Fossil Energy

. 1/ 15 U.S.C. § 717b.

COOK INLET
ENERGY SUPPLY

98-02-NG

December 22, 1997

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

RE: COOK INLET ENERGY SUPPLY LIMITED PARTNERSHIP'S APPLICATION FOR BLANKET AUTHORITY TO EXPORT NATURAL GAS TO MEXICO

Gentlemen:

Attached please find an original and three copies of Cook Inlet Energy Supply, Limited Partnership's application for blanket authority to export natural gas to Mexico, together with a check for the prescribed filing fee of $50.00.

Respectfully submitted,
Cook Inlet Energy Supply, Limited Partnership

By: _____
Gregory L. Craig, President

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10100 SANTA MONICA BLVD., 25TH FLOOR, LOS ANGELES, CALIFORNIA 90067 (310) 556-8956 FAX (310) 556-8441

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

98-02-NG

In the Matter of) Docket No. ~~96~~-__-NG
)
)

APPLICATION OF COOK INLET ENERGY SUPPLY
FOR BLANKET AUTHORITY TO EXPORT NATURAL GAS TO MEXICO

Pursuant to Section 3 of the Natural Gas Act (15 U.S.C. § 717b) and Section 590.201 et seq. Of the Regulation of the Department of Energy, Office of Fossil Energy, ("DOE/FE") (10 C.F.R. §590.201 et seq.), Cook Inlet Energy Supply ("Cook Inlet") requests blanket authority to export up to 200 Bcf of natural gas from the United States to Mexico for a period of two years commencing with the date of the first export. In support of this application, Cook Inlet states as follows:

I.

The exact legal name of the applicant is Cook Inlet Energy Supply, Limited Partnership. Cook Inlet is a limited partnership organized and existing under the laws of the State of Delaware. The location of Cook Inlet's principal place of business is 10100 Santa Monica Blvd., 25th Floor, Los Angeles, CA 90067. All communications regarding this application and this proceeding should be addressed to the following person, who should be included on the official service list maintained by the Assistant Secretary for Fossil Energy:

Gregory L. Craig
President
Cook Inlet Energy Supply, Limited Partnership
10100 Santa Monica Blvd., 25th Floor
Los Angeles, CA 90067

II.

Cook Inlet requests blanket authority pursuant to Section 3 of the Natural Gas Act ("NGA") to export a total of up to 200 Bcf of domestic natural gas to Mexico during a two-year period commencing on the date of the first export. With the exception of the aggregate 200 Bcf volume limitation and the two-year term, Cook Inlet request unrestricted blanket export authority. Specifically, Cook Inlet seeks authority to export to Mexico, without daily volume restriction, from any export point on the Mexican/U.S. border where existing pipeline facilities are located, natural gas originated from any supply source, for sale to Mexican purchasers.

210.

III.

Cook Inlet submits that the requested authorization, if granted, will not be inconsistent with the public interest, as required by Section 3 of the NGA. Cook Inlet submits that the natural gas exports undertaken pursuant to the authorization herein requested raise no issue of domestic need and are, therefore, fully consistent with Section 3's public interest standard.

Blanket authority will provide Cook Inlet with the flexibility necessary to respond rapidly to changing conditions in Mexican natural gas markets and domestic supplies of natural gas. It is crucial for Cook Inlet to be able to continue to negotiate and consummate contracts with Mexican and domestic suppliers and purchasers quickly; Cook Inlet cannot be competitive if it must submit each individual contract for regulatory review prior to its execution.

The exportation of natural gas contemplated by this application would not require construction of new pipeline facilities. Cook Inlet intends to deliver volumes to be exported at existing pipeline interconnections between the United States and Mexico.

Cook Inlet is a limited partnership comprised of Cook Inlet Energy Supply Corporation, a wholly owned subsidiary of Cook Inlet Region, Inc., a large Alaska native corporation established under the Alaska Native Claims Settlement Act of 1971 (U.S. Congress) and three general partners (Houston Natural Gas Company, Enron Minority Development Corporation, and Inupiat Energy Corporation).

IV.

Cook Inlet will comply fully with DOE/FE's reporting requirements after exports are made.

V.

Approval of this application will not constitute a major federal action significantly affecting the quality of the human environment, and thus no environmental impact statements required. Cook Inlet intends to use existing transmission systems for the proposed export transactions and, since no new facilities will be constructed, Cook Inlet expects that no significant environmental impact will result.

VI.

In support of its application, Cook Inlet submits the attached Opinion of Counsel. Further, in compliance with Section 590.207 of the DOE/FE Regulations, Cook Inlet includes with this Application the prescribed filing $50.00.

VII.

WHEREFORE, Cook Inlet requests the Assistant Secretary to grant Cook Inlet blanket authorization to export domestic natural gas to Mexico for a period of two years on the terms and conditions set forth herein.

Respectfully submitted,
COOK INLET ENERGY SUPPLY, Limited Partnership

By: _____

Gregory L. Craig
President
Cook Inlet Energy Supply, Limited Partnership
10100 Santa Monica Blvd., 25th Floor
Los Angeles, CA 90067
310/556-8956

VERIFICATION

STATE OF CALIFORNIA §
COUNTY OF LOS ANGELES §

Gregory L. Craig, being first duly sworn, upon oath, deposes and says: that he is President of Cook Inlet Energy Supply, Limited Partnership; that such he has signed the foregoing application for and on behalf of partnership; that he is authorized to do so; that he has read the same and is familiar with the contents thereof; that the matters and things set forth herein are true and correct to the best of his knowledge, information and belief; and that, to the best of his knowledge, the same or similar matter is not being consider by any other part of DOE, by the FERC, or by any other Federal agency or department.

Gregory L. Craig
President

Subscribe and sworn to before me, a Notary Public in and for the State of California this 22 day of December 1997.

By: Robin Ward

ROBIN WARD
Commission #1076805
Notary Public — California
Los Angeles County
My Comm. Expires Nov 6, 1999

BRACEWELL & PATTERSON, L.L.P.
ATTORNEYS AT LAW

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711 LOUISIANA ST STE 2900
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202 828 5800

33 DAVIES ST
LONDON W1Y 1FN ENGLAND
011 44 171 355 3330

December 18, 1997

Office of Fossil Energy
Department of Energy
Forrsetal Building, Room 3F-056
1000 Independence Avenue, S.W.
Washington, D.C. 20585

Ladies and Gentlemen:

We have acted as counsel for Cook Inlet Energy Supply Limited Partnership, a Delaware limited partnership (the "Partnership"), in connection with the Partnership's application for authorization to export natural gas to Mexico pursuant to Section 3 of the Natural Gas Act. This opinion is furnished pursuant to the Regulations of the Department of Energy 10 C.F.R. Section 590.202(c).

In connection with the opinions set forth below, we have examined (i) the Limited Partnership Agreement of the Partnership dated as of December 31, 1994, and (ii) certain resolutions of the partners of the Partnership. We also have examined originals or copies of such other documents and records as we have deemed necessary and relevant for purposes hereof. In addition, we have relied on certificates and telegrams of public officials as to certain matters of fact relating to this opinion and have made such investigations of law as we have deemed necessary and relevant as a basis hereof. We have assumed the genuineness of all signatures, the authenticity of all documents and records submitted to us as originals, the conformity to original documents and records of all documents and records submitted to us as copies, and the truthfulness of all statements of fact contained therein.

Based on the foregoing and subject to the limitations and assumptions set forth herein, and having due regard for such legal considerations as we deem relevant, we are of the opinion that:

1. The Partnership is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Delaware.

211.

2. The proposed exportation of natural gas is within the partnership power of the Partnership.

The foregoing opinion is based on and is limited to the Delaware Revised Uniform Limited Partnership Act and the relevant law of the United States of America.

Very truly yours,

Bracewell & Patterson, L.L.P.

Bracewell & Patterson, L.L.P.

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

COOK INLET ENERGY SUPPLY, LIMITED PARTNERSHIP

FE DOCKET NO. 98-02-NG

ORDER GRANTING BLANKET AUTHORIZATION

TO EXPORT NATURAL GAS TO MEXICO

DOE/FE ORDER NO. 1353

JANUARY 16, 1998

2/2

I. DESCRIPTION OF REQUEST

On January 13, 1998, Cook Inlet Energy Supply, Limited Partnership (Cook Inlet), filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA)[1] and DOE Delegation Order Nos. 0204-111 and 0204-127, requesting blanket authorization to export up to 200 billion cubic feet (Bcf) of natural gas to Mexico over a two-year term beginning on the date of the first export. Cook Inlet, a Delaware limited partnership with its principal place of business in Los Angeles, California, is comprised of Cook Inlet Energy Supply Corporation, a wholly-owned subsidiary of Cook Inlet Region, Inc., a large Alaska native corporation established under the Alaska Native Claims Settlement Act of 1971 (U.S. Congress) and three general partners (Houston Natural Gas Company, Enron Minority Development Corporation, and Inupiat Energy Corporation). The requested authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by Cook Inlet has been evaluated to determine if the proposed export 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 exportation of natural gas to 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 Cook Inlet to export natural gas to Mexico, 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. This blanket order authorizes transactions under contracts with terms of no longer than two years.

ORDER

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

A. Cook Inlet Energy Supply, Limited Partnership (Cook Inlet) is authorized to export to Mexico, at any point on the United States/Mexico border, up to 200 billion cubic feet (Bcf) of natural gas over a two-year term beginning on the date of first export delivery.

B. Within two weeks after deliveries begin, Cook Inlet shall provide written notification to the Office of Natural Gas & Petroleum Import and Export Activities of the date that the first export of natural gas authorized in Ordering Paragraph A above occurred.

C. With respect to the natural gas exports authorized by this Order, Cook Inlet shall file with the Office of Natural Gas & Petroleum Import and Export Activities, within 30 days following each calendar quarter, quarterly reports indicating whether exports of natural gas have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no exports have been made, a report of "no activity" for that calendar quarter must be filed. If exports have occurred, Cook Inlet must report monthly the following: (1) total volumes in Mcf; (2) the average purchase price of gas per MMBtu at the international border; (3) the name of the seller(s); (4) the name of the purchaser(s); (5) the estimated or actual duration of the agreement(s); (6) the name of the U.S. transporter(s); and (7) the point(s) of exit.

D. The reporting requirements stipulated by Ordering Paragraphs B and C of this Order shall be filed with the Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy, Room 3F-056,

FE-34, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585.

E. The first quarterly report required by Ordering Paragraph C of this Order is due not later than April 30, 1998, and should cover the period from the date of this Order until the end of the first calendar quarter March 31, 1998.

Issued in Washington, D.C., on January 16, 1998.

John W. Glynn

Manager, Natural Gas Regulation

Office of Natural Gas & Petroleum

Import and Export Activities

Office of Fossil Energy

1. 1/ 15 U.S.C. § 717b.

BEFORE THE DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

ENRON GAS MARKETING, INC. § Docket No. 93-144-NG

APPLICATION OF ENRON GAS MARKETING, INC. FOR BLANKET AUTHORIZATION TO IMPORT AND EXPORT NATURAL GAS

ENRON GAS MARKETING, INC. ("EGM") hereby submits this application pursuant to Section 3 of the Natural Gas Act ("NGA"), 15 U.S.C. § 717b, the Department of Energy ("DOE") Delegation Order Nos. 0204.111 and 0204.127, and the regulations of DOE found at 10 C.F.R. Part 590, requesting blanket authorization to import up to 500 Bcf a year of natural gas produced in Canada and to export up to 500 Bcf per year of natural gas to markets in Canada, for a term of two years commencing January 1, 1994. EGM currently has blanket import/export authority under an order issued by the DOE in Docket 91-74-NG, effective January 1, 1992. This blanket authorization is in the public interest.

In support of this application, EGM submits the following:

I.

Communications and correspondence regarding this application should be addressed to:

Leslie J. Lawner
Attorney for Enron Gas Marketing, Inc.
712 North Lea
Roswell, New Mexico 88201
(505) 625-2820

Rebecca W. Cantrell
Manager, Regulatory Affairs
Enron Gas Marketing, Inc.
P.O. Box 1188
Houston, Texas 77251-1188
(713) 853-5840

A.

II.

The exact name of the applicant is Enron Gas Marketing, Inc. EGM is a Delaware corporation with its principle place of business in Houston, Texas. It is a wholly owned subsidiary of Enron Gas Services Corp. ("EGS"), which is owned by Enron Corp. EGM is a marketer of natural gas and ships gas on virtually every major interstate pipeline system in the U.S. and Canada. EGM purchases gas from the major producing areas in the U.S. and Canada. EGM serves, directly or through its EGS affiliates, markets throughout the U.S., Canada and Mexico. EGM is authorized to import and export natural gas under an order issued by the National Energy Board of Canada which expires in 1994.

III.

By this application, EGM seeks authorization to import up to 500 Bcf annually of natural gas from Canada, to enable EGM to serve various spot and long-term markets. EGM also seeks authorization to export natural gas to buyers located in Canada, also up to 500 Bcf annually. EGM requests this authorization for a minimum period of two years, or longer, if DOE determines that such would be in the public interest so that EGM may efficiently and economically serve its existing and future commitments. EGM intends to utilize such facilities as may exist at the time the gas is exported or imported hereunder; accordingly, this application does not request approval of construction of any facilities.

EGM will notify the DOE's Office of Fossil Energy in writing of the date of first delivery hereunder and will file such reports as may be required by that Office.

IV.

Pursuant to Section 590.202 of DOE's regulations, EGM states that the import authorization would enable it to purchase up to 500 Bcf of natural gas annually. Initially much of this gas will come from the Canadian province of Alberta, but EGM will seek

competitively priced supplies from other areas as well. The export authorization will enable EGM to export gas to markets in Canada.

EGM is a subsidiary of Enron Corp., and as such is affiliated with four major interstate pipelines in the U.S.: Northern Natural Gas Company, Transwestern Pipeline Company, Florida Gas Transmission Company and Northern Border Pipeline Company. EGM is also affiliated with Houston Pipe Line Company, a Texas intrastate pipeline company, and Louisiana Resources Pipeline, a Louisiana intrastate pipeline company. One or more of these affiliated companies may be involved in subsequent import or export transactions.

EGM is a major marketer of natural gas in North America. Gas purchased by EGM is sold to gas distribution companies, electric utilities, industrial users, cogeneration facilities and other marketers. The location, size and diversity of EGM's markets require EGM to find diverse supplies both geographically and economically. EGM would include Canadian and other non-traditional supplies in its portfolio as these supplies become available to it on reasonable terms and at competitive prices.

EGM does not contemplate the construction of any new facilities as part of this application. Accordingly, this application, if granted, would not have any measurable environmental impact. The application does not contemplate a Federal action significantly affecting the quality of the human environment under the National Environmental Policy Act, 42 U.S.C. §§ 4321 *et seq.* No environmental assessment or impact statement is therefore required.

V.

EGM's current import/export authorization expires on December 31, 1993. EGM therefore requests that this new authorization be granted so that EGM will not experience a disruption in its ability to bring gas into or out of the U.S. to serve its markets. The authorization requested will further enable EGM to serve new markets with new supplies,

both of which may have been unavailable to EGM in the past. The authorizations sought are in the public interest in that they enhance natural gas and interfuel competition in the North American market, consistent with the North American Free Trade Agreement and other federal policies designed to foster trade between the U.S. and Canada. This can be achieved by granting the requested authorization to commence Jananuary 1, 1994, for a term of at least two years.

WHEREFORE, EGM respectfully requests that the authorizations described herein be granted as consistent with the public interest.

Respectfully submitted,

Leslie J. Lawner by/ll

Leslie J. Lawner,
Attorney for Enron Gas Marketing, Inc.

Dated: December 16, 1993

Certificate of Counsel

Pursuant to 10 C.F.R. Section 590.202, this certificate of counsel is hereby furnished in connection with the application of Enron Gas Marketing, Inc. ("EGM") for authorization to import and export natural gas to and from Canada pursuant to Section 3 of the Natural Gas Act. In respect to this application, I am of the opinion that:

- EGM is a corporation duly organized, validly existing and in good standing under the laws of the state of Delaware, and

- The proposed importation and exportation of natural gas is within the corporate powers of EGM.

Dated: December 16, 1993

By: Leslie J. Lawner by/el
Leslie J. Lawner
Attorney for Enron Gas Marketing, Inc.

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

ENRON GAS MARKETING, INC.	)	FE DOCKET NO. 93-144-NG

ORDER GRANTING BLANKET AUTHORIZATION TO
IMPORT AND EXPORT NATURAL GAS
FROM AND TO CANADA

DOE/FE ORDER NO. 900

213

DECEMBER 27, 1993

I. DESCRIPTION OF REQUEST

On December 17, 1993, Enron Gas Marketing, Inc. (EGM) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),1/ and DOE Delegation Order Nos. 0204-111 and 0204-127, for blanket authorization to import up to 1 Tcf and to export up to 1 Tcf of natural gas from and to Canada over a two-year term, beginning on the date of first import or export delivery after December 31, 1993.2/ EGM, a Delaware corporation with its principal place of business in Houston, Texas, is a wholly-owned subsidiary of Enron Gas Services Corporation, which is owned by Enron Corporation. EGM will import and export the gas under spot and short-term purchase arrangements, and will sell the gas to distribution companies, electric utilities, industrial users, and cogeneration facilities. The requested authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by EGM has been evaluated to determine if the proposed import/export 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 or export of natural gas from or

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1/ 15 U.S.C. 717b.

2/ This is the expiration date of EGM's current blanket authorization to import and export natural gas from and to Canada, granted by DOE/FE Opinion and Order No. 558 on December 18, 1991 (1 FE 70,512).

to 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 EGM to import and export natural gas from and to 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. This blanket order authorizes transactions under contracts with terms of no longer than two years.

ORDER

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

A. Enron Gas Marketing, Inc. (EGM) is authorized to import up to 1 Tcf and to export up to 1 Tcf of natural gas from and to Canada over a two-year term, beginning on the date of first import or export delivery after December 31, 1993. This natural gas may be imported and exported at any point on the border of the United States and Canada.

B. Within two weeks after deliveries begin, EGM shall provide written notification to the Office of Fuels Programs

(OFP), Fossil Energy, Room 3F-056, FE-50, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the first import or export delivery of natural gas authorized in Ordering Paragraph A above occurred.

C. With respect to the natural gas imports and exports authorized by this Order, EGM shall file with OFP, within 30 days

following each calendar quarter, quarterly reports indicating whether imports or exports of natural gas have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports or exports have been made, a report of "no activity" for that calendar quarter must be filed. If imports or exports occur, EGM must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu at the international border. The reports also shall provide the details of each import and export transaction, including: (1) the name of the seller(s); (2) the name of the purchaser(s); (3) the estimated or actual duration of the agreement(s); (4) the name of the U.S. transporter(s); (5) the point(s) of entry and exit; (6) the geographic market(s) served; (7) whether sales are being made on an interruptible or firm basis; and, if applicable, (8) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than April 30, 1994, and should cover the period from January 1, 1994, until the end of the first calendar quarter, March 31, 1994.

Issued in Washington, D.C., on December 27, 1993.

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

97-20-NG

ENRON CAPITAL & TRADE RESOURCES
WORLDWIDE ENERGY SOLUTIONS

Christian G. Yoder
Senior Counsel

1400 Smith Street
Houston TX 77002-7361
713 853 4708
Fax 713 646 3490

1997 FEB 14 P 12:44

February 13, 1997

REC'D DOE/FE

U.S. Department of Energy
Office of Fuels Programs
Attn: Anthony Como
FE-53, Room 3H-087
1000 Independence Avenue, S.W.
Washington, DC 20585-0350

Dear Mr. Como:

Enclosed for filing is an orginal and sixteen copies of the Application of Enron Capital & Trade Resources Corp. for long term authorization to import natural gas from Canada. Please file stamp the extra copy and return to me in the stamped, self-addressed envelope enclosed.

Please cancel the application made on October 9, 1996 as evidenced in the attached letter and apply the $50 submitted at that time for that application to this new application.

Yours truly,

Christian Yoder
Senior Counsel

Enclosures

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ENRON CAPITAL & TRADE RESOURCES
Worldwide Energy Solutions

Christian G. Yoder
Senior Counsel

October 9, 1996

U.S. Department of Energy
Office of Fuels Programs
Attn: Anthony Como
FE-53, Room 3H-087
1000 Independence Avenue, S.W.
Washington, DC 20585-0350

Dear Mr. Como:

Enclosed for filing is an orginal and sixteen copies of the Application of Enron Capital & Trade Resources Corp. for Authorization to Import Natural Gas from Canada. Please file stamp the extra copy and return to me in the stamped, self-addressed envelope enclosed.

Also enclosed is a check made payable to the U.S. Treasury in the amount of $50 for applicable fees.

Thank you in advance for your prompt attention to this matter.

Yours truly,

Christian Yoder
Senior Counsel

ENRON CORP

ENRON CAPITAL & TRADE RES-EGS
P.O. Box 1188
Houston, TX 77251-1188

No. 4132035397

10/08/96

PAY TO THE ORDER OF
US DEPT OF ENERGY
OFFICE OF FUELS PROGRAM.
FE-53 ROOM 3H-087
1000 INDEPENDENCE AVE S W
WASHINGTON, DC
20585-0350

**********$50.00

NOT VALID AFTER 1 YEAR

Fifty and 00 / 100 Dollars

215.

CITIBANK-DELAWARE

AUTHORIZED SIGNATURE

THE FACE OF THIS DOCUMENT HAS A BLUE BACKGROUND ON WHITE PAPER • THE BACK CONTAINS AN ARTIFICIAL WATERMARK - HOLD AT AN ANGLE TO VIEW

⑈4132035397⑈ ⑆031100209⑆ 39110039⑈

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

97 SEP 11 P 12:44

Enron Capital & Trade Resources Corp. § FE Docket No. 97-20-NG

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

I. ACTION SOUGHT FROM THE OFFICE OF FOSSIL FUELS

Pursuant to Section 3 of the Natural Gas Act of 1938, as amended, 15 U.S.C. § 717b (1994 Supp.), Section 201 of the Energy Policy Act of 1992, 15 U.S.C. § 717b(b)-(c) (1994 Supp.), Delegation Order Nos. 0204-111, 49 Fed. Reg. 6684 (Feb. 22, 1984) and 0204-127, 54 Fed. Reg. 11437 (Mar. 20, 1991) of the United States Department of Energy ("DOE"), and Part 590 of the DOE's regulations, 10 C.F.R. Part 590, Enron Capital & Trade Resources Corp. ("ECT") hereby requests that the DOE's Office of Fossil Energy grant it long-term authorization to import up to 15.4 MMcf of natural gas per day (up to 5.6 Bcf annually) at a receipt point located near Niagara, Ontario and other receipt points along the Canada-U.S. border, for a term commencing on November 1, 1997 or such other date on which deliveries commence under the transactions specified below, and terminating November 1, 2007. In support of this application, ECT presents the following:

II. OFFICIAL SERVICE LIST

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

Christian G. Yoder, Senior Counsel
Enron Capital & Trade Resources Corp.
P.O. Box 1188
Houston, Texas 77251-1188
(713) 853-4708
(713) 646-3490 - Fax

Leslie J. Lawner
Attorney for Enron Capital & Trade Resources, Corp.
712 North Lea
Roswell, New Mexico 88201
(505) 623-6778
(505) 625-2820

III. DESCRIPTION OF THE PARTIES AND PROPOSED TRANSACTION.

A. Background.

ECT is a Delaware corporation and is a wholly-owned subsidiary of Enron Corp. Its principal place of business is located in Houston, Texas, with other offices located in Dublin, Ohio, Chicago, Illinois, Long Beach, San Francisco and Auburn, California, Omaha, Nebraska, Kansas City, Missouri, Denver, Colorado, and Tulsa, Oklahoma. ECT, the successor to Enron Gas Marketing, Inc., is one of the largest buyers and sellers of natural gas in North America, with physical and financial volumes in excess of 30 billion cubic feet per day. ECT is the parent corporation of Enron Capital & Trade Resources Canada Corp. ("ECT Canada"), which is the purchaser of the natural gas subject to this application from a supplier in the Province of Alberta, and the seller of the gas to ECT at the international boundary.

ECT proposes to import the natural gas from Canada at the export point near Niagara, in the Province of Ontario. However, as this supply forms part of ECT's corporate portfolio, ECT may wish to bring these volumes in to the U.S. at other points along the U.S.-Canadian border from time to time. In order to retain flexibility, ECT requests that the subject import authorization not be restricted to a single point of import.

ECT will use the Canadian natural gas supplies imported hereunder to enhance its overall corporate supply portfolio. The natural gas to be imported will be produced in Alberta, and will be transported to market through NOVA Gas Transmission Limited ("NOVA"), TransCanada PipeLines Limited ("TCPL") and National Fuel Gas Supply Corporation ("National Fuel"). The gas will flow on NOVA for firm delivery service to Empress, Alberta, at the interconnect of TCPL and then across Canada on the facilities of TCPL to the inter-connect of TCPL and National Fuel at Niagara, Ontario. The gas will continue to flow on the facilities of National Fuel to the interconnect of National Fuel and Transco in Leidy, Pennsylvania. The gas will then be delivered to markets or to interconnecting pipeline systems for delivery to markets in the northeastern United States.

B. Supply

ECT will purchase the gas supplies from ECT Canada under an Enfolio Master Firm Purchase/Sale Agreement ("Master Agreement") dated June 1, 1994. This Master Agreement

contemplates the parties entering into various transactions for the firm purchase and sale of gas to which the Agreement is to apply. The import arrangement contemplated hereunder is subject to the Master Agreement pursuant to a confirmation letter between ECT and ECT Canada dated December 31, 1996 ("Confirmation Letter"). The Confirmation Letter provides for the sale by ECT Canada to ECT of 15,400 MMBtu's of gas per day, to be delivered at the U.S.-Canada border near Niagara for the period from November 1, 1997 up to November 1, 2007. If ECT, as Buyer, fails to schedule the minimum daily quantity (MinDQ) or daily contract quantity (DCQ), this constitutes a Buyer's Deficiency Default and Buyer's Deficient quantity shall be the difference between the DCQ or MinDQ and the quantity of gas scheduled for such day. ECT will then be required to pay ECT Canada the sum of an amount equal to the product of Buyer's Deficiency Quantity multiplied by the Replacement Price Differential plus liquidated damages equal to $0.15 multiplied by Buyer's Deficiency Quantity to cover ECT Canada's administrative and operational costs. The Replacement Price Differential means the positive difference, if any, obtained by subtracting the lesser of (a) the price obtained by Seller in an incremental, arms-length sale(s) to a third party of a quantity of gas equal to Buyer's Deficiency Quantity for such day, less incremental transportation charges to the Seller, and including other basis adjustments or (b) the Spot Price for the day in which Buyer's Deficiency Default occurred from the Contract Price. The Master Agreement and Confirmation Letter are attached hereto as Exhibit "A".

ECT Canada has entered into a purchase arrangement with Poco Petroleums Ltd. ("Poco"), under a Master Firm Gas Purchase/Sale Agreement dated April 3, 1996 with a Confirmation Letter dated December 9, 1996. Poco will sell ECT Canada a maximum daily quantity of gas up to 15,400 MMBtu's per day, plus fuel gas at AECO "C", Alberta for the period from November 1, 1997 until November 1, 2007.

C. Transportation

The Alberta-sourced natural gas will be transported from the field to the contract delivery point on the Alberta-Saskatchewan border near Empress, Alberta through NOVA facilities. Poco holds sufficient NOVA capacity to the TCPL receipt point for the 5.6 Bcf of gas to be imported annually. The natural gas will be transported from the contract delivery point near Empress to the Canada-U.S. border near Niagara Falls, Ontario, through TCPL facilities.

ECT will purchase the gas from ECT Canada on the Canadian side of the International Border at a point near the interconnect between TCPL and Niagara.

D. Markets

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

The natural gas which ECT will acquire under the import authorization requested herein will be used as part of ECT's overall corporate gas supply portfolio. It is generally expected that the subject natural gas will be used to serve the U.S. northeast markets currently under long-term contracts to ECT.

IV. THE AUTHORIZATION SOUGHT IS CONSISTENT WITH THE PUBLIC INTEREST

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

V. ENVIRONMENTAL CONSIDERATIONS

As a result of the amendment of Section 3 of the Natural Gas Act effectuated by the Energy Policy Act of 1992, an environmental review of an import application is not required under the National Environmental Policy Act. See DOE/FE Order No. 762. Any environmental assessment or analysis necessary due to pipeline construction to serve ECT will be performed by the Federal Energy Regulatory Commission.

ECT notes that it has filed an application with the National Energy Board of Canada for a long-term license authorizing the export of the gas in the subject transaction. As part of its

evaluation of the export application, the NEB will likely consider any environmental implications the application may raise on the Canadian side of the border.

VI. OTHER FEDERAL ACTION

Neither ECT nor any other party has any pending applications with any other federal agency with respect to the proposed import of natural gas. ECT has filed an application for an export license with the National Energy Board of Canada.

VII. CONCLUSION

WHEREFORE, ECT requests that the Department of Energy Office of Fossil Energy grant it the authorization sought herein to import up to 15.4 MMcf/d of natural gas from Canada for a ten year term commencing November 1, 1997, as set forth above.

Respectfully submitted,

Christian G. Yoder,
Senior Counsel
ENRON CAPITAL & TRADE RESOURCES CORP.
P.O. Box 1188
1400 Smith Street
Houston, Texas 77251-1188

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

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

To Whom It May Concern:

This opinion is rendered in connection with the application of Enron Capital & Trade Resources Corp. ("ECT") for authorization under Section 3 of the Natural Gas Act to import up to 15.4 Mmcf of natural gas per day (up to 5.6 Bcf annually), at a receipt point located near Niagara, Ontario and other receipt points along the Canada-U.S. border, for a term commencing on November 1, 1997 or such other date on which deliveries commence under the transactions specified below, and terminating October 31, 2007.

Based upon my understanding of the application and my examination of the relevant documents, records and matters of law, it is my opinion that the proposed import of natural gas from Canada by ECT, as contemplated in the instant application, is within the corporate power of ECT.

Very truly yours,

Christian G. Yoder

EXHIBIT "A"
SUPPLY ARRANGEMENTS

Enfolio Master Firm Purchase/Sale Agreement between Enron Capital & Trade Resources Corp. and Enron Capital & Trade Resources Canada dated June 1, 1994

Confirmation Letter between ECT and ECT Canada dated December 31, 1996

A

ENFOLIO™ MASTER FIRM PUR SE E AGREEMENT

Ii

Enron Gas Marketing, Inc., a Delaware corporation ("Company"), and Enron Gas Services Canada Corp., an Alberta, Canada corporation ("Customer"), referred to collectively as the "Parties," enter into this Master Firm Purchase/Sale Agreement (together with all Transactions, collectively, this "Agreement") effective as of the 1st Day of June, 1994 (the "Effective Date"). The ENFOLIO General Provisions set forth in Appendix "1" shall apply to this Agreement.

ARTICLE 1. TERM This Agreement shall govern all Transactions and be in effect for a term of one year from the Effective Date. It shall then continue in effect from Month to Month, unless terminated by either Party upon 30 Days prior written notice to the other Party; provided, this Agreement shall continue to apply to all Transactions then in effect until all Transactions are completed. Termination of this Agreement in all instances shall be subject to Section 9.4.

ARTICLE 2. SCOPE OF AGREEMENT 2.1. Scope of Agreement. Company and Customer from time to time during the term hereof may, but are not obligated to, enter into Transactions for the firm purchase and sale of Gas to which this Agreement shall apply. Each Transaction shall be effectuated and evidenced as set forth in this Article 2 and shall constitute a part of this Agreement. Each Transaction shall be construed as one with this Agreement and any discrepancy between this Agreement and a Transaction shall be resolved in favor of the Transaction. Each Transaction shall provide whether the Transaction is based upon DCQ quantity obligations or MinMQ or MinDQ and MaxDQ quantity obligations, in which case the applicable alternative definitions and provisions set forth in this Agreement shall apply.

2.2. Transaction Procedures. It is the intent of the Parties to facilitate Transactions in accordance with the agreed procedures in this Article 2 and assure that such Transactions are valid and enforceable as a result of the use of these procedures for the mutual benefit of the Parties. Any Transaction may be formed and effectuated (i) by a written paper-based Transaction Agreement executed by the Parties (including by facsimile and/or counterparts) or (ii) in a recorded telephone conversation between the Parties occurring on any Business Day during the Pricing Hours whereby an offer and acceptance shall constitute the agreement of the Parties to a Transaction as evidenced by the Transaction Tape; provided, each Party may stipulate by prior notice to the other Party that any particular contemplated Transaction may be effectuated and formed only by means of procedure (i) above. The Parties shall be legally bound by each Transaction from the time they agree to its terms in accordance with this Article 2 and acknowledge that each Party will rely thereon in doing business related to the Transaction. The Transaction Tape is adopted by the Parties as a means by which a Transaction is reduced to tangible form, and the Parties to a Transaction are identified and authenticate a Transaction. Any Transaction formed and effectuated pursuant to the foregoing shall be considered to be a "writing" or "in writing" and to have been "signed" and any Transaction Tape shall be considered to constitute an "original" document evidencing the Transaction. Each Party consents to the recording of its employees' telephone conversations without any further notice. SEE RIDER TRANSACTION AGREEMENT REQUIRED

2.3. Equipment and Transaction Tape. Company shall at its expense maintain equipment necessary to regularly record Transactions on Transaction Tapes and tain Transaction Tapes in such manner as to protect its business records from proper access; provided, Company shall not be liable for any malfunction of uipment or the operation thereof in respect of any Transaction WITHOUT REGARD THE CAUSE OR CAUSES RELATED THERETO, INCLUDING, WITHOUT LIMITATION, THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. No Transaction shall be vitiated should a malfunction occur in equipment regularly utilized for recording Transactions or retaining Transaction Tapes or the operation thereof, and in such event, the Transaction shall be evidenced by the written and computer records of the Parties concerning the action made contemporaneously with the t conversation.

2.4. Confirmations. In addition to, but not in lieu of, the foregoing, the agree that Company may confirm a recorded telephonic Transaction by forwa Customer a facsimile Confirmation and that a reasonable time for the rec Customer of a Confirmation is within 24 hours of the Transaction for Company does hereby adopt its letterhead, including its address, as its signa any Confirmation as the identification of Company and authentication by Com the Confirmation, and such letterhead shall be sufficient to verify that Co originated the Confirmation. The Parties agree that any objections to the cont the Confirmation shall be made in writing on or before the Confirm Deadline purposes hereunder and at law.

2.5. Enforcement of Transactions. The Parties agree not to contest or as defense to the validity or enforceability of telephonic Transactions entered i accordance with this Agreement under laws relating to (i) whether c agreements are to be in writing or signed by the Party to be thereby bound or (authority of any employee of the Party if the employee name and the Identifi Code of the Party are stated in the Transaction Tape.

ARTICLE 3. QUANTITY OBLIGATIONS 3.1. Seller's Sales Oblig Seller shall Schedule, or cause to be Scheduled, at the Delivery Point(s) on a basis each Gas Day a quantity of Gas equal to the quantity properly requeste Buyer up to the DCQ or MaxDQ, if applicable ("Buyer's Requested Quantity"). U otherwise agreed nothing in this Agreement, and in particular this Article 3, require or permit either Party to Schedule Gas at a point other than a Delivery P or in excess of the DCQ, Maximum Daily Delivery Point Quantity or MaxDQ applicable.

3.2. Seller's Failure to Schedule. If on any Gas Day Seller fails to Sche Buyer's Requested Quantity, then such occurrence shall constitute a "Sell Deficiency Default" and "Seller's Deficiency Quantity" shall be the numer difference between Buyer's Requested Quantity and the amount of Gas Schedu for such Gas Day. In the event of a Seller's Deficiency Default, Seller shall p Buyer the sum of the following: (i) an amount equal to the product of the Selle Deficiency Quantity multiplied by the Replacement Price Differential, plus liquidated damages equal to $0.15 multiplied by Seller's Deficiency Quantity to co Buyer's administrative and operational costs. During any Month in which Selle nonperformance continues for a period of five consecutive Gas Days Buyer may ele upon notice to Seller, without liability, not to recommence Scheduling Gas hereund for the remainder of such Month, but for no longer period. Subject to offset pursua to Section 3.5, payment to Buyer shall be made no later than 10 Days after recei by Seller of Buyer's invoice for same.

3.3. Buyer's Purchase Obligation. Buyer shall Schedule, or cause to Scheduled, at the Delivery Point(s) on a firm basis each Gas Day a quantity of G equal to the DCQ; provided, (i) if the MinMQ is applicable to a Transaction, Buy shall Schedule, or cause to be Scheduled, at the Delivery Point(s) on a firm basis eac Month a minimum quantity of Gas equal to the MinMQ and (ii) if the MinDQ applicable to a Transaction, Buyer shall Schedule, or cause to be Scheduled, at t Delivery Point(s) on a firm basis each Day a minimum quantity of Gas equal to t MinDQ.

3.4. Buyer's Failure to Schedule. If on any Gas Day Buyer fails to Schedule t DCQ or MinDQ, if applicable, then such occurrence shall constitute a "Buye Deficiency Default" and "Buyer's Deficiency Quantity" shall be the numeric difference between the DCQ or MinDQ, if applicable, and the quantity of G Scheduled for such Gas Day; provided, if the MinMQ is applicable to a Transaction, the Buyer's Deficiency Default shall occur if Buyer fails to Schedule the MinMQ i any Month and (ii) the Buyer's Deficiency Quantity shall be the numerical differen between the MinMQ and the quantity of Gas Scheduled for such Month. In the eve of a Buyer's Deficiency Default, Buyer shall pay Seller the sum of the following:

Replacement Price Differential, plus (ii) liquidate[illegible] ...s equal to $0.15 multiplied by Buyer's Deficiency Quantity to cover Seller's administrative and operational costs. With respect to DCQ and MinDQ obligations, during any Month in which Buyer's nonperformance continues for a period of five consecutive Gas Days Seller may elect upon notice to Buyer, without liability, not to recommence Scheduling Gas for the remainder of such Month, but for no longer period. Subject to offset pursuant to Section 3.5, payment to Seller shall be made in accordance with the Billing and Payment provisions set forth in Appendix "1."

3.5. Offset. In the event that Buyer and Seller are each required to pay an amount in the same Month under Section 3.2 and Section 3.4, or under Section 3.2 and the Billing and Payment provisions set forth in Appendix "1", then such amounts with respect to each Party shall be aggregated and the Parties shall discharge their obligations to pay through offset, in which case the Party, if any, owing the greater aggregate amount shall pay to the other Party the difference between the amounts owed.

ARTICLE 4. DEFAULTS AND REMEDIES 4.1. Early Termination. If a Triggering Event (defined in Section 4.2) occurs with respect to either Party at any time during the term of this Agreement, the other Party (the "Notifying Party") may (i) upon two Business Days written notice to the first Party, which notice shall be given no later than 60 Days after the discovery of the occurrence of the Triggering Event, establish a date on which any or all Transactions selected by it and this Agreement in respect thereof will terminate ("Early Termination Date") except as provided in Section 8.4, and (ii) withhold any payments due in respect of such Transactions; provided, upon the occurrence of any Triggering Event listed in item (iv) of Section 4.2 as it may apply to any party, the Transactions selected by the Notifying Party and this Agreement in respect thereof shall automatically terminate, without notice, as if an Early Termination Date had been immediately declared except as provided in Section 4. If an Early Termination Date occurs, the Notifying Party shall in good faith calculate its damages, including its associated costs and attorneys' fees, resulting from the termination of the terminated Transactions (the "Termination Payment"). The Termination Payment will be determined by (i) comparing the value of (a) the remaining term, quantities and prices under each such Transaction had it not been terminated to (b) the equivalent quantities and relevant market prices for the remaining term either quoted by a bona fide third party offer or which are reasonably expected to be available in the market under a replacement contract for each such Transaction and (ii) ascertaining the associated costs and attorneys' fees. To ascertain the market prices of a replacement contract the Notifying Party may consider, among other valuations, any or all of the settlement prices of NYMEX Gas futures contracts, quotations from leading dealers in Gas swap contracts and other bona fide third party offers, all adjusted for the length of the remaining term and the basis differential. Upon the netting of all terminated Transactions, if the calculation of the Termination Payment does not result in damages to the Notifying Party, the Termination Payment shall be zero. The Notifying Party shall give the Affected Party (defined in Section 4.2) written notice of the amount of the Termination Payment, inclusive of a statement showing its determination. The Affected Party shall pay the Termination Payment to the Notifying Party within 10 Days of receipt of such notice. At the time for payment of any amount due under this Article 4, each Party shall pay to the other Party all additional amounts payable by it pursuant to this Agreement, but all such amounts shall be netted and aggregated with any Termination Payment payable hereunder. If the Affected Party disagrees with the calculation of the Termination Payment, the issue shall be submitted to arbitration pursuant to this Agreement and the resulting Termination Payment shall be due and payable within three Days after the award.

Triggering Event shall mean, with respect to a Party (the "Affected Party"): (i) failure by the Affected Party to make, when due, any payment required under this Agreement if such failure is not remedied within five Business Days after written notice of such failure is given to the Affected Party; provided, the payment is not the subject of a good faith dispute as described in the Billing and Payment provisions of (ii) any representation or warranty made by the Affected Party in this Agreement shall prove to have been false or misleading in any material respect when made or deemed to [illegible]d or (iii) the failure by the Affected Party to per any covenant set forth in this Agreement (other than its obligations to make payment or obligations which are otherwise specifically covered in this Section as a separate Triggering Event), and such failure is not excused by Force Majeu cured within five Business Days after written notice thereof to the Affected Par (iv) the Affected Party shall (a) make an assignment or any general arrangemen the benefit of creditors, (b) file a petition or otherwise commence, authoriz acquiesce in the commencement of a proceeding or cause under any bankrupto similar law for the protection of creditors, or have such petition filed against it such proceeding remains undismissed for 30 Days, (c) otherwise become bankru insolvent (however evidenced) or (d) be unable to pay its debts as they fall due o Seller's unexcused failure to Schedule the Buyer's Requested Quantity requested Buyer for a cumulative period of 30 or more Gas Days in a 12 Month period in one Transaction or (vi) Buyer's unexcused failure to Schedule the DCQ or MinDQ a cumulative period of 30 or more Gas Days in a 12 Month period in any Transaction, or, if applicable, the MinMQ for a cumulative period of three Months i 12 Month period in any one Transaction or (vii) the occurrence of a Material Adve Change of the Affected Party; provided, such Material Adverse Change shall not considered if the Affected Party establishes, and maintains throughout the te hereof, a Letter of Credit (naming the Notifying Party as the beneficiary) in amount equal to the sum of (in each case rounding upwards for any fractional amo to the next $ 500,000.00) (a) the Notifying Party's Termination Payment plus (b) the Notifying Party is Seller, the aggregate of the amounts Seller is entitled receive under each Transaction for Gas Scheduled during the 60 Day peri preceding the Material Adverse Change (the amount of said Letter of Credit to b adjusted quarterly to reflect amounts owing at that point in time) or (viii) th Affected Party fails to establish, maintain, extend or increase a Letter of Cred when required pursuant to this Agreement, or after reasonable notice fails to replac the issuing bank with another bank acceptable to the beneficiary.

4.3. Other Events. In the event Buyer under a Transaction is regulated by a federa state or local regulatory body, and such body shall disallow all or any portion of an costs incurred or yet to be incurred by Buyer under any provision of this Agreement such action shall not operate to excuse Buyer from performance of any obligation no shall such action give rise to any right of Buyer to any refund or retroactive adjustment of the Contract Price provided in any Transaction. Notwithstanding the foregoing, if the Affected Party's activities hereunder become subject to regulation of any kind whatsoever under any law (other than with respect to New Taxes) to a greater or different extent than that existing on the Effective Date and such regulation either (i) renders this Agreement illegal or unenforceable or (ii) materially adversely affects the business of the Affected Party, with respect to its financial position or otherwise, then in the case of (i) above, either Party, and in the case of (ii) above, only the Affected Party, shall at such time have the right to declare an Early Termination Date in accordance with the provisions hereof; provided, notwithstanding the rights of the Parties to declare an Early Termination Date as above stated, the Affected Party shall be liable for payment of the Termination Payment calculated by the non-Affected Party as provided in Section 4.1.

4.4. Offset. Each Party reserves to itself all rights, set-offs, counterclaims and other remedies and defenses consistent with Section 8.3 (to the extent not expressly herein waived or denied) which such Party has or may be entitled to arising from or out of this Agreement. All outstanding Transactions and the obligations to make payment in connection therewith or under this Agreement may be offset against each other, set off or recouped therefrom.

ARTICLE 5. FORCE MAJEURE This Article 5 is the sole and exclusive excuse of performance permitted under this Agreement and all other excuses at law or in equity are WAIVED to the extent permitted by law. Except with respect to payment obligations, in the event either Party is rendered unable, wholly or in part, by Force Majeure to carry out its obligations hereunder, it is agreed that upon such Party's giving notice and full particulars of such Force Majeure to the other Party as soon as

reasonably possible (such notice to be confirmed [illegible] ...ing), the obligations of the Party giving such notice, to the extent they are affected by such event, shall be suspended from the inception and during the continuance of the Force Majeure for a period of up to 60 Days in the aggregate during any 12 Month period. But for no longer period. The Party receiving notice of Force Majeure may immediately take such action as it deems necessary at its expense for the entire 30 Day period or any part thereof. The Parties expressly agree that upon the expiration of the 60 Day period Force Majeure shall no longer apply to the obligations hereunder and both Buyer and Seller shall be obligated to perform. The cause of the Force Majeure shall be remedied with all reasonable diligence and dispatch; provided, unless otherwise agreed no provision herein shall require or permit Seller or Buyer to Schedule quantities of Gas (i) in excess of the DCQ, Maximum Daily Delivery Point Quantity or MaxDQ, as applicable, or (ii) at points other than the Delivery Point(s).

ARTICLE 6. TAXES 6.1. Allocation of and Indemnity for Taxes. The Contract Price includes full reimbursement for, and Seller is liable for and shall pay, or cause to be paid, or reimburse Buyer if Buyer has paid, all Taxes applicable to the Gas sold upstream of the Delivery Point(s). In the event Buyer is required to remit such Tax, the amount thereof shall be deducted from any sums becoming due to Seller hereunder. Seller shall indemnify, defend and hold harmless Buyer from any Claims for such Taxes. The Contract Price does not include reimbursement for, and Buyer is liable for and shall pay, cause to be paid, or reimburse Seller if Seller has paid, all Taxes applicable to the Gas sold downstream of or at the Delivery Point(s), including any Taxes imposed or collected by a taxing authority with jurisdiction over Buyer. Buyer shall indemnify, defend and hold harmless Seller from any Claims for such Taxes.

6.2. New Taxes. A. If (i) a New Tax occurs and (ii) Buyer or Seller would be responsible for such New Tax if it were a Tax under Section 6.1 and (iii) such New Tax is, due to and on the basis of laws, regulations and applicable contracts of Buyer effect as of the effective date of the New Tax, of the type which Buyer can pass directly through to, or be reimbursed by, another person or entity in the chain of Gas supply, such Buyer shall pay or cause to be paid, or reimburse Seller if Seller has paid, all such New Taxes and Buyer shall indemnify, defend and hold harmless Seller from any Claims for such Taxes; provided, if Buyer does not identify its contracts for long-term fixed sourcing in the ordinary course of its business and cannot identify applicable contracts, this Paragraph A shall not apply. B. If (i) a New Tax occurs and (ii) either Buyer or Seller would be responsible for such New Tax if it were a Tax under Section 6.1, and (iii) Paragraph A does not apply, such responsible Buyer or Seller (the "Taxed Party") shall be entitled to declare an Early Termination Date in accordance with the provisions of this Agreement subject to the following conditions: provided, prior to and including the initial Agreement Period (below defined) invoked under this Section 6.2, New Taxes shall be allocated as if they were Taxes as provided in Section 6.1: (a) the Taxed Party must give the non-Taxed Party at least 30 Days prior written notice (the "Agreement Period") of its intent to declare an Early Termination Date (and which notice shall be given no later than 90 Days after the later of the enactment or effective date of the relevant New Tax), and prior to the proposed Early Termination Date Buyer and Seller shall attempt to reach a mutual agreement as to the sharing of the New Tax, (b) if a mutual sharing agreement is not reached, the non-Taxed Party shall have the right, but not the obligation, upon written notice to the Taxed Party within the Agreement Period, to pay the New Tax for any continuous period it so elects on a Month to Month basis, and in such case the Taxed Party shall not have the right during such continuous period to declare the Early Termination Date on the basis of the New Taxes, (c) Should the non-Taxed Party at its election agree to pay the New Tax on a Month to Month basis, then upon 30 Days prior written notice to the Taxed Party of its election to cease payment of such New Tax, the Taxed Party shall then be liable for the payment of the New Tax and the Parties shall again be subject to this Section 6.2 as if the New Tax had an effective date as of the date the non-Taxed Party ceases payment of such New Tax, (d) if a mutual sharing agreement is not reached and the non-Taxed Party does not elect to pay the New Tax for any period of time within the Agreement Period, the Early Termination Date shall take effect and all Transactions must be terminated and be subject to the same Early Termination Date. (e) the Early Termination [illegible] shall be effected as if a Triggering Event had occu and the Termination Payment calculated as set forth in Section 4.1 shall be paya provided, both Seller and Buyer pursuant to Section 4.1 shall calculate t respective Termination Payments resulting from the termination of all Transacti as if they each were a Notifying Party; provided further, if the calculation of Termination Payments results in either the non-Taxed Party's or the Taxed Par having either a gain or loss (after netting its gains against its losses), the Par shall share equally such net gain due, or be responsible to pay to the Party having net loss, one-half of the Termination Payment and (f) such Termination Payment s be payable as provided in Section 4.1 and its calculation shall be subject arbitration as provided in the ENFOLIO General Provisions.

6.3. Cooperation. Upon request, a Party shall provide a certificate of exemption other evidence of exemption from any Tax and each Party agrees to cooperate w the other in obtaining an exemption and minimizing Taxes payable in respect of Transactions.

ARTICLE 7. TITLE, RISK OF LOSS, INDEMNITY AND BALANCING 7.1. Titl Risk of Loss and Indemnity. As between the Parties, Seller shall be deemed to l in exclusive control and possession of Gas Scheduled hereunder and responsible f any damage or injury caused thereby prior to the time the same shall have bee delivered to Buyer. After delivery of Gas to Buyer at the Delivery Point(s), Buyi shall be deemed to be in exclusive control and possession thereof and responsible fo any injury or damage caused thereby. Title to Gas Scheduled hereunder shall pas from Seller to Buyer at the Delivery Point(s). Seller and Buyer each assumes a liability for and shall indemnify, defend and hold harmless the other Party from an Claims, including injury to and death of persons, arising from any act or inciden occurring when title to the Gas is vested in the Indemnifying Party. IT IS THI INTENT OF THE PARTIES THAT THIS INDEMNITY AND THE LIABILITY ASSUMEI UNDER IT BE WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF INCLUDING, WITHOUT LIMITATION, THE NEGLIGENCE OF ANY INDEMNIFIEC PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE.

7.2. Correction of Imbalances, Cashouts and Penalties. Differences between Scheduled quantities and actual quantities delivered and received hereunder ("Imbalances") will be corrected or settled in cash or Gas or by offset as the Parties agree. Additionally, in the event of (i) an Imbalance on Buyer's Transporter's system caused by Seller or Seller's Transporter's delivery of less or more than the Scheduled quantity for any Gas Day (in which case Seller shall be the "Responsible Party") or (ii) an Imbalance on Seller's Transporter's system caused by Buyer or Buyer's Transporter's receipt of more or less than the Scheduled quantity for any Gas Day (in which case Buyer shall be the "Responsible Party"), the Responsible Party shall be liable for and reimburse to the other Party any associated Transporter penalties or cashout costs and losses incurred by such other Party. In the event the tariff of either Buyer's or Seller's Transporter provides for cashouts on the basis of the aggregation of all overdeliveries and underdeliveries between such Transporter and Buyer or Seller, respectively (the "Aggregate Transporter Imbalance"), and the nature of the Imbalance (overdelivery or underdelivery) attributable to the Responsible Party is the same as the Aggregate Transporter Imbalance (overdelivery or underdelivery), the Responsible Party shall participate in the other Party's cashout settlement of the Aggregate Transporter Imbalance on the basis of only the Responsible Party's pro-rata share thereof.

ARTICLE 8. MISCELLANEOUS 8.1. Notices. All notices, including, without limitation, consents, and communications made pursuant to this Agreement shall be made as specified in Exhibit "A." Notices required to be in writing shall be delivered in written form by letter, facsimile or other documentary form. Notice by facsimile or hand delivery shall be deemed to have been received by the close of the Business Day on which it was transmitted or hand delivered (unless transmitted or hand delivered after close in which case it shall be deemed received at the close of the next Business Day) or such earlier time confirmed by the receiving Party. Notice b

overnight mail or courier shall be deemed to have been received two Business Days after it was sent or such earlier time confirmed by the receiving Party. Any notices given hereunder in respect of the declaration of an Early Termination Date shall be also addressed and sent to the attention of the Corporate Secretary of Buyer or Seller at the notice address in Exhibit "A." Any Party may change its addresses by providing notice of same in accordance herewith.

8.2. Transfer. This Agreement, including, without limitation, each indemnification, shall inure to and bind the permitted successors and assigns of the Parties; provided, neither Party shall transfer this Agreement without the prior written approval of the other Party which may be withheld entirely at the option of such Party; provided further, 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 transferor Party of its obligations hereunder. Any Party's transfer in violation of this Section 8.2 shall be void.

8.3. Limitation of Remedies, Liability and Damages and Mitigation. THE PARTIES DO HEREBY CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS HEREIN PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY HEREUNDER. THE OBLIGOR'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY HEREIN PROVIDED, THE OBLIGOR'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY. SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY HEREUNDER AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. SEE RIDER ANTICIPATORY REPUDIATION UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, IN TORT, CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. NOTWITHSTANDING ANY OTHER PROVISION IN THIS AGREEMENT, IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY PENALTIES OR CHARGES ASSESSED BY ANY TRANSPORTER OR OTHER ENTITY FOR THE UNAUTHORIZED RECEIPT OF GAS BY THE OTHER PARTY. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING, WITHOUT LIMITATION, THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE LIQUIDATED DAMAGES CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS. BUYER ACKNOWLEDGES THAT IT HAS ENTERED INTO THIS AGREEMENT AND IS CONTRACTING FOR THE GOODS TO BE SUPPLIED BY SELLER BASED SOLELY UPON THE EXPRESS REPRESENTATIONS AND WARRANTIES HEREIN SET FORTH AND SUBJECT TO SUCH REPRESENTATIONS AND WARRANTIES, ACCEPTS SUCH GOODS "AS-IS" AND "WITH ALL FAULTS." SELLER EXPRESSLY NEGATES ANY OTHER REPRESENTATION OR WARRANTY, WRITTEN OR ORAL, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY WITH RESPECT TO CONFORMITY TO MODELS OR SAMPLES, MERCHANTABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE. EACH PARTY HEREBY WAIVES ALL RIGHTS UNDER, ARISING OUT OF OR ASSOCIATED WITH TEXAS & BUSINESS COMMERCE CODE SECTIONS 17.41 THROUGH 17.63 KNOWN AS THE DECEPTIVE TRADE PRACTICES-CONSUMER PROTECTION ACT TO THE EXTENT ALLOWED BY LAW. The Parties acknowledge the duty to mitigate damages hereunder. In this connection, the Parties recognize that the ability to effectuate arrangements for the sale or purchase of Gas is conditioned upon the volatility of Gas markets, the creditworthiness and reliability of potential customers, the complexity and size of the portfolios of contracts managed by each Party and the need to conduct market business in an orderly manner. Therefore, the Parties agree that (i) three Business Days is a commercially reasonable period to pu[illegible] or sell Gas in respect of a Seller's or Deficiency Default and (ii) three Business Days after the end of the Month [illegible] the Early Termination Date occurs is a commercially reasonable period a[illegible] establishment of an Early Termination Date to determine the Termination P[illegible] provided, notwithstanding the foregoing, if Gas volumes made the basis of a[illegible] or Buyer's Deficiency Default or a Party's determination of the Termination P[illegible] are in excess of 20,000 MMBtu/Gas Day, the Parties recognize that a longer [illegible] may ordinarily be required to effectuate cover or determine the Termination P[illegible] in an orderly manner so as not to adversely affect the Gas market. Each Par[illegible] utilize its discretion, with commercially reasonable foresight, to adjust the tim[illegible] staggering of the purchases or sales of Gas volumes in its efforts to m[illegible] damages. No claim that a Party failed to mitigate damages shall be grounded on the basis of counter Gas market movement.

8.4. Winding Up Arrangements. Upon the expiration of the Parties' sa[illegible] purchase obligations under this Agreement, any monies, penalties or other c[illegible] due and owing Seller shall be paid, any corrections or adjustments to pay[illegible] previously made shall be determined, and any refunds due Buyer made, with[illegible] Days. Any imbalances in receipts or deliveries shall be corrected to zero ba[illegible] within 60 Days. All indemnity obligations and audit rights shall surviv[illegible] termination of this Agreement. The Parties' obligations provided in this Agree[illegible] shall remain in effect for the purpose of complying herewith.

8.5. Applicable Law. THIS AGREEMENT AND EACH TRANSACTION AND RIGHTS AND DUTIES OF THE PARTIES ARISING OUT OF THIS AGREEMENT SH[illegible] BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED [illegible] ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REGAR[illegible] PRINCIPLES OF CONFLICTS OF LAW. THE PARTIES AGREE THAT [illegible] AGREEMENT AND ALL TRANSACTIONS SHALL BE ACCEPTED AND FORME[illegible] THE STATE OF TEXAS ACCORDING TO THE PROCEDURES HEREIN SET FORTH.

8.6. Document, Record Retention and Evidence. This Agreement, the Exhi[illegible] and Appendices hereto, if any, and each Transaction constitute the entire agreem[illegible] between the Parties relating to the subject matter contemplated by this Agreem[illegible] There are no prior or contemporaneous agreements or representations (whether [illegible] or written) affecting the subject matter other than those herein expressed. Ot[illegible] than with respect to Transactions entered into in accordance with the procedu[illegible] set forth in this Agreement and as otherwise herein expressly stated ([illegible] "Transaction Procedures"), no amendment or modification to this Agreement shall [illegible] enforceable, unless reduced to writing and executed by both Parties. The conduct [illegible] the Parties in accordance with the Transaction Procedures shall evidence a course [illegible] dealing and a course of performance accepted by the Parties in furtherance of th[illegible] Agreement and all Transactions entered into by the Parties. The provisions of th[illegible] Agreement shall not impart rights enforceable by any person, firm or organization n[illegible] a Party or not bound as a Party, or not a permitted successor or assignee of a Par[illegible] bound to this Agreement. Except as otherwise herein stated, any provision, article [illegible] section declared or rendered unlawful by a court of law or regulatory agency wi[illegible] jurisdiction over the Parties or deemed unlawful because of a statutory change wi[illegible] not otherwise affect the lawful obligations that arise under this Agreement. Th[illegible] headings used for the Articles herein are for convenience and reference purpose[illegible] only. All Exhibits and Appendices referenced in this Agreement, if any, ar[illegible] incorporated. Any original executed Agreement or Transaction Agreement may b[illegible] photocopied and stored on computer tapes and disks (the "Imaged Agreement"). Th[illegible] Imaged Agreement, if introduced as evidence on paper, the Confirmation, i[illegible] introduced as evidence in facsimile form, and the Transaction Tape, if introduced a[illegible] evidence in its original form and as transcribed onto paper, in any judicial, arbitratio[illegible] mediation or administrative proceedings, will be admissible as between the Parties [illegible] the same extent and under the same conditions as other business records originate[illegible] and maintained in documentary form. Neither Party shall contest the admissibility o[illegible] the Transaction Tape in its original form, or photocopies of the transcription theres[illegible] or photocopies of the Confirmation or the Imaged Agreement under either th[illegible] business records exception to the hearsay rule or the best evidence rule on the basi[illegible] that such were not originated or maintained in documentary form.

8.7. Confidentiality. Each Party shall not disclose terms of any Transaction to a third party (other than the Party's and its affiliates' employees, lenders, counsel or accountants who have agreed to keep such terms confidential) except in order to comply with any applicable law, order, regulation or exchange rule; provided, each Party shall notify the other Party of any proceeding of which it is aware which may result in disclosure and use reasonable efforts to prevent or limit the disclosure. The provisions of the Agreement other than the terms of any Transaction are not subject to this confidentiality obligation. The Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with, this confidentiality obligation; provided, all monetary damages shall be limited to actual direct damages.

The Parties have executed this Agreement in multiple counterparts to be construed as one effective as of the Effective Date.

ENRON GAS MARKETING, INC.

By: _____ DGH

Title: Vice President

ENRON GAS SERVICES CANADA CORP.

By: _____ MLH

Title: President

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APPENDIX

ENFOLIO GENERAL PROVISIONS

Usage and Definitions All references to Articles and Sections are to those set forth in this Agreement. Reference to any document means such document as amended from time to time and reference to any Party includes any permitted successor or assignee thereof. The following definitions and any terms defined internally in this Agreement shall apply to this Agreement and all notices and communications made pursuant to this agreement.

"*Btu*" means the amount of energy required to raise the temperature of one pound of pure water one degree Fahrenheit from 59 degrees Fahrenheit to 60 degrees Fahrenheit. The term "*MMBtu*" means one million Btus.

"*Buyer*" means the Party to a Transaction who is obligated to purchase Gas during a Period of Delivery.

"*C.T.*" means Central Time.

"*Claims*" means all claims or actions, threatened or filed and whether groundless, false or fraudulent, that directly or indirectly relate to the subject matters of the indemnity, and the resulting losses, damages, expenses, attorneys' fees and court costs, whether incurred by settlement or otherwise, and whether such claims or actions are threatened or filed prior to or after the termination of this Agreement.

"*Confirmation*" means a written notice confirming the specific terms of a Transaction which may be in any form adequate at law; an example of a Confirmation which may be utilized hereunder is shown in "Exhibit B."

"*Confirm Deadline*" means 24 hours after a Party receives a Confirmation; provided, if the Confirmation is not received during a Business Day it shall be deemed received at the open of the next Business Day.

"*Contract Price*" means the price for the purchase or sale of Gas pursuant to a Transaction.

"*Daily Contract Quantity*" ("*DCQ*") means the quantity of Gas to be Scheduled each Gas Day pursuant to a Transaction.

"*Day*" means a period of 24 consecutive hours, beginning at midnight C.T. on any calendar Day. "*Business Day*" means a Day on which Federal Reserve member banks in New York City are open for business and a Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time. "*Gas Day*" means a period of 24 consecutive hours beginning at the time of the applicable Transporter's gas day.

"*Delivery Point(s)*" means the agreed point(s) of delivery pursuant to a Transaction.

"*Force Majeure*" means an event not anticipated as of the Effective Date, which is not within the reasonable control of the Party claiming suspension, and which by the exercise of due diligence such Party is unable to overcome or obtain or cause to be obtained a commercially reasonable substitute performance thereto; provided, neither (i) the loss of Buyer's markets nor Buyer's inability economically to use or resell Gas purchased hereunder nor (ii) the loss or failure of Seller's Gas supply, including, without limitation, depletion of reserves or failure of production resulting from well freeze-offs, nor Seller's ability to sell Gas to a market at a more advantageous price, shall constitute an event of Force Majeure. "Force Majeure" shall include an event of Force Majeure occurring with respect to the facilities or services of Buyer's or Seller's Transporter.

"*GAAP*" means generally accepted accounting principles, consistently applied.

"*Gas*" means methane and other gaseous hydrocarbons meeting the quality standards and specifications of Buyer's Transporter.

"*Identification Code*" means a Party's numerical code utilized for recorded telephonic Transactions, as follows: Company _____, Customer _____.

"*Indemnified Party*" and "*Indemnifying Party*" mean the Party receiving and providing an indemnity, respectively.

"*Interest Rate*" means, for any date, two percent over the per annum rate of interest announced as the "Prime Rate" from time to time for commercial loans by Citibank, N. A. as established by the administrative body of such bank charged with the responsibility of establishing such rate, as same may change from time to time; provided, the Interest Rate shall never exceed the maximum lawful rate permitted by applicable law.

("*Letter of Credit*" means an irrevocable standby letter of credit issued confirmed in a form and by a commercial bank acceptable to the Party whose favor it is issued.)

"*Material Adverse Change*" means with respect to Company or Customer either ceases to be owned or otherwise controlled by Enron Corp.; "owned or otherwise controlled by" meaning the direct or indirect ownership of at least 51% of the outstanding capital stock or other equity interests of Customer or Company having ordinary voting power.

"*MaxDQ*" means the maximum quantity of Gas that Seller is required to Schedule per Gas Day pursuant to a Transaction, if applicable.

"*Maximum Daily Delivery Point Quantity*" means the maximum quantity of Gas which may be Scheduled per Gas Day at each Delivery Point where there are multiple Delivery Points applicable to a Transaction.

"*MinDQ*" means the minimum quantity of Gas that Buyer is required to Schedule per Gas Day pursuant to a Transaction, if applicable.

"*MinMQ*" means for any Month the minimum quantity of Gas per Gas Day that Buyer is obligated to Schedule times the number of Days in the Month pursuant to a Transaction, if applicable.

"*Month*" means a period of time beginning at midnight C.T. on the first Day of any calendar Month and ending at midnight C.T. on the first Day of the following calendar Month.

"*New Taxes*" means (i) any Taxes enacted and effective after the Effective Date, including, without limitation, that portion of any Taxes or New Taxes that constitutes an increase, or (ii) any law, order, rule or regulation, interpretation thereof, enacted and effective after the Effective Date resulting in the application of any Taxes to a new or different class of parties.

"*Period of Delivery*" means the period from the date Scheduling obligations are to commence to the date same are to terminate under a Transaction.

"*Pipeline*" means a company authorized to ship Gas on behalf of itself or others on physical Gas transmission facilities.

"*Pricing Hours*" means the hours C.T. from 8:00 a.m. to 5:00 p.m. of each Business Day.

"*Replacement Price Differential*" means (i) in the event of a Seller's Deficiency Default, the positive difference, if any, obtained by subtracting the Contract Price from the greater of (a) the cost to Buyer, including incremental transportation costs and other basis adjustments, to replace Seller's Deficiency Quantity for such Gas Day (but excluding penalties or charges for unauthorized receipts of Gas by Buyer) or (b) the Spot Price for the Gas Day in which Seller's Deficiency Default occurred, and (ii) in the event of a Buyer's Deficiency Default, the positive difference, if any, obtained by subtracting the lesser of (a) the price obtained by Seller in an incremental, arms-length sale(s) to a third party of a quantity equal to Buyer's Deficiency Quantity for such Gas Day, less incremental transportation charges to Seller, and including other basis adjustments, or (b) the Spot Price for the Gas Day in which Buyer's Deficiency Default occurred (or if the MinMQ is applicable, the Spot Price for the middle Gas Day of the Month in which Buyer's Deficiency Default occurred), from the Contract Price.

"*Scheduling*" or "*Schedule*," when used in reference to Seller, means to make Gas available, or cause Gas to be made available, at the Delivery Point(s) for delivery to or for the account of Buyer, including making all Pipeline nominations, and when used in reference to Buyer, means to cause Buyer's Transporter to make available at the Delivery Point(s) transportation capacity sufficient to permit Buyer's Transporter to receive on a firm basis the quantities Seller has available at such Delivery Point(s), including making all Pipeline nominations. Gas shall be deemed to have been Scheduled when confirmed by Transporter.

"*Seller*" means the Party to a Transaction who is obligated to sell Gas during a Period of Delivery.

"*Spot Price*" means the price set forth in Gas Daily® (Pasha Publications, Inc.), or successor publication, in the column "Daily Price Survey" under the listing applicable to the geographic location agreed pursuant to a Transaction for the relevant Gas Day. If there is no single price published for that particular Gas Day, but there is published a range of prices under the above column and listing, then the Spot Price shall be the average of such high and low prices, ie

Day, then the Spot Price shall be the [illegible] the following: the price determined as stated above) for each of the first Gas Day immediately preceding and following the Gas Day in which the default occurred for which a Spot Price can be determined.

"*Taxes*" means any or all ad valorem, property, occupation, severance, production, extraction, first use, conservation, Btu or energy, gathering, transport, Pipeline, utility, gross receipts, gas or oil revenue, gas or oil import, privilege, sales, use, consumption, excise, lease, transaction, and other or new taxes, governmental charges, licenses, fees, permits and assessments, or increases therein, other than taxes based on net income or net worth.

"*Transaction*" means an agreement and any amendment or modification thereof made in accordance herewith for the purchase or sale of Gas to be performed hereunder.

"*Transaction Agreement*" means a written paper-based agreement executed by the Parties to form and effectuate a Transaction which may be substantially in the form set forth in Exhibit "B-1."

"*Transaction Tape*" means the tape recording of a recorded Transaction effectuated in accordance with Article 2.

"*Transporter*" means either the Pipeline delivering or receiving Gas at a Delivery Point in a Transaction.

•Representations and Warranties As a material inducement to entering into this Agreement, including each Transaction, each Party, with respect to itself, hereby represents and warrants to the other Party continuing throughout the term of this Agreement as follows: (i) there are no suits, proceedings, judgments, rulings or orders by or before any court or any governmental authority that materially adversely affect its ability to perform this Agreement or the rights of the other Party under this Agreement, (ii) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, and it has the legal right, power and authority and is qualified to conduct its business, and to execute and deliver this Agreement and perform its obligations under the same and each Transaction, and all regulatory authorizations have been maintained as necessary for it to legally perform its obligations hereunder, (iii) the making and performance by it of this Agreement is within its powers, has been duly authorized by all necessary action on its part, and does not and will not violate any provision of law or any rule, regulation, order, writ, judgment, decree or other determination presently in effect applicable to it or its governing documents, (iv) each of this Agreement and each Transaction when entered into constitutes a legal, valid and binding act and obligation of it, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization and other laws affecting creditor's rights generally, and with regard to equitable remedies, to the discretion of the court before which proceedings to obtain same may be pending, (v) there are no bankruptcy, insolvency, reorganization, receivership or other arrangement proceedings pending or being contemplated by it, or to its knowledge threatened against it, (vi) it has assets of $5,000,000 or more according to its most recent financial statements prepared in accordance with GAAP and knowledge and experience in financial matters that enable it to evaluate the merits and risks of this Agreement, and (vii) it is not in a disparate bargaining position with the other Party.

•Operations and Delivery Scheduling Requests. Not later than two Business Days prior to the earlier of Buyer's or Seller's Transporter's nomination deadline for the first Gas Day of each Month during a Period of Delivery, Buyer agrees to provide to Seller facsimile notice of the quantities Buyer requests Seller to Schedule for each Gas Day of such Month. Should Buyer desire to change the requested quantities Scheduled, Buyer shall provide to Seller facsimile notice thereof not later than one Business Day prior to the earlier of Buyer's or Seller's Transporter's nomination deadline for the applicable Gas Day. In the event the nomination or Scheduling deadline of a Transporter conflicts with these notification dates, Buyer and Seller [illegible] to modify the notification dates accordingly. Scheduling requests to Seller will [illegible]cepted at the telephone number and shall be confirmed by facsimile as set forth [illegible]hibit "A."

Transportation. Seller shall obtain, or cause to be obtained, transportation to the Delivery Point, and Buyer shall obtain, or cause to be obtained, transportation from the Delivery Point.

Gas Specifications. Seller represents that all Gas delivered hereunder shall meet or exceed the specifications of Buyer's Transporter.

Multiple Delivery Point [illegible]ation. In the event a Transaction shall contain [illegible] than one Delivery Point, the Parties shall specify a Maximum Daily Delivery Quantity for each Delivery Point. The Delivery Points which shall be utilized [illegible] delivery of Gas and the quantities of Gas to be Scheduled for delivery at [illegible] Delivery Points shall be determined by Seller in its sole discretion within [illegible] applicable Maximum Daily Delivery Point Quantity. Seller shall provide to Buyer [illegible] list of Delivery Points and quantities determined by it within a period of [illegible] necessary to permit Buyer to make nominations.

Operational Flow Orders. Should either Party receive an operational flow order [illegible] other order or notice from a Transporter requiring action to be taken in connection with this Agreement or Gas flowing under this Agreement ("OFO"), such Party [illegible] immediately notify the other Party of the OFO and provide the other Party a copy [illegible] same by facsimile. The Parties shall take all actions required by the OFO within [illegible] time prescribed. Each Party shall indemnify, defend and hold harmless the other [illegible] Party from any Claims, including, without limitation, all non-compliance penalties [illegible] attorneys' fees, associated with an OFO (i) of which the Indemnifying Party failed [illegible] give the Indemnified Party the notice required hereunder or (ii) under which [illegible] Indemnifying Party failed to take the action required by the OFO within the [illegible] prescribed.

•Financial Matters Billing, Invoice Date, Charges and Payment. By the 10[illegible] Day of each calendar Month following the Month in which Gas was Scheduled under a Transaction, Seller shall provide Buyer with a written statement setting forth Gas Scheduled during the preceding Month, and other charges due Seller, including without limitation, deficiency charges under Article 3. Billing and payment will be based on Scheduled quantities. Within five Business Days of the request of either Party, the other Party shall provide, to the extent it has a legal right of access thereto and/or such statement is then available, a copy of the Transporter's allocation or imbalance statement applicable to Gas sold hereunder for the requested period. The difference, if any, between Scheduled and actual quantities delivered or accepted shall be treated as imbalances under Article 7. Buyer shall remit any amounts due by the 10th Day following Buyer's receipt of Seller's statement. Payment of all funds shall be made by wire transfer, in U.S. funds on a same day basis to the account designated on Exhibit "A." If Buyer or Seller should fail to remit any amounts in full when due hereunder interest on the unpaid portion shall accrue from the date due at a rate equal to the Interest Rate. Billings, payments and statements shall be made by wire transfer to the accounts or the addresses/facsimiles specified in Exhibit "A."

Suspension of Performance. If either Party fails to make a timely payment and such failure is not remedied within two Business Days after such Party receives written notice of default, the nondefaulting Party, in addition to other remedies, may suspend the Scheduling of Gas until such amount, including interest, is paid; provided, if the defaulting Party, in good faith, shall dispute the amount of any such billing or part thereof and shall pay such amounts as it concedes to be correct, no suspension shall be permitted.

Audit Rights. For a period of two years from the date of termination of a Transaction Buyer or Seller or any third party representative thereof shall have the right, upon reasonable notice and at reasonable times, to examine the books and records of the other to the extent reasonably necessary to verify the accuracy of any billing statement, payment demand, charge, payment or computation made under this Agreement. The records of the Parties shall be retained in accordance with Section 8.6 for a five period to facilitate the audit rights of the Parties.

Financial Information. If requested by Customer, Company shall deliver (i) within 120 Days following the end of each fiscal year, a copy of the annual report of Enron Corp. containing consolidated financial statements for such fiscal year certified by independent certified public accountants and (ii) within 60 Days after the end of each of its first three fiscal quarters of each fiscal year, a copy of the quarterly report of Enron Corp. containing unaudited consolidated financial statements for such fiscal quarter. If requested by Company, Customer (or its Guarantor) shall deliver (i) within 120 Days following the end of each fiscal year, a copy of its annual report containing consolidated financial statements for such fiscal year certified by independent certified public accountants and (ii) within 60 Days after the end of each of its first three fiscal quarters of each fiscal year, a copy of its quarterly report containing unaudited consolidated financial statements for such fiscal quarter. In all cases the statements shall be for the most recent [illegible]

accordance with GAAP; provided, should any su[illegible]ents not be timely due to a delay in preparation or certification, such delay shall not be considered a default so long as such Party diligently pursues the preparation, certification and delivery of the statements.

•Warranty of Title to Gas Seller in any Transaction warrants that title to Gas to be Scheduled by Seller is free from all production burdens, liens and adverse claims and warrants its right to sell the same. Seller agrees to indemnify, defend and hold harmless Buyer against all Claims to or against the title of said Gas. In the event any Claim is asserted to said Gas, Buyer, in addition to other remedies, may suspend its obligation to pay for said Gas up to the amount of such Claim.

•Alternate Price Redetermination If any or all of the indices used to determine the Spot Price or the Contract Price are not available in the future, the Parties agree to promptly negotiate a mutually satisfactory alternate index for the Spot Price or Contract Price (each an "Alternate Price"). If the Parties cannot agree by the end of the first Month for which the Spot Price or Contract Price could not be determined, then Seller and Buyer shall each prepare a prioritized list of up to five alternative published reference postings or prices representative of spot prices for Gas delivered in the same geographic area. Each Party shall submit its list to the other within 10 Days after the end of the first Month for which the price could not be determined. The first listed index appearing in Seller's list that also appears in Buyer's list shall constitute the replacement index. If no common indices appear on the lists, each Party shall submit a new list adding two indices within 10 Days. If either Party fails to provide timely a list, such Party's list shall not be considered. From and after the "Renegotiation Date," which shall be the date the Spot Price or Contract Price is no longer available, until the Alternate Price is determined, the Alternate Price shall be the average of the Spot Price(s) or Contract Price(s) in effect during the 12 Months preceding the Month in which the Renegotiation Date occurred, which price shall be effective until the Alternate Price is determined. Upon determination of a new Alternate Price, the Spot Price or Contract Price, as applicable, will be adjusted retroactively to the Renegotiation Date.

Effect of Waiver or Consent No waiver or consent by either Party, express or implied, of any one or more defaults by the other Party in the performance of any provision of this Agreement shall operate or be construed as a waiver or consent of any other default or defaults whether of a like or different nature. Failure by a Party to complain of any act of the other Party or to declare the other Party in default with respect to this Agreement, regardless of how long that failure continues, shall not constitute a waiver by that Party of its rights with respect to that default until the applicable statute of limitations period has run.

•Indemnifications With respect to each indemnification included in this Agreement the indemnity is given to the extent authorized by law and the following provisions shall be considered applicable. The Indemnified Party shall promptly notify the Indemnifying Party in writing of any Claim and the Indemnifying Party shall have the right to assume the investigation and defense thereof, including the employment of counsel, and shall be obligated to pay the related attorneys' fees; provided, the Indemnified Party shall have the right to employ separate counsel and participate in the defense of any Claim, however, the attorneys' fees of such counsel shall be paid by the Indemnified Party unless the employment of such counsel has been consented to in writing by the Indemnifying Party or the Indemnifying Party has failed to assume the defense and employ counsel in a timely manner; provided further, if the named parties to any Claim include both Parties, and the Indemnified Party shall have been advised by counsel that there may be a legal defense available to it which is different from those available to the Indemnifying Party, the Indemnified Party may elect to employ separate counsel at the expense of the Indemnifying Party, in which case the Indemnifying Party shall pay all attorneys' fees of such counsel and shall not have the right to assume the defense of the Claim on behalf of the Indemnified Party. The Parties shall use reasonable efforts to cooperate in the defense of any Claim. The Indemnifying Party shall not be liable for any settlement of a Claim without its express written consent thereto. The Indemnified Party shall reimburse the Indemnifying Party for payments made or costs incurred in respect of an indemnity with the proceeds of any judgment, insurance, bond, surety or other recovery made with respect to an event covered by the indemnity.

•Arbitration Any dispute or need of interpretation arising out of this Agreement pertaining to the calculation of a Termination Payment shall be submitted to binding arbitration by one arbitrator with over eight years of professional experience in the commodity futures [illegible] derivative products and the Gas industry and who not previously been employed by either Party, and does not have a direct or indi interest in either Party or the subject matter of the arbitration. Such arbitrator either be as mutually agreed by the Parties within 30 Days after written notice f either Party requesting arbitration, or failing agreement, shall be selected under expedited rules of the American Arbitration Association (the "AAA") using the at criteria. Such arbitration shall be held in alternating locations of the home office Seller and Buyer, commencing with Seller's office. The rules of the AAA shall a to the extent not inconsistent with the rules herein specified. Either Party initiate arbitration by written notice to the other Party and the arbitration shal conducted according to the following: (i) not later than seven Days prior to hearing date set by the arbitrator each Party shall submit a brief with a single d figure for settlement, (ii) the hearing shall be conducted on a confidential b without continuance or adjournment, (iii) the arbitrator shall be limited to selec only one of the two figures submitted by the Parties, (iv) each Party shall di equally the cost of the hearing and each shall be responsible for its own expen and those of its counsel and representatives and (v) evidence concerning the finan position or organizational make-up of the Parties, any offer made or the details of negotiation prior to arbitration and the cost to the Parties of their representati and counsel shall not be permissible.

•Authority for Transactions Each Party represents to the other Party that each its employees has authority to enter into Transactions pursuant to this Agreement its behalf. Identification and authority of a Party's employee engaging in a recort telephonic Transaction shall be conclusively established for all purposes by statement on the Transaction Tape by the employee of the employee's name and Party's Identification Code; provided, failure to state either the employee name or Identification Code shall not evidence any lack of authority of the employee effectuate and form a Transaction.

EXHIBIT "A"
ENFOLIO MASTER FIRM PURCHASE/SALE AGREEMENT

NOTICE AND COMMUNICATION

TO COMPANY:
Notices/Correspondence:
Enron Gas Marketing, Inc.
P.O. Box 1188
Houston, Texas 77251-1188
Attn: Commercial Operations
Facsimile No. (713) 646-8420

Invoices:
Enron Gas Marketing, Inc.
P.O. Box 1188
Houston, Texas 77251-1188
Attn: Commercial Operations
Facsimile No. (713) 646-8420

Payments:
Enron Gas Marketing, Inc.
ABA Routing 111000025 Nations Bank Tx
Account 4140327387

Nominations: 1(800)356-3427/1(800)FLOWGAS

Confirmations: EGM Gas Trading 1(713)646-2531

TO CUSTOMER:
Notices/Correspondence:
Enron Gas Services Canada Corp.
Canterra Tower, Suite 3500
400-3rd Avenue S.W.
Calgary, Alberta T2P 4H2
Attn: Corporate Secretary
Phone # (403) 974-6703
Facsimile # (403) 974-6707

Invoices:
Enron Gas Services Canada Corp.
Canterra Tower, Suite 3500
400 - 3rd Avenue S.W.
Calgary, Alberta T2P 4H2
Attn: Manager, Accounting
Phone # (403) 974-6728
Facsimile # (403) 974-6706

Payments:
Enron Gas Services Canada Corp.
The Toronto-Dominion Bank
Commercial Banking Center
2 Calgary Place, 340-5th Avenue, S.W.
Calgary, Alberta T2P 4H2
Bank #004 Branch #80609
Account # 0805 0465537
Phone #(403) 292-1100
Facsimile #(403) 232-1217

Nominations:
Phone # (403) 974-6752
Facsimile # (403) 974-6706
Confirmations:
Phone # (403) 974-6752
Facsimile # (403) 974-6706

D

EXHIBIT "B"

ENFOLIO MASTER FIRM PURCHASE/SALE AGREEMENT

EXAMPLE OF CONFIRMATION ON COMPANY LETTERHEAD (INCLUDING NAME AND ADDRESS) TO CONFIRM TELEPHONIC TRANSACTIONS UNDER SECTION 2.4

This Confirmation shall confirm the Transaction agreed to on _____, 19___ and binding between Enron Gas Services Canada Corp. ("Customer") and Enron Gas Marketing, Inc. ("Company") regarding the firm purchase and sale of Gas under the following terms and conditions. _____ to purchase and receive (Buyer) and _____ to sell and deliver (Seller). Transaction number _____.

DAILY CONTRACT QUANTITY (DCQ): _____
MAXDQ (if applicable): _____
MINMQ (if applicable): _____
MINDQ (if applicable): _____
DELIVERY POINT(S): _____
CONTRACT PRICE (per MMBtu): _____
PERIOD OF DELIVERY: _____
SPOT PRICE LOCATION: _____

This Confirmation is being provided pursuant to and in accordance with the ENFOLIO Master Firm Purchase/Sale Agreement in effect between Customer and Company (the "Agreement") and constitutes part of and is subject to all of the terms and provisions of such Agreement. All capitalized terms herein used, but not defined, shall have the meanings set forth in the Agreement. Company does hereby adopt its letterhead, including its address, as its signature in respect of the identification of Company and the authentication by Company of this Confirmation. Any objection of Customer to this Confirmation must be made by written notice to Company prior to the Confirm Deadline, as agreed and defined in the Agreement.

EXHIBIT "B-1"

ENFOLIO MASTER FIRM PURCHASE/SALE AGREEMENT

SUGGESTED FORM OF TRANSACTION AGREEMENT FOR USE WITH TRANSACTIONS FORMED UNDER SECTION 2.2(i)

This Transaction Agreement (this "Agreement") shall form and effectuate the current proposal between _Enron Gas Services Canada Corp. ("Customer") and Enron Gas Marketing, Inc. ("Company") regarding the firm purchase and sale of Gas under the following terms and conditions. _____ to purchase and receive (Buyer) and _____ to sell and deliver (Seller). Transaction number _____.

DAILY CONTRACT QUANTITY (DCQ): _____
MAXDQ (if applicable): _____
MINMQ (if applicable): _____
MINDQ (if applicable): _____
DELIVERY POINT(S): _____
CONTRACT PRICE (per MMBtu): _____
PERIOD OF DELIVERY: _____
SPOT PRICE LOCATION: _____

This Transaction Agreement is being provided pursuant to and in accordance with the ENFOLIO Master Firm Purchase/Sale Agreement in effect between Customer and Company and constitutes part of and is subject to all of the terms and provisions of such Agreement. Please execute this Transaction Agreement and return an executed copy to Company. Your execution should reflect the appropriate party in your organization who has the authority to enter into this Transaction. Upon receipt by Company of this executed Transaction Agreement it shall constitute a Transaction formed and effectuated under Section 2.2(i) of the above referenced Master Agreement. In the event Customer alters the terms of this Transaction Agreement in any manner or fails to execute and return to Company this Transaction Agreement within 24 hours of its receipt thereof, there will be no Transaction under the above referenced Master Agreement pursuant to this Transaction Agreement.

ENRON GAS SERVICES CNADA CORP.

_____
(Title) _____
Date) _____

ENRON GAS MARKETING, INC.

_____
(Title) _____
(Date) _____

E.

ENRON CAPITAL & TRADE RESOURCES CANADA
WORLDWIDE ENERGY SOLUTIONS

December 31, 1996

Enron Capital & Trade Resources Corp.
1400 Smith Street
Houston, Texas 77046
U.S.A.

CONFIRMATION LETTER

This Confirmation Letter shall confirm the verbal agreement reached on December 9, 1996, (the "Effective Time"), between Enron Capital & Trade Resources Corp. ("ECTR") and Enron Capital & Trade Resources Canada Corp. ("ECT Canada"), regarding the sale and purchase of natural gas under the following terms and conditions:

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

I. CONDITIONS PRECEDENT: The obligations of Buyer and Seller, respectively, to deliver and sell and to take and purchase Gas as provided for in this Confirmation Letter, shall not arise prior to the satisfaction of each of the following conditions precedent ((a), (b) and (c) below, collectively, the "Conditions Precedent"):

(a) Buyer or Seller shall have obtained all approvals and firm transportation agreements necessary (i) to transport the MaxDQ (as defined in the "Poco Confirm", defined below) on the facilities of TransCanada PipeLines Limited ("TCPL") from Empress to Niagara, Ontario, at the interconnect of TCPL and National Fuel Gas Supply Corporation ("National Fuel") and (ii) to transport the MaxDQ (as defined in this Confirmation Letter) on National Fuel from Niagara to Leidy, Pennsylvania, each for the Period of Delivery (the two transportation components referred to collectively as the "Transportation Arrangement"); and

(b) Poco Petroleums Ltd. ("Poco") shall have obtained all regulatory approvals necessary to remove the MaxDQ from Alberta, and Buyer or Seller shall have obtained all regulatory approvals necessary (i) to export the MaxDQ from Canada, and (ii) to import the MaxDQ to the United States.

(c) The Parties agree that Seller's supplier, Poco Petroleums Ltd. ("Poco"), pursuant to a Confirmation Letter dated December 9, 1996, between Seller and Poco (the "Poco Confirm"), intends to use a short-term removal permit that it currently holds for commencement of deliveries under the Poco Confirm and that Poco will seek to renew the permit as required to remove Gas from the Province of Alberta throughout the Period of Delivery. If either the NEB, in its consideration of an application for facilities expansion and in its consideration of an application for a long-term export permit for this

3500 Canterra Tower • 400 3rd Avenue SW • Calgary Alberta T2P 4H2 • 403 974 6700 • Fax 403 974 6706

F.

Transaction, or the Department of Energy ("DOE"), in its consideration of an application for an import permit, require Poco to obtain a long-term removal permit, covering the entire Period of Delivery, then Poco is required, under the terms of the Poco Confirm to use best efforts to obtain such a long-term removal permit, failing which, it shall be considered to be a failure to meet acondition precedent under the Poco Confirm and it shall also be considered to be a failure to meet a condition precedent hereunder. If the NEB and DOE do not require Poco to obtain such a long-term removal permit, and Poco and Seller begin performance under the Poco Confirm on the basis of Poco's current short-term permit and the Parties begin performance of this Transaction and subsequently, at any time during the Period of Delivery, Poco is unable to renew its short-term removal permit to allow it to complete performance of its obligations for the Period of Delivery in the Poco Confirm, then such circumstances shall be considered to be a Triggering Event under the Master Agreement between ECTR and ECT Canada (defined below), and the demand charges on National Fuel shall be included in calculating the Termination Payment.

Buyer and Seller each warrant that it will use all reasonable efforts to fulfill the Conditions Precedent. Buyer and Seller shall inform each other forthwith in writing upon the Conditions Precedent having been met and shall cooperate in fulfilling the Conditions Precedent. If by October 1, 1997, the Conditions Precedent have not been met, then either Buyer or Seller may terminate the Transaction under this Confirmation Letter by giving written notice thereof to the other Party hereto prior to October 3, 1997.

II. MaxDQ: 15,388 Mcf (435.9 10^3m^3) per Day.

III. LOAD FACTOR: 100%

IV. MinPQ: MaxDQ multiplied by the Load Factor, multiplied by the number of Days in the applicable Month

V. DELIVERY POINT: At the interconnect between TCPL and National Fuel on the Canadian side of the international border at Niagara, Ontario.

VI. CONTRACT PRICE: The Contract Price, for each delivery Month shall be a price in U.S. dollars per MMBtu equal to: the Leidy Index minus the Actual Tariff where:

"Leidy Index" means the price for the applicable delivery Month in U.S. dollars per MMBtu published in the first issue in that Month by *Inside F.E.R.C.'s Gas Market Report*, in the table entitled "Prices of Spot Gas Delivered to Pipelines", in the column for "Index" in the row for "CNG Transmission Corp. Appalachia"; and where:

"Actual Tariff" means the FERC-approved maximum per unit tariff effective for the delivery Month, for firm transportation service from Niagara, Ontario, to Leidy, Pennsylvania on National Fuel times the number of units of gas delivered by Seller to Buyer at the Delivery Point. The Actual Tariff shall include but not be limited to, demand charges, commodity charges, delivery pressure charges and all other applicable charges.

"FERC" means the Federal Energy regulatory Commission of the United States.

VII. PERIOD OF DELIVERY: (a) Subject to part (b) below, the Period of Delivery shall commence at 08:00h November 1, 1997, and terminate at 08:00h November 1, 2007.

(b) If the commencement of firm service by either TCPL (for the Transaction in the Poco Confirm) or National Fuel, or both, pursuant to TCPL's expansion to Niagara, Ontario, and National Fuel's expansion to Leidy, Pennsylvania, for the MaxDQ under the Poco Confirm and this Confirmation Letter is delayed beyond November 1, 1997, then the Period of Delivery shall commence on the date that such service by TCPL and National Fuel commences (the "Service Commencement Date"), and the Period of Delivery shall terminate at 08:00h on the date that is ten years from and after the Service Commencement Date.

VIII. AMENDMENTS TO THE MASTER AGREEMENT: For the purpose of this Confirmation Letter, the Master Agreement (defined below) shall be amended as follows:

1. Article 5 of the Master Agreement shall be deleted and replaced with the following:

"This Article 5 is the sole and exclusive excuse for non-performance permitted under this Confirmation Letter, and all other excuses at law or in equity are waived. Except with regard to payment obligations, in the event either Party is rendered unable, wholly or in part, by Force Majeure to carry out its obligations under this Agreement, it is agreed that upon such Party's giving notice and full particulars of such Force Majeure to the other Party as soon as reasonably possible, such notice to be confirmed in writing, then the obligations of the Party giving such notice, to the extent that they are affected by such Force Majeure, shall be suspended, from its inception during the continuance of the Force Majeure."

"Force Majeure" means only a curtailment of firm service or an interruption of firm service occurring with respect to the interconnection point of the facilities of TCPL and National Fuel at Niagara, Ontario; provided, however, Seller shall, in addition, have the right to declare Force Majeure if there is (i) a curtailment of firm service or an interruption of firm service by NOVA of NOVA Inventory Transfer Service ("NIT") which affects all NOVA shippers who had nominated for deliveries or receipts to take place by NIT on that Day, or (ii) a curtailment of firm service or an interruption of firm service occurring with respect to the facilities of NOVA, at Empress, Alberta, or (iii) a curtailment of firm service or an interruption of firm service with respect to the facilities of TCPL at Empress, Alberta, or Niagara, Ontario, or any point between the two, and provided, however, Buyer shall, in addition, have the right to declare Force Majeure if there is a curtailment or interruption of firm service with respect to the facilities of National Fuel at Niagara, Ontario, or Leidy, Pennsylvania, or any point between the two. On any Day that Force Majeure applies, both Parties' obligations to deliver and receive Gas shall be reduced by the same percentage that the applicable transporter interrupts or curtails firm service at a point mentioned in the previous sentence on such Day.

IX. OTHER: 1. For purposes of energy conversions, one MMBtu shall be equal to 1.054615 GJ's.

2. If, with respect to the National Fuel expansion capacity contemplated by the Poco Confirm and this Confirmation Letter, the FERC-approved maximum tariff for National Fuel is based on any tolling methodology other than rolled-in tolling, then Seller may terminate the Transaction under this Confirmation Letter by giving written notice thereof to Buyer prior to October 3, 1997.

3. If the 435.9 10^3m^3 plus Fuel Gas firm capacity on TCPL referred to in the Poco Confirm is assigned as contemplated therein, then commencing on the date upon which the transportation capacity is assigned, the MaxDQ for each Day under this Confirmation Letter shall be the identical quantity of Gas delivered by Poco to ECT Canada at Niagara on such Day. Seller shall pay Buyer in consideration of receiving this additional flexibility, on the tenth day immediately following the assignment, the first of three installment payments, each of which shall be equal to US $104,166.50. The second and third such installment payments shall be paid by Seller on the first and second anniversaries of the first payment.

4. For purposes of converting from Mcf to MMBtu, or vice versa, the posted MMBtu to Mcf heat value posted by TCPL for Niagara, Ontario, for the applicable delivery Month shall be used.

5. If the Transaction in the Poco Confirm is terminated for any reason, such termination shall constitute a Triggering Event under the Master Agreement between ECTR and ECT Canada; provided, however, ECTR or ECT Canada (whichever is the Notifying Party) shall only be entitled to terminate the Transaction under this Confirmation Letter as a result of such Triggering Event.

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

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

ENRON CAPITAL & TRADE RESOURCES
CANADA CORP.

Per: David Delainey
Title: Vice President

Accepted and agreed effective as of the Effective Time.

ENRON CAPITAL & TRADE RESOURCES CORP.

Per:
Title: Vice President

CGY:confirm\POCO22FC.doc

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

1997 MAR -7 P 4:45

RECD DOE/FE

ENRON CAPITAL & TRADE RESOURCES CORP.	)	FE DOCKET NO. 97-20-NG

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

DOE/FE ORDER NO. 1260

MARCH 7, 1997

G.

I. DESCRIPTION OF REQUEST

On February 14, 1997, Enron Capital & Trade Resources Corp. (ECT) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),[1/] and DOE Delegation Order Nos. 0204-111 and 0204-127, for authorization to import from Canada up to 15,400 MMcf of natural gas per day (up to approximately 5.6 Bcf annually). The term of the authorization would be for a period commencing November 1, 1997, and terminating on November 1, 2007. ECT is a Delaware corporation and wholly owned subsidiary of Enron Corp. Its principal place of business is located in Houston, Texas. ECT, the successor to Enron Gas Marketing, Inc., is one of the largest buyers and sellers of natural gas in North America. ECT is the parent corporation of Enron Capital & Trade Resources Canada Corp. (ECT Canada), which is the purchaser of the natural gas subject to this application from a supplier, Poco Petroleums Ltd. (Poco), in the Province of Alberta.

ECT proposes to import the natural gas from Canada at a point near Niagara, in the Province of Ontario. However, ECT may wish to bring these volumes into the U.S. at other points along the U.S.-Canada border from time to time. In order to retain flexibility, ECT requests that the import authorization not be restricted to a single point of importation.

The natural gas to be imported would be produced in Alberta, and would be transported to market through Nova Gas Transmission

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1/ 15 U.S.C. § 717b.

Limited (NOVA), TransCanada PipeLines Limited (TCPL) and National Fuel Gas Supply Corporation (National Fuel). The gas would flow on NOVA to Empress, Alberta, to the interconnect with TCPL, and then across Canada on the pipeline facilities of TCPL to the interconnect of TCPL and National Fuel at Niagara, Ontario. ECT would purchase the gas from ECT Canada on the Canadian side of the international border at a point near the interconnect between TCPL and National Fuel. The gas would continue to flow on the pipeline facilities of National Fuel to the interconnect of National Fuel and Transco in Leidy, Pennsylvania. The gas will then be delivered to markets or to interconnecting pipeline systems for delivery to markets in the northeastern U.S.

ECT would purchase the gas supplies from ECT Canada under an Enfolio Master Purchase/Sale Agreement (Master Agreement) dated June 1, 1994. The import arrangement contemplated is subject to the Master Agreement pursuant to a confirmation letter between ECT and ECT Canada dated December 31, 1996. The December 31, 1996, Confirmation Letter provides for the sale by ECT Canada to ECT of 15,400 MMBtu's of gas per day to be delivered at the U.S.-Canada border near Niagara for the period from November 1, 1997, up to November 1, 2007. To acquire this gas, ECT Canada entered into a purchase arrangement with Poco, under a Master Firm Gas Purchase/Sale agreement dated April 3, 1996, with a Confirmation Letter dated December 9, 1996. Poco will sell ECT Canada a maximum daily quantity of gas up to 15,400 MMBtu's per day, plus

fuel gas, in Alberta for a period coinciding with term of the proposed import.

The agreed price to be paid to ECT Canada for the gas would be a price in U.S. dollars per MMBTU equal to the price for the applicable delivery month published in Inside F.E.R.C.'s Gas Market Report, in the table entitled "Prices of Spot Gas Delivered to Pipelines", in the column for "Index" in the row for "CNG Transmission Corp. Appalachia", minus the Federal Energy Regulatory Commission's approved maximum per unit tariff effective for the delivery month, for firm transportation service from Niagara, Ontario, to Leidy, Pennsylvania on National Fuel times the number of units of gas delivered by ECT Canada to ECT. If ECT fails to schedule the minimum daily quantity or daily contract quantity, ECT shall pay a deficiency charge to ECT Canada.

II. FINDING

The application filed by ECT 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 ECT to import natural gas from Canada, a nation with which a free trade agreement is in effect, meets the

section 3(c) criterion and, therefore, is consistent with the public interest.

ORDER

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

A. Enron Capital & Trade Resources Corp. (ECT) is authorized to import up to 15,400 MMcf of natural gas per day from Canada commencing November 1, 1997, and terminating November 1, 2007. This natural gas shall be imported under a purchase and sale arrangement between ECT and Enron Capital & Trade Resources Canada Corp. dated June 1, 1994, which was confirmed by a letter agreement dated December 31, 1996. The natural gas may be imported at any point on the border of the United States and Canada.

B. Within two weeks after deliveries begin, ECT shall provide written notification to the Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy, Room 3F-056, FE-50, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the first import of natural gas authorized in Ordering Paragraph A above occurred.

C. With respect to the natural gas imports authorized by this Order, ECT shall file with the Office of Natural Gas & Petroleum Import and Export Activities, within 30 days following each calendar quarter, quarterly reports indicating whether imports of natural gas have been made. 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, ECT must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu delivered at the international border. Whenever imports have occurred at an entry point other than Niagara, Ontario, these volumes and prices must be reported separately. In addition, ECT shall provide to the extent possible, a breakdown of the import volume showing the amount sold in each state to each of its customers.

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

Issued in Washington, D.C., on March 7, 1997.

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

OM

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

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1998 FEB 25 A 8:39

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January 21, 1998

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

Gentlemen:

Enron Capital & Trade Resources Corp. hereby reports that deliveries of natural gas pursuant to DOE FE Docket NO. 97-20-NG commenced as of November 1, 1997.

Respectfully submitted,

ENRON CAPITAL AND TRADE RESOURCES CORP.

Juanita Marchand

By _____
Juanita Marchand
Regulatory Analyst

217

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

DOE/FE
A 11:48

October 25, 1999

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

Gentlemen:

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

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

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

Respectfully submitted,

ENRON NORTH AMERICA

By Juanita Marchand
Juanita Marchand
Logistics Specialist

218

State of Delaware

Office of the Secretary of State

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

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

219

Edward J. Freel, Secretary of State

2240966 8100

991366280

AUTHENTICATION: 9950716

DATE: 09-01-99

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

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

DOES HEREBY CERTIFY:

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

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

ARTICLE I.

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

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

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

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

Angus H. Davis

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

ATTEST:

Elaine V. Overturf

Name: Elaine V. Overturf
Title: Deputy Corporate Secretary

220

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

REC'D DOE/FE

1999 NOV 26 P 12: 44

ENRON NORTH AMERICA CORP. (Formerly Enron Capital & Trade Resources Corp.)	)	FE DOCKET NO. 97-20-NG

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

DOE/FE ORDER NO. 1260-A

On March 7, 1997, the Department of Energy (DOE) granted a long-term authorization to Enron Capital & Trade Resources Corp. in DOE/FE Order No. 1260 (Order 1260)[1/] to import from Canada up to 5.6 billion cubic feet of natural gas annually. The term of the authorization is from November 1, 1997, to November 1, 2007.

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

1/ 1 FE ¶ 71,382.

221

Accordingly, pursuant to section 3 of the Natural Gas Act, Order 1260 is amended to substitute Enron North America Corp. as the importer of natural gas. All terms and conditions in Order 1260 remain in full force and effect.

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

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

Enron Corp.
P.O. Box 1188
Houston, TX 77251-1188
(713) 853-6161

REC'D DOE/FE
2001 FEB 12 P 12: 16

January 2, 2001

Robert Kripowicz
Assistant Secretary of Fossil Energy
Office of Fossil Energy
Department of Energy
Washington, DC 20525

Re: Enron Capital & Trade Resources Corp. Authorization to Import Natural Gas from Canada, FE Docket 97-20-NG

Dear Mr. Kripowicz:

Please be advised that Enron North America Corp., formerly known as Enron Capital & Trade Resources Inc., no longer requires the authorization contained in Order No. 1260, issued March 7, 1997, as the commercial transaction between Enron Capital & Trade Resources Inc. and Enron Capital & Trade Resources Canada Corp., underlying the authorization, has been terminated. This is consistent with the fact that zero volumes have been reported to the Department of Energy under this Order for some time.

In view of the above, Enron North America Corp. requests that the Office of Fossil Energy terminate the authorization in FE Docket 97-20-NG.

If you have any questions, please contact Leslie Lawner at (505) 623-6778.

Yours truly,

ENRON NORTH AMERICA CORP.

Leslie Lawner
Director, Government Affairs

222

UNITED STATES OF AMERICA

REC'D DOE/FE
2001 MAR 22 A 7:05

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

ENRON NORTH AMERICA CORP.	)	FE DOCKET NO. 97-20-NG

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

DOE/FE ORDER NO. 1260-B

Enron North America Corp. (Enron North America)[1/] was authorized by the Office of Fossil Energy (FE) of the Department of Energy (DOE) in DOE/FE Order No. 1260 (Order 1260)[2/], as amended, to import up to 15,400 Mcf per day of natural gas from Canada beginning November 1, 1997, through October 31, 2007. The gas was imported under a June 1, 1994, purchase and sale arrangement between the predecessors of Enron North America and Enron Canada.

In a letter dated January 2, 2001, DOE was notified Enron North America no longer requires this import authorization because its contractual arrangement with Enron Canada has

1/ Enron North America was formerly known as Enron Capital & Trade Resources Corp. (Enron CT). It is a subsidiary of Enron Corp., one of the world's leading electricity, natural gas, and communications companies. Enron North America is the parent corporation of Enron Canada Corp. (Enron Canada), formerly known as Enron Capital & Trade Resources Canada Corp.

2/ *See* 1 FE ¶ 71,382 (March 7, 1997). Order 1260 was amended by DOE/FE Order No. 1260-A, issued November 26, 1999, to reflect Enron CT's name change to Enron North America (2 FE ¶ 70,418).

been terminated. Accordingly, pursuant to section 3 of the Natural Gas Act[3/], the authorization to import Canadian natural gas granted Enron North America by Order 1260, as amended, is hereby vacated.

Issued in Washington, D.C., on March 20, 2001.

Guido DeHoratiis
Acting Deputy Assistant Secretary for
Natural Gas & Petroleum Technology
Office of Fossil Energy

3/ 15 U.S.C. § 717b.

BEFORE THE DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

ENRON CAPITAL & TRADE RESOURCES CORP. § **DOCKET NO.** 97-B

APPLICATION OF ENRON CAPITAL & TRADE RESOURCES CORP. FOR BLANKET AUTHORIZATION TO IMPORT AND EXPORT NATURAL GAS

ENRON CAPITAL & TRADE RESOURCES CORP. ("ECT") hereby submits this application pursuant to Section 3 of the Natural Gas Act ("NGA"), 15 U.S.C. § 717b, the Department of Energy ("DOE") Delegation Order Nos. 0204.111 and 0204.127, and the regulations of DOE found at 10 C.F.R. Part 590, requesting blanket authorization to import up to 200 Bcf a year of natural gas produced in Mexico and to export up to 200 Bcf per year of natural gas to markets in Mexico, for a term of two years commencing January 1, 1998. ECT currently has blanket import/export authority under Order No. 1123 issued by the DOE in Docket 95-110-NG, effective from January 1, 1996 through December 31, 1997. Renewal of this blanket authorization is in the public interest.

In support of this application, ECT submits the following:

I.

Communications and correspondence regarding this application should be addressed to:

Leslie J. Lawner
Attorney for Enron Capital & Trade Resources Corp.
712 North Lea
Roswell, New Mexico 88201
(505) 625-2820

Monica C. Jordan
Attorney
Enron Capital & Trade Resources Corp.
P.O. Box 1188
Houston, Texas 77251-1188
(713) 853-5910

II.

The exact name of the applicant is Enron Capital & Trade Resources Corp. ECT is a Delaware corporation with its principle place of business in Houston, Texas. It is a wholly owned subsidiary of Enron Corp. ECT is a marketer of natural gas and ships gas on virtually

every major interstate pipeline system in the U.S. and Canada. ECT purchases gas from the major producing areas in the U.S. and Canada and serves markets throughout the U.S. and Canada. ECT purchases gas from the major producing areas in the U.S. and Canada and serves markets throughout the U.S., Canada and Mexico.

III.

By this application, ECT seeks authorization to import up to 200 Bcf annually of natural gas from Mexico, to enable ECT to serve various spot and long-term markets. ECT also seeks authorization to export natural gas to buyers located in Mexico, also up to 200 Bcf annually. ECT requests this authorization for a minimum period of two years, or longer, if DOE determines that such would be in the public interest so that ECT may efficiently and economically serve its existing and future commitments. ECT intends to utilize such facilities as may exist at the time the gas is exported or imported hereunder, accordingly, this application does not request approval of construction of any facilities.

ECT will notify the DOE's Office of Fossil Energy in writing of the date of first delivery hereunder and will file such reports as may be required by that Office.

IV.

Pursuant to Section 590.202 of DOE's regulations, ECT states that the import authorization would enable it to purchase up to 200 Bcf's of natural gas annually. The export authorization will enable ECT to export gas to markets in Mexico.

ECT is affiliated with four major interstate pipelines in the U.S.: Northern Natural Gas Co., Transwestern Pipeline Company, Florida Gas Transmission Co. and Northern Border Pipeline Company. ECT is also affiliated with Houston Pipe Line Company, a Texas intrastate pipeline company, and Louisiana Resources Pipeline, a Louisiana intrastate pipeline company. One or more of these affiliated companies may be involved in subsequent import or export transactions.

ECT is a major marketer of natural gas in North America. ECT sells gas to distribution companies, electric utilities, industrial users, cogeneration facilities and other marketers. The location, size and diversity of ECT's markets require it to find diverse supplies both geographically and economically. ECT would include foreign supplies in its portfolio as these supplies become available to it on reasonable terms and at competitive prices.

ECT does not contemplate the construction of any new facilities as part of this application. Accordingly, this application, if granted, would not have any measurable environmental impact. The application does not contemplate a Federal action significantly

affecting the quality of the human environment under the National Environmental Policy Act, 42 U.S.C. §§ 4321 *et seq*. No environmental assessment or impact statement is therefore required.

V.

ECT's current import/export authorization expires on December 31, 1997. ECT therefore requires that this new authorization be granted so that ECT will not experience a disruption in its ability to bring gas into or out of the U.S. to serve its markets. The authorization requested will further enable ECT to serve new markets with new supplies, both of which may have been unavailable to ECT in the past. The authorizations sought are in the public interest in that they enhance gas and interfuel competition in the North American market, consistent with the North American Free Trade Agreement and other federal policies designed to foster trade between the U.S. and Mexico. This can be achieved by granting the requested authorization to commence January 1, 1998, for a minimum term of two years.

WHEREFORE, ECT respectfully request that the authorizations described herein be granted as consistent with the public interest.

Respectfully submitted,

Monica C. Jordan

Monica C. Jordan
Attorney for Enron Capital & Trade
Resources Corp.

Dated: October 7, 1997

F:\COMMON\LEGAL\MJORDAN\MISC\DOEAPP2.DOC

CERTIFICATE OF COUNSEL

Pursuant to 10 C.F.R. Section 590.202, this Certificate of Counsel is hereby furnished in connection with the application of Enron Capital & Trade Resources Corp. ("ECT") for authorization to import and export natural gas to and from Mexico pursuant to Section 3 of the Natural Gas Act. In respect to this application, I am of the opinion that:

- ECT is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and
- The proposed importation and exportation of natural gas is within the corporate powers of ECT.

Dated: October 7, 1997

By: Monica C. Jordan

Monica C. Jordan
Attorney for Enron Capital & Trade
Resources Corp.

A.

4-1-15-NG/Gas

Monica C. Jordan
Attorney

Enron Corp.
P. O. Box 1188
Houston, TX 77251-1188

1400 Smith Street
Houston, TX 77002-7361
(713) 853-5910
Fax (713) 646-5847

REC'D DOE/FE
1997 OCT 16 P 3:51

October 10, 1997

Allyson Reilly
Office of Fossil Programs-
Fossil Energy Docket
U.S. Department of Energy
1000 Independence Avenue S.W.
Washington, D.C. 20585

RE: Amendment to the Application of Enron Capital & Trade Resources Corp. for Blanket Authorization to Import and Export Natural Gas to Mexico ("Application")

Dear Allyson:

As per our phone conversation of October 9, 1997, please be advised that the Application listed above shall be hereby amended as follows:

In Section II., please delete the phrase "and long-term" in the first sentence, so that the sentence now reads "By this application, ECT seeks authorization to import up to 200 Bcf annually of natural gas from Mexico, to enable ECT to serve various spot markets."

All other terms of the Application shall remain the same.

Should you have any questions about this amendment, please call me at (713) 853-5910.

Very truly yours,

Monica C. Jordan

Monica C. Jordan

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225.

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

ENRON CAPITAL & TRADE RESOURCES CORPORATION	)	FE DOCKET NO. 97-75-NG

ORDER GRANTING BLANKET AUTHORIZATION TO
IMPORT AND EXPORT NATURAL GAS
FROM AND TO MEXICO

DOE/FE ORDER NO. 1322

OCTOBER 27, 1997

226

I. DESCRIPTION OF REQUEST

On October 8, 1997, as amended on October 16, 1997, Enron Capital & Trade Resources Corporation (ECT) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA)[1/] and DOE Delegation Order Nos. 0204-111 and 0204-127, for authorization to import up to 200 billion cubic feet(Bcf) annually of natural gas and to export up to 200 Bcf annually of natural gas from and to Mexico over a two-year term beginning on January 1, 1998.[2/] ECT, a Delaware corporation with its principal place of business in Houston, Texas, is a wholly-owned subsidiary of Enron Corporation. ECT will import and export the natural gas under short-term and spot market arrangements for sale to ECT's markets throughout the United States and Mexico. The proposed authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by ECT has been evaluated to determine if the proposed import and export 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 or export of natural gas from or to a nation with which there is in effect a free

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1/ 15 U.S.C. § 717b.

2/ ECT's current blanket authorization to import and export natural gas from and to Mexico expires December 31, 1997. See DOE/FE Order No. 1123 issued November 22, 1995 (1 FE 71,205).

trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by ECT to import and export natural gas from and to Mexico, 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. This blanket order authorizes transactions under contracts with terms of no longer than two years. Consistent with our treatment of similar blanket applications and in order to maximize flexibility, there will be no restriction on the annual volumes that may be imported and exported.

ORDER

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

A. Enron Capital & Trade Resources Corporation (ECT) is authorized to import up to 400 Bcf of natural gas and to export up to 400 Bcf of natural gas from and to Mexico over a two-year term, from January 1, 1998, through December 31, 2000. This natural gas may be imported or exported at any point on the border of the United States and Mexico.

B. With respect to the natural gas imports and exports authorized by this Order, ECT shall file within 30 days following each calendar quarter, quarterly reports indicating whether imports or exports of natural gas have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports or exports of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If imports or exports have occurred, ECT must report the following: (1) total monthly volumes in Mcf; (2) the average monthly purchase price of gas per MMBtu at the international border; (3) the name of the seller(s); (4) the name of the purchaser(s); (5) the estimated or actual duration of the agreement(s); (6) the name of the U. S. transporter(s); (7) the point(s) of entry and exit; and (8) the geographic market(s) served (for imports, by State). For import transactions only, the report shall also include: (1) whether sales are being made on an interruptible or firm basis; and, if applicable, (2) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price.

C. With respect to the quarterly reports required by this Order, ECT shall file the quarterly reports with the Office of Natural Gas & Petroleum Import and Export Activitites, Fossil Energy, Room 3F-056, 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 April 30, 1998, and should cover the period from January 1, 1998, until the end of the first calendar quarter, March 30, 1998.

Issued in Washington, D.C., on October 27, 1997.

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

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

DOE/FE
A 11:48

October 25, 1999

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

Gentlemen:

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

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

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

Respectfully submitted,

ENRON NORTH AMERICA

By Juanita Marchand
Juanita Marchand
Logistics Specialist

227

State of Delaware

Office of the Secretary of State

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

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

228

Edward J. Freel, Secretary of State

2240966 8100

991366280

AUTHENTICATION: 9950716

DATE: 09-01-99

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

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

DOES HEREBY CERTIFY:

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

> RESOLVED, that in the judgment of the Board of Directors, it is deemed advisable to amend Article I of the Certificate of Incorporation of the Company so that it will be and read in its entirety as follows:
>
> ARTICLE I.
>
> The name of this corporation is **Enron North America Corp.**

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

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

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

Angus H Davis

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

ATTEST:

Elaine Overturf

Name: Elaine V. Overturf
Title: Deputy Corporate Secretary

229.

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

REC'D DOE/FE
1999 NOV 26 P 12: 44

ENRON NORTH AMERICA CORP. (Formerly Enron Capital & Trade Resources Corp.)	)	FE DOCKET NO. 97-75-NG

ORDER AMENDING AUTHORIZATION TO IMPORT
AND EXPORT NATURAL GAS FROM AND TO MEXICO

DOE/FE ORDER NO. 1322-A

On October 27, 1997, the Department of Energy (DOE) granted authorization to Enron Capital & Trade Resources Corp. in DOE/FE Order No. 1322 (Order 1322)[1/] to import up to 400 Bcf of natural gas and to export up to 400 Bcf of natural gas from and to Mexico over a two-year term, from January 1, 1998, through December 31, 2000.

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

1/ 1 FE ¶ 71,476.

230.

Accordingly, pursuant to section 3 of the Natural Gas Act, Order 1322 is amended to substitute Enron North America Corp. as the importer and exporter of natural gas. All terms and conditions in Order 1322 remain in full force and effect.

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

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

BEFORE THE DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

ENRON CAPITAL & TRADE RESOURCES CORP. § **DOCKET NO.** 97-76-NG

APPLICATION OF ENRON CAPITAL & TRADE RESOURCES CORP. FOR BLANKET AUTHORIZATION TO IMPORT AND EXPORT NATURAL GAS

97 OCT -8 PM 12:29
REC'D DOE/FE

ENRON CAPITAL & TRADE RESOURCES CORP. ("ECT") hereby submits this application pursuant to Section 3 of the Natural Gas Act ("NGA"), 15 U.S.C. § 717b, the Department of Energy ("DOE") Delegation Order Nos. 0204.111 and 0204.127, and the regulations of DOE found at 10 C.F.R. Part 590, requesting blanket authorization to import up to 500 Bcf a year of natural gas produced in Canada and to export up to 500 Bcf per year of natural gas to markets in Canada, for a term of two years commencing January 1, 1998. ECT is the successor in interest of Enron Gas Marketing, Inc., and as such, it currently has blanket import/export authority under Order No. 1122, issued by the DOE in Docket 95-108-NG, effective from January 1, 1996 through December 31, 1997. Renewal of this blanket authorization is in the public interest.

In support of this application, ECT submits the following:

I.

Communications and correspondence regarding this application should be addressed to:

Leslie J. Lawner
Attorney for Enron Capital & Trade Resources Corp.
712 North Lea
Roswell, New Mexico 88201
(505) 625-2820

Monica C. Jordan
Attorney
Enron Capital & Trade Resources Corp.
P.O. Box 1188
Houston, Texas 77251-1188
(713) 853-5910

II.

The exact name of the applicant is Enron Capital & Trade Resources Corp. ECT is a Delaware corporation with its principle place of business in Houston, Texas. It is a wholly owned subsidiary of Enron Corp. ECT markets natural gas and ships gas on virtually every

major interstate pipeline system in the U.S. and Canada. ECT purchases gas from the major producing areas in the U.S. and Canada and serves markets throughout the U.S., Canada and Mexico.

III.

By this application, ECT seeks authorization to import up to 500 Bcf annually of natural gas from Canada, to enable ECT to serve various spot and long-term markets. ECT also seeks authorization to export natural gas to buyers located in Canada, also up to 500 Bcf annually. ECT requests this authorization for a minimum period of two years, or longer, if DOE determines that such would be in the public interest so that ECT may efficiently and economically serve its existing and future commitments. ECT intends to utilize such facilities as may exist at the time the gas is exported or imported hereunder, accordingly, this application does not request approval of construction of any facilities.

ECT will notify the DOE's Office of Fossil Energy in writing of the date of first delivery hereunder and will file such reports as may be required by that Office.

IV.

Pursuant to Section 590.202 of DOE's regulations, ECT states that the import authorization would enable it to purchase up to 500 Bcf's of natural gas annually. While much of this gas will come from the Canadian province of Alberta, ECT will seek competitively priced supplies from other areas as well. The export authorization will enable ECT to export gas to markets in Canada.

ECT is a subsidiary of Enron Corp., and, as such, is affiliated with four major interstate pipelines in the U.S.: Northern Natural Gas Co., Transwestern Pipeline Company, Florida Gas Transmission Co. and Northern Border Pipeline Company. ECT is also affiliated with Houston Pipe Line Company, a Texas intrastate pipeline company, and Louisiana Resources Pipeline, a Louisiana intrastate pipeline company. One or more of these affiliated companies may be involved in subsequent import or export transactions.

ECT is a major marketer of natural gas in North America. Gas purchased by ECT is sold to gas distribution companies, electric utilities, industrial users, cogeneration facilities and other marketers. The location, size and diversity of ECT's markets require it to find diverse supplies both geographically and economically. ECT would include Canadian and other non-traditional supplies portfolio as these supplies become available to it on reasonable terms and at competitive prices.

ECT does not contemplate the construction of any new facilities as part of this application. Accordingly, this application, if granted, would not have any measurable environmental impact. The application does not contemplate a Federal action significantly affecting the quality of the human environment under the National Environmental Policy Act, 42 U.S.C. §§ 4321 *et seq*. No environmental assessment or impact statement is therefore required.

V.

ECT's current import/export authorization expires on December 31, 1997. ECT therefore requires that this new authorization be granted so that ECT will not experience a disruption in its ability to bring gas into or out of the U.S. to serve its markets. The authorization requested will further enable ECT to serve new markets with new supplies, both of which may have been unavailable to ECT in the past. The authorizations sought are in the public interest in that they enhance gas and interfuel competition in the North American market, consistent with the North American Free Trade Agreement and other federal policies designed to foster trade between the U.S. and Canada. This can be achieved by granting the requested authorization to commence January 1, 1998, for a minimum term of two years.

WHEREFORE, ECT respectfully request that the authorizations described herein be granted as consistent with the public interest.

Respectfully submitted,

Monica C. Jordan

Monica C. Jordan,
Attorney for Enron Capital & Trade
Resources Corp.

Dated: October 7, 1997

\\Egs3\sys\COMMON\LEGAL\MJORDAN\MISC\DOEAPP1.DOC

CERTIFICATE OF COUNSEL

Pursuant to 10 C.F.R. Section 590.202, this Certificate of Counsel is hereby furnished in connection with the application of Enron Capital & Trade Resources Corp. ("ECT") for authorization to import and export natural gas to and from Canada pursuant to Section 3 of the Natural Gas Act. In respect to this application, I am of the opinion that:

- ECT is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and
- The proposed importation and exportation of natural gas is within the corporate powers of ECT.

Dated: October 7, 1997

By: Monica C. Jordan

Monica C. Jordan
Attorney for Enron Capital & Trade
Resources Corp.

Enron Capital & Trade Resources Corp.
P. O. Box 1188
Houston, TX 77251-1188

October 6, 1997

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

Dear Sirs:

Enclosed are an original and five (5) copies each of:

1. application of Enron Capital & Trade Resources Corp. for blanket authorization to import from and export natural gas to Mexico;

2. application of Enron Capital & Trade Resources Corp. for blanket authorization to import from and export natural gas to Canada; and

3. a check for $100.00.

We have also enclosed an extra copy of each application which we ask that you kindly stamp as "filed" and return to us.

If you have any questions about either application, please call me at (713) 853-5910.

Very truly yours,

Monica C. Jordan

Monica C. Jordan

Enclosures

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

Enron Capital & Trade Resources Corp. § FE Docket No. 98-17-NG

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

I. ACTION SOUGHT FROM THE OFFICE OF FOSSIL FUELS

Pursuant to Section 3 of the Natural Gas Act of 1938, as amended, 15 U.S.C. § 717b (1994 Supp.), Section 201 of the Energy Policy Act of 1992, 15 U.S.C. § 717b(b)-(c) (1994 Supp.), Delegation Order Nos. 0204-111, 49 Fed. Reg. 6684 (Feb. 22, 1984) and 0204-127, 54 Fed. Reg. 11437 (Mar. 20, 1991) of the United States Department of Energy ("DOE"), and Part 590 of the DOE's regulations, 10 C.F.R. Part 590, Enron Capital & Trade Resources Corp. ("ECT") hereby requests that the DOE's Office of Fossil Energy grant it long-term authorization to import approximately 42,000 Mcf of natural gas per day, including fuel gas, (up to approximately 15.33 Bcf annually) at a receipt point located near Monchy, Saskatchewan and other receipt points along the Canada-U.S. border, for a term commencing on November 1, 1998 or such other date on which deliveries commence under the transactions specified below, and terminating ten years following commencement date. In support of this application, ECT presents the following:

II. OFFICIAL SERVICE LIST

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

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P.O. Box 1188
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(713) 853-5910
(713) 646-3393 - Fax

Leslie J. Lawner, Attorney
Enron Capital & Trade Resources Corp.
712 North Lea
Roswell, New Mexico 88201
(505) 623-6778
(505) 625-2920

III. DESCRIPTION OF THE PARTIES AND PROPOSED TRANSACTION.

A. Background.

ECT is a Delaware corporation and is a wholly-owned subsidiary of Enron Corp. Its principal place of business is located in Houston, Texas, with other offices located in Dublin, Ohio, Chicago, Illinois, Long Beach, San Francisco and Auburn, California, Omaha, Nebraska, Kansas City, Missouri, Denver, Colorado, and Tulsa, Oklahoma. ECT, the successor to Enron Gas Marketing, Inc., is one of the largest buyers and sellers of natural gas in North America, with physical and financial volumes in excess of 30 billion cubic feet per day. ECT is the parent corporation of Enron Capital & Trade Resources Canada Corp. ("ECT Canada"), which is the purchaser of the natural gas subject to this application from a supplier in the Province of Alberta, and the seller of the gas to ECT at the international boundary.

ECT proposes to import the natural gas from Canada at the export point near Monchy, in the Province of Saskatchewan. However, as this supply forms part of ECT's corporate portfolio, ECT may wish to bring these volumes in to the U.S. at other points along the U.S.-Canadian border from time to time. In order to retain flexibility, ECT requests that the subject import authorization not be restricted to a single point of import.

ECT will use the Canadian natural gas supplies imported hereunder to enhance its overall corporate supply portfolio. The natural gas to be imported will be produced in Alberta, and will be transported to market through NOVA Gas Transmission Ltd. ("NOVA"), Foothills Pipe Lines Ltd. ("Foothills") and Northern Border Pipeline Company ("Northern Border"). The gas will flow on NOVA for firm delivery to Foothills near McNeill, Alberta, and continue on the facilities of Foothills to Monchy, Saskatchewan, at the interconnect of Foothills and Northern Border. The gas will travel on Northern Border to Ventura, Iowa and Manhattan, Illinois, as applicable. The gas will be delivered to markets or to interconnecting pipeline systems for delivery to markets in the midwestern United States.

B. Supply

ECT will purchase the gas supplies from ECT Canada under an Enfolio Master Firm Purchase/Sale Agreement ("Master Agreement") dated June 1, 1994. This Master Agreement contemplates the parties entering into various transactions for the firm purchase and sale of gas to which the Agreement is to apply. The import arrangement contemplated hereunder is subject to the Master Agreement pursuant to five Confirmation Letters between ECT and ECT Canada dated February 12 and 13, 1997. (the "Confirmation Letters"). These Confirmation Letters provide for the sale by ECT Canada to ECT of 40,000 MMBtu's of gas per day, plus fuel gas, to be delivered at the U.S.-Canada border near Monchy, Saskatchewan for a term commencing on November 1, 1998 or such other date on which deliveries commence under the transactions specified, and terminating 10 years following the

commencement date. If ECT, as Buyer, fails to schedule the minimum daily quantity (MinDQ) or daily contract quantity (DCQ), this constitutes a Buyer's Deficiency Default and Buyer's Deficient quantity shall be the difference between the DCQ or MinDQ and the quantity of gas scheduled for such day. ECT will then be required to pay ECT Canada the sum of an amount equal to the product of Buyer's Deficiency Quantity multiplied by the Replacement Price Differential plus liquidated damages equal to $0.15 multiplied by Buyer's Deficiency Quantity to cover ECT Canada's administrative and operational costs. The Replacement Price Differential means the positive difference, if any, obtained by subtracting the lesser of (a) the price obtained by Seller in an incremental, arms-length sale(s) to a third party of a quantity of gas equal to Buyer's Deficiency Quantity for such day, less incremental transportation charges to the Seller, and including other basis adjustments or (b) the Spot Price for the day in which Buyer's Deficiency Default occurred from the Contract Price. Buyer shall not be liable to Seller for any amount for failing to Schedule or receive any volumes which are designated by Seller or Buyer to be Fuel Gas or which are deemed to be Fuel Gas. The Master Agreement and the Confirmation Letters are attached hereto as Exhibit "A".

ECT Canada has arranged to collectively purchase 40,000 MMBtu of natural gas per day from four Canadian Suppliers pursuant to Confirmation Letters entered into under Master Firm Gas Purchase/Sale Agreements with each of these suppliers. The Confirmation Letters provide for the following supply, plus fuel gas:

Supplier	Confirmation Letter	Volume
(i) Canadian Natural Resources	April 18, 1997	10,000 MMBtu/d
(ii) Canadian Natural Resources	April 18, 1997	15,000 MMBtu/d
(iii) Penn West Petroleums	December 12, 1996	5,000 MMBtu/d
(iv) Pinnacle Resources Ltd.	November 27, 1996	5,000 MMBtu/d
(v) Rigel Oil & Gas Ltd.	January 23, 1996	5,000 MMBtu/d

C. Transportation

The Alberta-sourced natural gas will be transported from the field to the contract delivery point at AECO "C "/NIT through NOVA facilities. ECT Canada holds sufficient NOVA capacity, with renewal rights, for transportation of approximately 15.33 Bcf of gas to be imported annually. The natural gas will be transported from the contract delivery point to the Canada-U.S. border near Monchy, Saskatchewan through the NOVA and Foothills facilities.

ECT will purchase the gas from ECT Canada on the Canadian side of the International Border at a point near the interconnect between Foothills and Northern Border.

D. Markets

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

The natural gas which ECT will acquire under the import authorization requested herein will be used as part of ECT's overall corporate gas supply portfolio. It is generally expected that the subject natural gas will be used to serve the U.S. northeast markets currently under long-term contracts to ECT.

IV. THE AUTHORIZATION SOUGHT IS CONSISTENT WITH THE PUBLIC INTEREST

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

V. ENVIRONMENTAL CONSIDERATIONS

As a result of the amendment of Section 3 of the Natural Gas Act effectuated by the Energy Policy Act of 1992, an environmental review of an import application is not required under the National Environmental Policy Act. See DOE/FE Order No. 762. Any environmental assessment or analysis necessary due to pipeline construction to serve ECT will be performed by the Federal Energy Regulatory Commission.

ECT Canada has already received the necessary export permits from the National Energy Board of Canada authorizing the long-term export of the gas made the subject of this transaction (License # GL-277).

VI. OTHER FEDERAL ACTION

Neither ECT nor any other party has any pending applications with any other federal agency with respect to the proposed import of natural gas.

VII. CONCLUSION

WHEREFORE, ECT requests that the Department of Energy Office of Fossil Energy grant it the authorization sought herein to import approximately 42,000 Mcf/d of natural gas, including fuel gas, from Canada for a ten year term commencing November 1, 1998, or such commencement date as set forth above.

Respectfully submitted,

Monica C. Jordan,
Attorney
ENRON CAPITAL & TRADE RESOURCES CORP.
P.O. Box 1188
1400 Smith Street
Houston, Texas 77251-1188

EXHIBIT "A"
SUPPLY ARRANGEMENTS

Enfolio Master Firm Purchase/Sale Agreement between Enron Capital & Trade Resources Corp. and Enron Capital & Trade Resources Canada dated June 1, 1994

Confirmation Letters between ECT and ECT Canada dated February 12 and 13, 1997

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

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

To Whom It May Concern:

This opinion is rendered in connection with the application of Enron Capital & Trade Resources Corp. ("ECT") for authorization under Section 3 of the Natural Gas Act to import up to 42,000 Mcf of natural gas per day, including fuel gas, (up to 15.33 Bcf annually), at a receipt point located near Monchy, Saskatchewan and other receipt points along the Canada-U.S. border, for a term commencing on November 1, 1998 or such other date on which deliveries commence under the transactions specified below, and terminating November 1, 2008.

Based upon my understanding of the application and my examination of the relevant documents, records and matters of law, it is my opinion that the proposed import of natural gas from Canada by ECT, as contemplated in the instant application, is within the corporate power of ECT.

Very truly yours,

Monica C. Jordan

Monica C. Jordan

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UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

ENRON CAPITAL & TRADE RESOURCES CORP.

FE DOCKET NO. 98-17-NG

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

DOE/FE ORDER NO. 1379

APRIL 28, 1998

C.

I. DESCRIPTION OF REQUEST

On March 3, 1998, Enron Capital & Trade Resources Corp. (ECT) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA)[1] and DOE Delegation Order Nos. 0204-111 and 0204-127, requesting authorization to import approximately 42,000 Mcf per day of natural gas, including fuel gas, from Canada. ECT, a Delaware corporation with its principal place of business in Houston, Texas, is a wholly-owned subsidiary of Enron Corp. ECT plans to purchase the imported natural gas from Enron Capital & Trade Resources Canada Corp. (ECT Canada) for delivery at the United States and Canadian border near Monchy, Saskatchewan, (Port of Morgan, Montana) pursuant to the terms of an agreement (the "Enfolio Master Firm Purchase/Sale Agreement") dated June 1, 1994. The import arrangement proposed by this application is subject to the Master Agreement and five Confirmation Letters between ECT and ECT Canada dated February 12 and 13, 1997.

The natural gas to be imported would be produced in the Province of Alberta and supplied by a pool of four producers comprised of Canadian Natural Resources Ltd. (25,000 MMBtu per day), PennWest Petroleum Ltd. (5,000 MMBtu per day), Pinnacle Resources Ltd. (5,000 MMBtu per day), and Rigel Energy Corporation (5,000 MMBtu). The requested authorization is for a ten-year term commencing November 1, 1998, through October 31, 2008, or for ten years after the commencement of deliveries if deliveries begin after November 1, 1998.

ECT intends to use the requested volumes to enhance its overall corporate supply portfolio for delivery to markets in the midwestern United States. The imported natural gas will be transported on NOVA Gas Transmission Ltd. to Foothills Pipe Lines Ltd. for delivery to Northern Border Pipeline (Northern Border). The natural gas will continue on the facilities of Northern Border for delivery into ECT's markets or to interconnecting pipeline systems for delivery to markets in the Midwest. The majority of the supply to be imported under this import arrangement (about 25,000 Mcf/day) will be delivered to Manhattan, Illinois, (Chicago city gate) while the remaining volumes (15,000 Mcf/day) will be delivered to Ventura, Iowa.

The Confirmation Letters dated February 12 and 13, 1997, for transaction agreements #'s C-1(A), C-2, C-3 and C-4 filed with this application state that the contract price for each delivery month, except for the fuel gas, for each delivery month shall be a price in U.S. dollars per MMBtu equal to the "Chicago Index" minus transportation charges and other fees/expenses. Natural Gas Intelligence Gas Price Index publishes the "Chicago Index" in its first issue of each month in the table entitled "California Border and Non-Utility End-User City Gate", in the column "Bidweek Avg" and the row for "Illinois via NGPL".

The Confirmation Letter dated February 12, 1997, for transaction agreement # C-1(B) filed with the application states that the contract price, except for the fuel gas, for each delivery month shall be a price in U.S. dollars per MMBtu equal to the "Ventura Index" minus transportation charges and other fees/expenses. Inside F.E.R.C.'s Gas Market Report, publishes the "Ventura Index" in its first issue of each month in the table entitled "Prices of Spot Gas Delivered to Pipelines", in the column "Index" and the row for "Northern Natural Gas Company Ventura, Iowa".

II. FINDING

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

ORDER

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

.. Enron Capital & Trade Resources Corp. (ECT) is authorized to import up to approximately 42,000 Mcf per day of atural gas, including fuel gas, from Canada. The authorization is for a ten year term commencing November 1, 1998, rough October 31, 2008, or for ten years after the commencement of deliveries if deliveries begin after November 1, 998. This natural gas shall be imported in accordance with the "Enfolio Master Firm Purchase/Sale Agreement" etween ECT and Enron Capital & Trade Resources Canada Corp., and related Confirmation Letters submitted as part f the application.

3. This natural gas may be imported from Canada near Port of Morgan, Montana, (Monchy, Saskatchewan) or at lternative border points with transportation facilities accessible by ECT.

C. Within two weeks after deliveries begin, ECT shall provide written notification to the Office of Natural Gas & etroleum Import and Export Activities of the date that the first import of natural gas authorized in Ordering Paragraph A above occurred.

D. With respect to the natural gas imports authorized by this Order, ECT shall file, within 30 days following each calendar quarter, a quarterly report indicating by month the volumes and prices of natural gas imported pursuant to this Order. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, ECT must report total monthly volumes in Mcf and the average purchase price of gas in U.S. dollars per MMBtu delivered at the international border, and paid to ECT Canada. Whenever imports have occurred at an entry point(s) or delivery point(s) other than Port of Morgan, Montana, these volumes and prices must be reported separately. The monthly price information shall itemize separately the monthly demand and commodity charges, and, if applicable, any gas deficiency default charges. In addition to the volume and pricing information, ECT shall provide a volumetric breakdown of the geographic markets (by State) served by this gas supply.

E. The notification and report required by Ordering Paragraphs C and D of this Order shall filed with the Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy, Room 3E-042, FE-34, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C., 20585.

F. The first quarterly report required by Ordering Paragraph D of this Order is due not later than January 30, 1999, and should cover the period from November 1, 1998, until the end of the fourth calendar quarter, December 31, 1998.

Issued in Washington, D.C. on April 28, 1998.

John W. Glynn

Manager, Natural Gas Regulations

)ffice of Natural Gas & Petroleum

.mport and Export Activities

)ffice of Fossil Energy

1. 1/ 15 U.S.C. § 717b.

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

Enron Capital & Trade Resources Corp. § FE Docket No. 98-40-NG

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

I. ACTION SOUGHT FROM THE OFFICE OF FOSSIL FUELS

Pursuant to Section 3 of the Natural Gas Act of 1938, as amended, 15 U.S.C. § 717b (1994 Supp.), Section 201 of the Energy Policy Act of 1992, 15 U.S.C. § 717b(b)-(c) (1994 Supp.), Delegation Order Nos. 0204-111, 49 Fed. Reg. 6684 (Feb. 22, 1984) and 0204-127, 54 Fed. Reg. 11437 (Mar. 20, 1991) of the United States Department of Energy ("DOE"), and Part 590 of the DOE's regulations, 10 C.F.R. Part 590, Enron Capital & Trade Resources Corp. ("ECT") hereby requests that the DOE's Office of Fossil Energy grant it long-term authorization to import approximately 30,390 Mcf of natural gas per day, plus fuel gas, (up to approximately 11.09 Bcf annually) at a receipt point located near Emerson, Manitoba and other receipt points along the Canada-U.S. border, for a term commencing on November 1, 1998 or such other date on which deliveries commence under the transactions specified below, and terminating 10 years following commencement date. In support of this application, ECT presents the following:

II. OFFICIAL SERVICE LIST

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

Monica C. Jordan, Attorney
Enron Capital & Trade Resources Corp.
P.O. Box 1188
(713) 853-5910
(713) 646-3393 - Fax

Leslie J. Lawner, Attorney
Enron Capital & Trade Resources Corp.
712 North Lea
Roswell, New Mexico 88201
(505) 623-6778
(505) 625-2820

III. DESCRIPTION OF THE PARTIES AND PROPOSED TRANSACTION.

A. Background.

ECT is a Delaware corporation and is a wholly-owned subsidiary of Enron Corp. Its principal place of business is located in Houston, Texas, with other offices located in Dublin, Ohio, Chicago, Illinois, Long Beach, San Francisco and Auburn, California, Omaha, Nebraska, Kansas City, Missouri, Denver, Colorado, and Tulsa, Oklahoma. ECT, the successor to Enron Gas Marketing, Inc., is one of the largest buyers and sellers of natural gas in North America, with physical and financial volumes in excess of 30 billion cubic feet per day. ECT is the parent corporation of Enron Capital & Trade Resources Canada Corp. ("ECT Canada"), which is the purchaser of the natural gas subject to this application from a supplier in the Province of Alberta, and the seller of the gas to ECT at the international boundary.

ECT proposes to import the natural gas from Canada at the export point near Emerson, in the Province of Manitoba. However, as this supply forms part of ECT's corporate portfolio, ECT may wish to bring these volumes in to the U.S. at other points along the U.S.-Canadian border from time to time. In order to retain flexibility, ECT requests that the subject import authorization not be restricted to a single point of import.

ECT will use the Canadian natural gas supplies imported hereunder to enhance its overall corporate supply portfolio. The natural gas to be imported will be produced in Alberta, and will be transported to market through NOVA Gas Transmission Ltd. ("NOVA"), TransCanada PipeLines Limited ("TCPL"), and Great Lakes Gas Transmission Company ("Great Lakes"). The gas will flow on NOVA for firm delivery to TCPL near Empress, Alberta and then on TCPL for delivery to Great Lakes at the export point near Emerson, Manitoba. The gas will then be delivered by Great Lakes to a point near St. Clair, Michigan and then to markets or to interconnecting pipeline systems for delivery to markets in the northeastern United States.

B. Supply

ECT will purchase the gas supplies from ECT Canada under an Enfolio Master Firm Purchase/Sale Agreement ("Master Agreement") dated June 1, 1994. This Master Agreement contemplates the parties entering into various transactions for the firm purchase and sale of gas to which the Agreement is to apply. The import arrangement contemplated hereunder is subject to the Master Agreement pursuant to a Confirmation Letters between ECT and ECT Canada effective as of September 30, 1996 and August 29, 1997 (the "Confirmation Letters"). The Confirmation Letters provide for the sale by ECT Canada to ECT of 30,390 MMBtu of gas per day, plus fuel gas, to be delivered at the U.S.-Canada border near Emerson, Manitoba for a term commencing on November 1, 1998 or such other date on which deliveries commence under the transactions specified, and terminating 10 years following the

commencement date. If ECT, as Buyer, fails to schedule the minimum daily quantity (MinDQ) or daily contract quantity (DCQ), this constitutes a Buyer's Deficiency Default and Buyer's Deficient quantity shall be the difference between the DCQ or MinDQ and the quantity of gas scheduled for such day. ECT will then be required to pay ECT Canada the sum of an amount equal to the product of Buyer's Deficiency Quantity multiplied by the Replacement Price Differential plus liquidated damages equal to $0.15 multiplied by Buyer's Deficiency Quantity to cover ECT Canada's administrative and operational costs. The Replacement Price Differential means the positive difference, if any, obtained by subtracting the lesser of (a) the price obtained by Seller in an incremental, arms-length sale(s) to a third party of a quantity of gas equal to Buyer's Deficiency Quantity for such day, less incremental transportation charges to the Seller, and including other basis adjustments or (b) the Spot Price for the day in which Buyer's Deficiency Default occurred from the Contract Price. Buyer shall not be liable to Seller for any amount for failing to Schedule or receive any volumes which are designated by Seller or Buyer to be Fuel Gas or which are deemed to be Fuel Gas. The Master Agreement and the Confirmation Letters are attached hereto as Exhibit "A".

ECT Canada has arranged to collectively purchase 30,390 Mcf per day of natural gas from four Canadian Suppliers pursuant to Confirmation Letters entered into under Master Firm Gas Purchase/Sale Agreements with each of these suppliers. The Confirmation Letters provide for the following supply, plus fuel gas:

	Supplier	Confirmation Letter	Volume
i.	Beau Canada Exploration Ltd.	March 27, 1996	5,000 Mcf/d
ii.	Canadian Natural Resources	March 29, 1996	15,000Mcf/d
iii.	Pinnacle Resources Ltd	March 29, 1996	5,000 Mcf/d
iv.	Crestar Energy, Inc.	August 29, 1997	5,390 Mcf/d

C. Transportation

The Alberta-sourced natural gas will be transported from the field to the contract delivery point of AECO "C "/NIT through the NOVA facilities. ECT Canada is in the process of acquiring sufficient NOVA capacity, with renewal rights, for transportation of the approximately 11.09 Bcf of gas to be imported annually and has a Letter of Understanding dated December 18, 1996 verifying the same. The natural gas will be transported from the contract delivery point to the Canada-U.S. border near Emerson, Manitoba through the NOVA and TCPL facilities.

ECT will purchase the gas from ECT Canada on the Canadian side of the International Border at the point of interconnection between TCPL and Great Lakes near Emerson, Manitoba.

D. Markets

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

The natural gas acquired by ECT pursuant to the application filed herein will be used as part of ECT's overall corporate gas supply portfolio necessary to serve approximately 10 Bcf per day of market commitment. The volumes hereunder represent a small fraction of this overall portfolio which is used by ECT to serve various markets available to it. In the U.S. Northeast alone, ECT has commitments to deliver over 400,000 MMBtu's per day under a portfolio of contracts. It is generally expected that the subject natural gas will be used to serve the U.S. Northeast markets currently under long-term contracts to ECT.

IV. THE AUTHORIZATION SOUGHT IS CONSISTENT WITH THE PUBLIC INTEREST

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

V. ENVIRONMENTAL CONSIDERATIONS

As a result of the amendment of Section 3 of the Natural Gas Act effectuated by the Energy Policy Act of 1992, an environmental review of an import application is not required under the National Environmental Policy Act. See DOE/FE Order No. 762. Any environmental assessment or analysis necessary due to pipeline construction to serve ECT will be performed by the Federal Energy Regulatory Commission.

ECT Canada has already received the necessary export permits from the National Energy Board of Canada authorizing the long-term export of the gas made the subject of this transaction (License # GL-278).

VI. OTHER FEDERAL ACTION

Neither ECT nor any other party has any pending applications with any other federal agency with respect to the proposed import of natural gas. .

VII. CONCLUSION

WHEREFORE, ECT requests that the Department of Energy Office of Fossil Energy grant it the authorization sought herein to import approximately 30,390 Mcf of natural gas per day, plus fuel gas, from Canada for a ten year term commencing November 1, 1998, or such commencement date as set forth above.

Respectfully submitted,

Monica C. Jordan

Monica C. Jordan,
Attorney
ENRON CAPITAL & TRADE RESOURCES CORP.
P.O. Box 1188
1400 Smith Street
Houston, Texas 77251-1188

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

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

To Whom It May Concern:

This opinion is rendered in connection with the application of Enron Capital & Trade Resources Corp. ("ECT") for authorization under Section 3 of the Natural Gas Act to import up to 30,390 Mcf of natural gas per day, plus fuel gas (up to 11.09 Bcf annually), at a receipt point located near Emerson, Manitoba and other receipt points along the Canada-U.S. border, for a term commencing on November 1, 1998 or such other date on which deliveries commence under the transactions specified below, and terminating November 1, 2008.

Based upon my understanding of the application and my examination of the relevant documents, records and matters of law, it is my opinion that the proposed import of natural gas from Canada by ECT, as contemplated in the instant application, is within the corporate power of ECT.

Very truly yours,

Monica C. Jordan

Monica C. Jordan

A.

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EXHIBIT "A"
SUPPLY ARRANGEMENTS

Enfolio Master Firm Purchase/Sale Agreement between Enron Capital & Trade Resources Corp. and Enron Capital & Trade Resources Canada dated June 1, 1994

Confirmation Letters between ECT and ECT Canada dated September 30, 1996 and August 29, 1997

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

ENRON CAPITAL & TRADE RESOURCES CORP.

FE DOCKET NO. 98-40-NG

ORDER GRANTING LONG-TERM AUTHORIZATION

TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 1406

AUGUST 18, 1998

C.

I. DESCRIPTION OF REQUEST

On June 11, 1998, Enron Capital & Trade Resources Corp. (ECT) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA)[1] and DOE Delegation Order Nos. 0204-111 and 0204-127, requesting authorization to import approximately 30,390 Mcf per day of natural gas, plus fuel gas, from Canada. ECT, a Delaware corporation with its principal place of business in Houston, Texas, is a wholly-owned subsidiary of Enron Corp. ECT plans to purchase the imported natural gas from Enron Capital & Trade Resources Canada Corp. (ECT Canada) for delivery at the United States and Canadian border near Noyes, Minnesota (Emerson, Manitoba), pursuant to the terms of an agreement (the "Enfolio Master Firm Purchase/Sale Agreement") dated June 1, 1994. The import arrangement proposed by this application is subject to the Master Agreement and four Confirmation Letters between ECT and ECT Canada dated March 27 and 29, 1996, and August 29, 1997.

The natural gas to be imported would be produced in the Province of Alberta and supplied by a pool of four producers comprised of Beau Canada (5,000 Mcf per day), Pinnacle Resources Ltd. (5,000 Mcf per day), Canadian Natural Resources (15,000 Mcf per day), and Crestar Energy Inc. (5,390 MMBtu per day). The requested authorization is for a ten-year term commencing November 1, 1998, through October 31, 2008, or for ten years after the commencement of deliveries if deliveries begin after November 1, 1998.

ECT intends to use the requested volumes to enhance its overall corporate supply portfolio for delivery to markets in the midwestern United States. The imported natural gas will be transported on NOVA Gas Transmission Ltd. to TransCanada PipeLines Limited for delivery to Great Lakes Gas Transmission Company (Great Lakes). The natural gas will be delivered by Great Lakes to a point near St. Clair, Michigan, for delivery to ECT's midwestern customers. The Confirmation Letters dated March 27 and 29, 1996, and August 29, 1997, filed with this application state that the contract price for each delivery month, except for the fuel gas, shall be a price in U.S. dollars per MMBtu equal to the "St. Clair Index" minus transportation charges and other fees/expenses. Gas Daily publishes the "St. Clair Index" in its first issue of each month in the table entitled "Monthly Contract Index", in the column "Index" and the row for "Michigan Michcon, Large".

II. FINDING

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

ORDER

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

A. Enron Capital & Trade Resources Corp. (ECT) is authorized to import up to approximately 30,390 Mcf per day of natural gas, plus fuel gas, from Canada. The authorization is for a ten year term commencing November 1, 1998, through October 31, 2008, or for ten years after the commencement of deliveries if deliveries begin after November 1, 1998. This natural gas shall be imported in accordance with the "Enfolio Master Firm Purchase/Sale Agreement" between ECT and Enron Capital & Trade Resources Canada Corp., and related Confirmation Letters submitted as part of the application.

B. This natural gas may be imported from Canada near Noyes, Minnesota (Emerson, Manitoba), or at alternative border

points with transportation facilities accessible by ECT.

C. Within two weeks after deliveries begin, ECT shall provide written notification to the Office of Natural Gas & Petroleum Import and Export Activities of the date that the first import of natural gas authorized in Ordering Paragraph A above occurred.

D. With respect to the natural gas imports authorized by this Order, ECT shall file, within 30 days following each calendar quarter, a quarterly report indicating by month the volumes and prices of natural gas imported pursuant to this Order. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, ECT must report total monthly volumes in Mcf and the average purchase price of gas in U.S. dollars per MMBtu delivered at the international border, and paid to ECT Canada. Whenever imports have occurred at an entry point other than Noyes, Minnesota, ECT must identify the point of entry and report separately these volumes and prices. The monthly price information shall itemize separately the monthly demand and commodity charges, and, if applicable, any gas deficiency default charges. In addition to the volume and pricing information, ECT shall provide a volumetric breakdown of the geographic markets (by State) served by this gas supply.

E. The first quarterly report required by Ordering Paragraph D of this Order is due not later than January 30, 1999, and should cover the period from November 1, 1998, until the end of the fourth calendar quarter, December 31, 1998.

F. The notification and report required by Ordering Paragraphs C and D of this Order shall be filed with the Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy, Room 3E-042, FE-34, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C., 20585.

Issued in Washington, D.C. on August 18, 1998.

John W. Glynn

Manager, Natural Gas Regulations

Office of Natural Gas & Petroleum

Import and Export Activities

Office of Fossil Energy

1. 1/ 15 U.S.C. § 717b.

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

DOE/FE
99 OCT 29 A 11:48

October 25, 1999

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

Gentlemen:

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

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

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

Respectfully submitted,

ENRON NORTH AMERICA

By Juanita Marchand
Juanita Marchand
Logistics Specialist

State of Delaware

Office of the Secretary of State

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

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

Edward J. Freel, Secretary of State

2240966 8100

991366280

AUTHENTICATION: 9950716

DATE: 09-01-99

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CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

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

DOES HEREBY CERTIFY:

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

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

ARTICLE I.

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

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

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

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

Angus H. Davis

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

ATTEST:

Elaine V. Overturf

Name: Elaine V. Overturf
Title: Deputy Corporate Secretary

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

ENRON NORTH AMERICA CORP. (Formerly Enron Capital & Trade Resources Corp.	)))))	FE DOCKET NO. 98-40-NG

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

DOE/FE ORDER NO. 1406-A

On August 17, 1998, the Department of Energy (DOE) granted long-term authorization to Enron Capital & Trade Resources Corp. in DOE/FE Order No. 1406 (Order 1406)[1/] to import up to approximately 30,390 Mcf per day of natural gas, plus fuel gas, from Canada. The authorization is for a ten year term commencing November 1, 1998, through October 31, 2008, or for 10 years after the commencement of deliveries if deliveries begin after November 1, 1998. Deliveries began November 1, 1998.

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

1/ 2 FE ¶ 70,215.

Accordingly, pursuant to section 3 of the Natural Gas Act, Order 1406 is amended to substitute Enron North America Corp. as the importer of natural gas. All terms and conditions in Order 1406 remain in full force and effect.

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

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

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

CLINTON ENERGY MANAGEMENT SERVICES, INC.

FE DOCKET NO. 98-73-NG

ORDER GRANTING BLANKET AUTHORIZATION TO IMPORT AND EXPORT NATURAL GAS FROM AND TO CANADA AND MEXICO

DOE/FE ORDER NO. 1420

OCTOBER 13, 1998

239

I. DESCRIPTION OF REQUEST

On October 8, 1998, Clinton Energy Management Services, Inc.(CEMSI) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA)[1] and DOE Delegation Order Nos. 0204-111 and 0204-127, for blanket authorization to import and export up to a combined total of 200 Bcf of natural gas annually from and to Canada and Mexico. The term of this authorization would be for a period of two years beginning on the date of the initial delivery of either imports or exports, whichever occurs first. This gas would be imported and exported at various points along the United States/Canada and United States/Mexico borders.

CEMSI, a Ohio corporation with its principal place of business in Dublin, Ohio, is a direct subsidiary of Enron Energy Services Operations, Inc. and an indirect subsidiary of Enron Corp. CEMSI intends to import and export the gas under spot and short-term transactions for sale to various customers, including end-users, distribution companies, pipeline companies, and other marketers of natural gas. The requested authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by CEMSI has been evaluated to determine if the proposed import/export 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 and the export of natural gas from or to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by CEMSI to import and export natural gas from and to Canada and Mexico, nations with which free trade agreements are in effect, meets the section 3(c) criterion and, therefore, is consistent with the public interest. This blanket order authorizes transactions under contracts with terms of no longer than two years. Consistent with our treatment of similar blanket applications, there will be no restriction on the annual volumes that may be imported and exported. This maximizes the flexibility of spot market importers and exporters to provide gas supplies to meet customer demand.

ORDER

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

A. Clinton Energy Management Services, Inc. (CEMSI) is authorized to import and export up to an aggregate of 400 Bcf of natural gas from and to Canada and Mexico. The term of this authorization is for a period of two years beginning on the date of the initial delivery of either imports or exports, whichever occurs first. The natural gas may be imported and exported at any border point between the United States and Canada and Mexico.

B. Within two weeks after deliveries begin, CEMSI shall provide written notification to the Office of Natural Gas & Petroleum Import and Export Activities of the date that the first import or export of natural gas authorized in Ordering Paragraph A above occurred.

C. With respect to the natural gas imports and the natural gas exports authorized by this Order, CEMSI shall file with the Office of Natural Gas & Petroleum Import and Export Activities, within 30 days following each calendar quarter, quarterly reports indicating whether imports or exports have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports or exports have been made, a report of "no activity" for that calendar quarter must be filed. If imports or

exports occur, CEMSI must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu at the international border. The reports also shall provide the details of each import and export transaction, including: (1) the name of the seller(s); (2) the name of the purchaser(s); (3) the estimated or actual duration of the agreement(s); (4) the name of the U.S. transporter(s); (5) the point(s) of entry and exit; and (6) the geographic market(s) served (for imports, by State). For import transactions only, the report shall also include: (1) whether sales are being made on an interruptible or firm basis; and, if applicable, (2) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price.

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

E. The first quarterly report required by Ordering Paragraph C of this Order is due not later than January 30, 1999, and should cover the period from the date of this Order until the end of the fourth calendar quarter, December 31, 1998.

Issued in Washington, D.C., on October 13, 1998.

John W. Glynn

Manager, Natural Gas Regulation

Office of Natural Gas & Petroleum

Import and Export Activities

Office of Fossil Energy

1. 1. 15 U.S.C. § 717b.

LAW OFFICES
WARD & ANDERSON, P.C.
SUITE 503
1000 THOMAS JEFFERSON STREET, N.W.
WASHINGTON, D.C. 20007

(202) 298-6910
TELECOPIER (202) 298-6914

October 8, 1998

REC'D DOE/FE
1998 OCT -8 P 12:53

Office of Natural Gas & Petroleum Import/Export
Fossil Energy
U.S. Department of Energy
Room 3E042
1000 Independence Avenue, S.W.
Washington, DC 20585

Re: Clinton Energy Management Services, Inc.
Docket No. 98-23 NG

Dear Sir or Madam:

Enclosed for filing on behalf of Clinton Energy Management Services, Inc. are an original and 15 copies of an Application for Blanket Authorization To Import And Export Natural Gas.

Also enclosed is a check in the amount of $50.00 payable to the Treasurer of United States.

Respectfully submitted,

David B. Ward
Counsel for
Clinton Energy Management Services, Inc.

DBW/eb

Enclosures

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CLINTON ENERGY
ENERGY MANAGEMENT SERVICES

October 7, 1998

Department of Energy
Natural Gas and Petroleum Import/Export
Room 3E042
1000 Independence Avenue
Washington, DC 20585

Ladies and Gentlemen:

Pursuant to 10 C.F.R. Section 590.202(c), this opinion of counsel is hereby furnished in connection with the Application of Clinton Energy Management Services, Inc., an Ohio corporation, hereinafter referred to as "CEMSI" for authorization to import natural gas from and export natural gas to Canada and Mexico pursuant to Section 3 of the Natural Gas Act.

In respect to the above, I am of the opinion that:

- CEMSI is a corporation duly organized, validly existing and in good standing under the laws of the State of Ohio; and

- the proposed importation of natural gas from and exportation to Canada and Mexico is within the corporate power of CEMSI.

Respectfully submitted,

Clinton Energy Management Services, Inc.

BY James E. Keller
James E. Keller
Assistant General Counsel

242

400 Metro Place North, Suite 360 Dublin, Ohio 43017 614-760-2797 Fax 614-760-2795

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

RECD OFE/FE
2000 OCT 18 P 5:09

In the Matter of	)	
	)	
Enron LNG Marketing LLC	)	OFE Docket No. 00 - 74 -NG
	)	
	)	
Applicant	)	

APPLICATION OF ENRON LNG MARKETING LLC
FOR AUTHORIZATION TO IMPORT NATURAL GAS

Communications with respect to this Application should be addressed to:

Philip Weems
King & Spalding
1100 Louisiana Street, Suite 3300
Houston, Texas 77002-5219

Daniel R. Rogers
General Counsel and Secretary
Enron LNG Marketing LLC
333 Clay Street, Suite 1900
Houston, Texas 77002

Attorneys for Enron LNG Marketing LLC

October 17, 2000

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

ENRON CAPITAL & TRADE RESOURCES CORPORATION

FE DOCKET NO. 97-76-NG

ORDER GRANTING BLANKET AUTHORIZATION TO IMPORT AND EXPORT NATURAL GAS FROM AND TO CANADA

DOE/FE ORDER NO. 1323

OCTOBER 27, 1997

A.

I. DESCRIPTION OF REQUEST

On October 8, 1997, as amended on October 16, 1997, Enron Capital & Trade Resources Corporation (ECT) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA) and DOE Delegation Order Nos. 0204-111 and 0204-127, for authorization to import up to 500 billion cubic feet(Bcf) annually of natural gas and to export up to 500 Bcf annually of natural gas from and to Canada over a two-year term beginning on January 1, 1998. ECT, a Delaware corporation with its principal place of business in Houston, Texas, is a wholly-owned subsidiary of Enron Corporation. ECT will import and export the natural gas under short-term and spot market arrangements for sale to ECT's markets throughout the United States and Canada. The proposed authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by ECT has been evaluated to determine if the proposed import and export 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 or export of natural gas from or to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by ECT to import and export natural gas from and to 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. This blanket order authorizes transactions under contracts with terms of no longer than two years. Consistent with our treatment of similar blanket applications and in order to maximize flexibility, there will be no restriction on the annual volumes that may be imported and exported.

ORDER

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

A. Enron Capital & Trade Resources Corporation (ECT) is authorized to import up to 1,000 Bcf of natural gas and to export up to 1,000 Bcf of natural gas from and to Canada over a two-year term, from January 1, 1998, through December 31, 2000. This natural gas may be imported or exported at any point on the border of the United States and Canada.

B. With respect to the natural gas imports and exports authorized by this Order, ECT shall file within 30 days following each calendar quarter, quarterly reports indicating whether imports or exports of natural gas have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports or exports of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If imports or exports have occurred, ECT must report the following: (1) total monthly volumes in Mcf; (2) the average monthly purchase price of gas per MMBtu at the international border; (3) the name of the seller(s); (4) the name of the purchaser(s); (5) the estimated or actual duration of the agreement(s); (6) the name of the U. S. transporter(s); (7) the point(s) of entry and exit; and (8) the geographic market(s) served (for imports, by State). For import transactions only, the report shall also include: (1) whether sales are being made on an interruptible or firm basis; and, if applicable, (2) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price.

C. With respect to the quarterly reports required by this Order, ECT shall file the quarterly reports with the Office of Natural Gas & Petroleum Import and Export Activitites, Fossil Energy, Room 3F-056, 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 April 30, 1998, and

ould cover the period from January 1, 1998, until the end of the first calendar quarter, March 30, 1998.

ued in Washington, D.C., on October 27, 1997.

---

ayne E. Peters

anager, Natural Gas Regulation

ffice of Natural Gas & Petroleum Import and Export Activities

ffice of Fossil Energy

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

OFD DOE/FE
NOV 29 A 11:48

October 25, 1999

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

Gentlemen:

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

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

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

Respectfully submitted,

ENRON NORTH AMERICA

By Juanita Marchand
Juanita Marchand
Logistics Specialist

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State of Delaware

Office of the Secretary of State

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

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

245

Edward J. Freel, Secretary of State

2240966 8100

991366280

AUTHENTICATION: 9950716

DATE: 09-01-99

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

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

DOES HEREBY CERTIFY:

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

> RESOLVED, that in the judgment of the Board of Directors, it is deemed advisable to amend Article I of the Certificate of Incorporation of the Company so that it will be and read in its entirety as follows:
>
> ARTICLE I.
>
> The name of this corporation is **Enron North America Corp.**

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

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

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

Angus H. Davis

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

ATTEST:

Elaine V. Overturf

Name: Elaine V. Overturf
Title: Deputy Corporate Secretary

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

ENRON NORTH AMERICA CORP. (Formerly Enron Capital & Trade Resources Corp.)	)	FE DOCKET NO. 97-76-NG

ORDER AMENDING AUTHORIZATION TO
IMPORT AND EXPORT NATURAL GAS
FROM AND TO CANADA

DOE/FE ORDER NO. 1323-A

On October 27, 1997, the Department of Energy (DOE) granted authorization to Enron Capital & Trade Resources Corp. in DOE/FE Order No. 1323 (Order 1323)[1/] to import up to 1000 Bcf of natural gas and to export up to 1000 Bcf of natural gas from and to Canada over a two-year term, from January 1, 1998, through December 31, 2000.

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

1/ 1 FE ¶ 71,477.

Accordingly, pursuant to section 3 of the Natural Gas Act, Order 1323 is amended to substitute Enron North America Corp. as the importer and exporter of natural gas. All terms and conditions in Order 1323 remain in full force and effect.

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

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

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

In the Matter of	)	
	)	
Enron LNG Marketing LLC	)	OFE Docket No.
	)	
	)	
Applicant	)	

APPLICATION OF ENRON LNG MARKETING LLC FOR AUTHORIZATION TO IMPORT NATURAL GAS

Enron LNG Marketing LLC ("ELM"), pursuant to Section 3 of the Natural Gas Act ("NGA"), 15 U.S.C. § 717b (1982), Department of Energy Delegation Order No. 0204.111, and 10 C.F.R. Part 590 et seq., hereby requests the Department of Energy, Office of Fossil Energy ("OFE"), to grant blanket authorization to import up to 300 bcf annually of liquefied natural gas ("LNG"), on a short-term or spot basis, for a term of two (2) years beginning on the date of first delivery, all as more fully described herein. ELM requests that it be granted blanket authority to import competitively-priced LNG from various international sources to receiving facilities in the United States ("U.S.") and its territories for subsequent sale within the U.S. market.

In support hereof, ELM respectfully shows as follows:

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I.

General

The exact legal name of Applicant is Enron LNG Marketing LLC which is a corporation organized under the laws of Delaware, having its principal place of business at 1400 Smith Street, Houston, Texas 77002. ELM is a wholly-owned subsidiary of Enron International Inc.

ELM does not now own and does not plan to own pipeline facilities to transport natural gas. It functions as an importer of LNG and a marketer of regasified LNG in the United States.

II.

Request for Blanket Authority

ELM requests blanket authorization from the OFE to import LNG for its own account and for the accounts of others during a two (2) year period commencing on the date of first delivery under such authorization, so as to enable ELM to participate in sales of such natural gas to U.S. customers. ELM requests that such authority be granted on a blanket basis in order to eliminate any potential regulatory delays which would effectively place these supplies at a disadvantage with regard to fuel supplies in the rapidly changing and dynamic U.S. market.

Specifically, ELM requests blanket authorization to import up to 300 bcf annually of LNG from various international sources in which trade in natural gas has not been prohibited, beginning on the date of first delivery, utilizing currently existing LNG receiving facilities in the U.S. and its territories, or any other receiving facility that may become operational in the future. No new facilities are proposed nor required to be constructed in this application. ELM understands that additional authority may be required from other governmental agencies which are not the subject of this application, nor within the jurisdiction of the OFE.

The gas imported by ELM would be sold on short-term or spot market basis to U.S. pipelines, distribution companies, marketers, and/or end-users under contracts to be negotiated. It is currently contemplated that delivery will be effected through such U.S. transmission facilities as may exist during the term of this authorization. ELM will either purchase and resell the imported gas, or possibly act as an agent for other sellers, and may also negotiate with U.S. pipelines and local distribution companies to arrange transportation of the imported volumes. The identities of the actual international sources of LNG, U.S. purchasers and transporters of the volumes to be imported, will not be known until ELM begins to enter into specific import transactions.

Pursuant to Section 3 of the NGA, supra, and Delegation Order No. 0204.111, 49 Fed. Reg. 6684 (February 22, 1984), an application to import natural gas must be approved unless it is determined that the import is not consistent with the public interest.

III.

Description of Service

Pursuant to 10 C.F.R. Part 590, the OFE must have sufficient information regarding the import and export of natural gas in order to examine the competitiveness of the import, the need for natural gas, and the security of supply. The following is the content of this request as required by 10 C.F.R. § 590.202:

A. Scope of Project

ELM requests blanket authority to import up to 300 bcf annually of LNG produced by various international sources with which trade in natural gas has not been prohibited, whose production can be delivered economically to receiving facilities located within the U.S. and its territories. Blanket authorization would

allow ELM to effectuate import transactions on a timely basis, without the potential regulatory delays inherent upon filing separate applications for each proposed short-term or spot contract sale and for each receiving facility. The proposed importation of LNG would commence immediately upon approval of this application or as soon thereafter as the sale of the LNG into the U.S. market can be made by ELM. The transactions contemplated herein will utilize LNG receiving facilities in the U.S. or governed thereby.

B. Source and Security of the Natural Gas Supply

The authority sought herein precludes unwarranted, long term dependence on foreign sources of energy of which the Secretary, in his Delegation Order, cautions should be avoided. Therefore, under the term of the blanket authority proposed herein, the possibility of detrimental reliance by a U.S. purchaser is minimal.

C. Identification of Participants in the Transaction

The identity of the ultimate sellers and purchasers, as well as the transporters of the natural gas imported pursuant to the authorization requested herein, are unknown at this time.

D. Terms of Transactions

ELM anticipates that the price in such transactions will be competitively adjusted on a monthly basis as required by competing market conditions and available competing fuels, which may include domestic natural gas. Since competitive operative provisions of the contract will enable these supplies to be sold into the market at the time of the import and since prices are expected to reflect markets at

the time, the OFE would be able to verify the price competitiveness by means of the contemplated reports of import and sales volume.

E. Provisions of the Import Arrangement Which Establishes the Base Price, Volume Requirements, Transportation and Other Costs.

Since the authorization sought relates to what will be short-term or spot market transactions, the base price, volume requirements, price and volume adjustment provisions will be negotiated between ELM and LNG suppliers based on competitive factors as those terms currently are negotiated between U.S. buyers and domestic suppliers.

F. Need for the Natural Gas in U.S. Markets.

Due to the nature of the transaction expected to be covered by the blanket authorization, such natural gas is expected to be available at prices competitive with the prices of alternate fuels in many U.S. markets. As stated above, the DOE policy guidelines establish a rebuttable presumption that imported natural gas is needed in the market if it is to be competitive in that particular market. Thus, inasmuch as ELM's transactions necessarily are premised upon these LNG supplies being price-competitive with alternate fuels in various U.S. spot markets, it is therefore shown that LNG is needed in those markets.

G. Potential Environmental Impact of the Project.

Since no new facilities are proposed to be constructed in this application, and since no new construction of U.S. transmission facilities to facilitate the proposed importation of natural gas are contemplated herein, granting this application will not constitute a Federal action "significantly affecting the quality of human environment" within the meaning of the National Environmental Policy Act, 42

U.S.C. 4321, et seq. Therefore, an environmental impact assessment is not required.

IV.

Compliance Requirements

The authorization sought and the reporting procedures outlined herein, are similar to those which were recently granted by the OFE to other applicants. Consistent with the reporting requirements imposed in those authorizations, ELM agrees to the following actions to comply with the following requirements.

ELM will notify the OFE in writing of the date of first delivery of LNG imported under the requested authorization within (2) weeks of the date of such delivery and receipt of appropriate delivery documentation; and with respect to all imports made thereafter, pursuant to the requested authorization, ELM will provide as required by the OFE, reports indicating, by month, whether imports have been received, and if so, the total purchase volumes in MMBtu, the average purchase price of MMBtu at the international border, any special contract price adjustments, estimated or actual duration of the agreement(s), seller(s), and purchaser(s), transporter(s), points of entry, take-or-pay or make-up provisions, per unit (MMBtu) demand/commodity charge breakdown of the price, and markets served.

To ELM's knowledge, its proposed imports are not being considered by any other agency of the U.S. government, or by any other agency within the DOE.

A Form of Notice, suitable for publication in the Federal Register, is attached hereto.

WHEREFORE, ELM respectfully requests that the OFE find, pursuant to Section 3 of the NGA, that the proposed blanket import authorization is not inconsistent with the public interest, and move to grant ELM blanket import authorization based upon the terms and conditions

discussed herein. ELM further requests that the OFE grant such other authority, if any, that may be necessary.

Respectfully submitted,

ENRON LNG MARKETING LLC

Daniel R. Rogers
General Counsel and Secretary

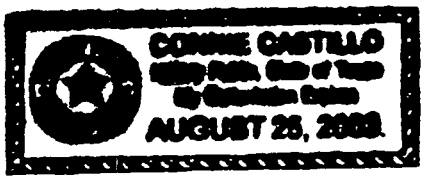
VERIFICATION

STATE OF TEXAS)
) SS
COUNTY OF HARRIS)

Daniel R. Rogers, being first duly sworn, states that he is General Counsel and Secretary of Enron LNG Marketing LLC; that he is authorized as General Counsel and Secretary to execute this Affidavit that he has read the Application of Enron LNG Marketing LLC for Authorization to Import Natural Gas and is familiar with the contents thereof; and that all allegations of fact therein contained are true and correct, to the best of his knowledge, information, and belief.

Daniel R. Rogers

Subscribed and sworn to before me this 17th day of October 2000.



Connie Castillo
Notary Public in and for
the State of Texas

My Commission Expires:

August 25, 2003

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

In the Matter of	)	
	)	
Enron LNG Marketing LLC	)	OFE Docket No.
	)	
	)	
Applicant	)	

FORM OF NOTICE

Take notice that on October 18, 2000, Enron LNG Marketing LLC ("ELM") filed in the above docket a request pursuant to Section 3 of the Natural Gas Act (15 U.S.C. § 717b) and the regulations promulgated thereunder for authorization to import natural gas, all as more fully set forth in the application which is on file with the Office of Fossil Energy ("OFE") and open for public inspection.

Specifically, ELM requests blanket authorization to import from various international sources up to 300 bcf annually of liquefied natural gas ("LNG") for its own account and for the accounts of others during a two (2) year period commencing on the date of first deliveries under such authorization.

The gas imported by ELM would be produced internationally by various sources with which trade in natural gas has not been prohibited, and with whom ELM may contract.

ELM requests authority to import this gas through any currently existing LNG receiving facilities in the U.S. and its territories, or any other LNG receiving facility that may become

operational in the future. No new facilities are proposed nor required to be constructed in this application.

The gas imported by ELM would be sold on short term or spot market basis to U.S. pipelines, distribution companies, marketers and/or end-users under contracts to be negotiated. It is currently contemplated that delivery will be effected through such U.S. transmission facilities as may exist during the term of this authorization. ELM will either purchase and resell the imported gas, or possibly act as an agent for other sellers, and may also negotiate with U.S. pipelines and local distribution companies to arrange transportation of the imported volumes.

Any person desiring to be heard or to make any protest with reference to this application should on or before _____, 2000, file with the OFE, Department of Energy, Washington, D.C. 20585, a petition to intervene or a protest in accordance with the procedural requirements of the regulations set forth in 10 C.F.R. § 590.303 and § 590.304. All protests filed with the OFE will be considered by it in determining the appropriate action to be taken, but will not serve to make the protestants parties to the proceeding. Any person wishing to become a party to the proceeding or to participate as a party in any hearing therein must file a motion to intervene in accordance with the Regulations set forth in 10 C.F.R. § 590.303.

CERTIFICATE FROM COUNSEL

Enron LNG Marketing LLC
333 Clay Street, Suite 1900
Houston, Texas 77002

October 17, 2000

Mr. John W. Glynn
Manager, Natural Gas Regulation
Office of Natural Gas and Petroleum Import and Export Activities
Fossil Energy
U.S. Department of Energy
Forrestal Building, Room 3E-042, FE-34
1000 Independence Avenue, SW
Washington, DC 20585

Dear Mr. Glynn:

Pursuant to 10 C.F.R. Section 590.202, this Certificate of Counsel is hereby furnished in connection with the Application of Enron LNG Marketing LLC, ("ELM") for authorization to import natural gas pursuant to Section 3 of the Natural Gas Act.

In respect to the foregoing, and as counsel for Enron Global LNG LLC, a Member of ELM, I am of the opinion that:

ELM is a corporation duly organized, validly existing and in good standing under the laws of Delaware;

The proposed importation of natural gas is within the corporate powers of ELM; and

ELM either has complied with or is in the process of complying with applicable rules and regulations of state regulatory authorities in the states in which it operates.

Respectfully submitted,

ENRON LNG MARKETING LLC

By: _____
Daniel R. Rogers

Endless possibilities.™

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

ENRON LNG MARKETING LLC	)	FE DOCKET NO. 00-74-LNG

ORDER GRANTING BLANKET AUTHORIZATION TO
IMPORT LIQUEFIED NATURAL GAS

DOE/FE ORDER NO. 1640

NOVEMBER 3, 2000

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I. DESCRIPTION OF REQUEST

On October 18, 2000, Enron LNG Marketing LLC (ELM) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),[1/] and DOE Delegation Order Nos. 0204-111 and 0204-127, for blanket authorization to import up to 300 billion cubic feet of liquefied natural gas (LNG) over a two-year term beginning on the date of first delivery. ELM, a Delaware corporation with its principal place of business in Houston, Texas, is an indirect wholly-owned subsidiary of Enron Corp. ELM requests authority to import the LNG for resale under spot and short-term sales arrangements on its own behalf as well as the behalf of others. ELM may also negotiate with U.S. pipelines and local distribution companies to arrange transportation of the imported LNG. The proposed authorization does not involve the construction of new pipeline or LNG receiving facilities.

II. FINDING

The application filed by ELM 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 LNG is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by ELM to import LNG from international sources not subject to trading sanctions meets the section 3(c) criterion and, therefore, is consistent with the public interest. This blanket order authorizes transactions under contracts with terms of no longer than two years.

1/ 15 U.S.C. § 717b.

ORDER

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

A. Enron LNG Marketing LLC (ELM) is authorized to import up to 300 billion cubic feet of liquefied natural gas (LNG) over a two-year term beginning on the date of first delivery. This LNG may be imported at any receiving facility in United States or its territories.

B. Within two weeks after deliveries begin, ELM shall provide written notification to the Office of Natural Gas & Petroleum Import & Export Activities of the date that the first import authorized in Ordering Paragraph A above occurred.

C. With respect to the LNG imports authorized by this Order, ELM shall file with the Office of Natural Gas & Petroleum Import & Export Activities, within 30 days following each calendar quarter, reports indicating whether imports of LNG have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports of LNG have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, ELM must report by month: (1) the total volume of imports in Mcf and MMBtu; (2) the country of origin; (3) the name of the seller(s); (4) the point(s) of entry; (5) the name(s) of the LNG tankers used; (6) the estimated or actual duration of the agreements; (7) the geographic market(s) served; (8) the average landed cost per MMBtu a the point of import; and (9) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price, if applicable. The reports also will include the monthly volumes in Mcf taken by each customer of ELM.

[OMB No.: 1901-0294]

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than January 30, 2001, and should cover the period from the date of this Order, until the end of the fourth calendar quarter, December 31, 2000.

E. The notification and quarterly reports required by Ordering Paragraphs B and C of this Order shall 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.

Issued in Washington, D.C., on November 3, 2000.

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

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

Clinton Energy Management Services, Inc.) Docket No. 98-____NG

APPLICATION OF CLINTON ENERGY MANAGEMENT SERVICES, INC. FOR BLANKET AUTHORIZATION TO IMPORT AND EXPORT NATURAL GAS

Pursuant to Section 3 of the Natural Gas Act ("NGA"), 15 U.S.C. Section 717(b), Department of Energy Delegation Order Nos. 0204-111 and 0204-127 and the regulations of the Department of Energy in 10 C.F.R. Part 590, Clinton Energy Management Services, Inc. ("CEMSI") hereby submits this application for blanket authorization to import natural gas from and export natural gas to Canada and Mexico for a two-year term. CEMSI proposes to import and export up to a combined total of 200 Bcf of natural gas from and to Canada and Mexico annually at various points along the United States/Canada and United States/Mexico borders. In support of its application, CEMSI states the following:

I.
CORRESPONDENCE AND COMMUNICATIONS

The names, titles and mailing addresses of the persons to whom correspondence and communications concerning this application are to be addressed as follows[1]:

[1] Designed to receive service in accordance with Rule 202(a), 10 C.F.R. Section 590.2029(a) of the Office of Fuels Programs, Fossil Energy's Administrative Procedures With Respect To The Import And Export Of Natural Gas.

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James E. Keller
Clinton Energy Management Services, Inc.
1400 Smith Street
P.O. Box 1188
Houston, TX 77251-1188
(713) 853-1595

and

David B. Ward
Ward & Anderson, P.C.
1000 Thomas Jefferson Street, NW
Suite 503
Washington, DC 20007
(202) 298-6910

II.
DESCRIPTION OF EXISTING OPERATIONS

The exact legal name of applicant is Clinton Energy Management Services, Inc., which is a corporation existing under the laws of the State of Ohio, having its principal place of business at 400 Metro Place, Suite 360, Dublin, Ohio 43017. CEMSI is a direct subsidiary of Enron Energy Services Operations, Inc. and an indirect subsidiary of Enron Corp.

III.
PROPOSAL

CEMSI requests blanket authorization to import and export up to an aggregate volume of 200 Bcf of natural gas annually for a two-year period from multiple sources at various points of interconnection between the facilities of United States pipeline companies and Canadian and Mexican pipeline companies along the United States international borders between Canada and Mexico.

Pursuant to Section 590.202(b) of the Office of Fossil Energy, Fuels Programs Regulations, 10 C.F.R. 590.202(b), the following information is provided:

1.) Scope of Project

As discussed above, the scope of the proposed authorization would permit CEMSI to purchase or produce up to 200 Bcf of natural gas annually from multiple sources and to import or export such gas into or from the United States for a two-year term. CEMSI seeks an effective date of the date of first deliveries.

Such natural gas to be imported or exported under the requested authorization would be sold by CEMSI to various customers, which might include end-users, distribution companies, pipeline companies and other marketers of natural gas.

2.) Source and Security of the Natural Gas Supply

All natural gas supply under the requested authorization would come from either Canada, the United States or Mexico. Such natural gas will either be produced by CEMSI or purchased from producers or others for importation or exportation and subsequent sale to others. Canada for many years has had surplus natural gas for sale to be imported into the United States. Such natural gas has been a reliable source of energy and is expected to continue to be available in the future. As gas becomes available from Mexico, CEMSI wishes to be in a position to take advantage of buying opportunities therefrom.

3.) Identification of Participants in the Transaction

CEMSI is requesting blanket authorization herein. At this time, CEMSI is unable to specify from whom or what specific volumes it will purchase natural gas or what volumes it will produce and to whom such natural gas and what volumes will be sold. CEMSI is willing to provide the Department of Energy with quarterly reports about its imported and exported natural gas supply.

4.) Terms and Transactions

CEMSI will purchase and sell natural gas at competitive prices.

5.) Provisions of the Import and Export Arrangements Which Establish Price, Volume, Transportation and Other Costs

The provisions of any natural gas purchases will be voluntarily negotiated and market responsive.

6.) Need for Canadian and Mexican Gas in United States

The proposed authorization would provide CEMSI with the opportunity to seek additional sources of natural gas for its natural gas requirements. This will enhance competition for natural gas supplies.

7.) Environment Impact

Since no new facilities will be constructed for this proposed importation or exportation of natural gas, granting the subject application is not a federal action affecting the quality of the environment, and no environmental assessment is required.

Attached hereto is an opinion of legal counsel, pursuant to 10 C.F.R. 590.202(e) of the Office of Fossil Energy's Regulations that the proposed importation and exportation of natural gas in within the corporate powers of CEMSI.

IV.
PUBLIC INTEREST

CEMSI submits that the subject application should be approved within the standards of Section 3 of the Natural Gas Act. Such gas will be imported or exported under freely negotiated contracts which will have market responsive terms. The natural gas will enhance competition for this fuel source in the United States. Canadian supplies of gas are reliable and are expected to

continue to be available. Further, under Section 3(c) of the Natural Gas Act, the importation and exportation of natural gas from and to nations with which there are in effect free trade agreements 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. Canada and Mexico are nations with which free trade agreements are in effect. The authorization sought herein to import and export natural gas meets the Section 3 criteria and is, therefore, consistent with the public interest.

V.
CONCLUSION

WHEREFORE, in view of the above, Clinton Energy Management Services, Inc. respectfully requests that the Department of Energy find promptly, pursuant to Section 3 of the Natural Gas Act, that the blanket importation from and exportation to Canada and Mexico of up to 200 Bcf of natural gas annually for a two-year term commencing on the date of first deliveries is in the public interest and grant the authorization sought herein.

Respectfully submitted,

Clinton Energy Management Services, Inc.

By: _____
John C. Henderson
Vice President

Of Counsel:

David B. Ward
Allan W. Anderson, Jr.
Ward & Anderson, P.C.
1000 Thomas Jefferson Street, NW
Suite 503
Washington, DC 20007

Dated: October 7, 1998

VERIFICATION

STATE OF TEXAS)
)
COUNTY OF Harris)

John C. Henderson, being first duly sworn, states that he is Vice President of Clinton Energy Management Services, Inc.; that he is authorized to execute this verification; that he has read the above and foregoing Application and is familiar with the contents thereof, and that all allegations and facts contained therein are true and correct to the best of his knowledge, information and belief.

By: _____
John C. Henderson
Vice President

Subscribed to and sworn before me this 7 day of October, 1998.

_____
Notary Public

My Commission Expires:
10-2-2000

MARIA DEL CARMEN KORCZ
NOTARY PUBLIC
STATE OF TEXAS
My Comm. Exp. 10-02-2000

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

RECD DOE/FE
1999 OCT 29 A 11:48

October 25, 1999

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

Gentlemen:

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

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

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

Respectfully submitted,

ENRON NORTH AMERICA

By Juanita Marchand
Juanita Marchand
Logistics Specialist

250

State of Delaware

Office of the Secretary of State

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

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

Edward J. Freel, Secretary of State

2240966 8100

991366280

AUTHENTICATION: 9950716

DATE: 09-01-99

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CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

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

DOES HEREBY CERTIFY:

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

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

ARTICLE I.

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

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

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

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

Angus H Davis

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

ATTEST:

Elaine Overturf

Name: Elaine V. Overturf
Title: Deputy Corporate Secretary

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

ENRON NORTH AMERICA CORP. (Formerly Enron Capital & Trade Resources Corp.)	)	FE DOCKET NO. 98-17-NG

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

DOE/FE ORDER NO. 1379-A

On April 28, 1998, the Department of Energy (DOE) granted long-term authorization to Enron Capital & Trade Resources Corp. in DOE/FE Order No. 1379 (Order 1379)[1/] to import up to approximately 42,000 Mcf per day of natural gas, including fuel gas, from Canada. The authorization is for a ten year term commencing November 1, 1998, through October 31, 2008, or for 10 years after the commencement of deliveries if deliveries begin after November 1, 1998. Deliveries began December 22, 1998.

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

1/ 1 FE ¶ 71,555.

253.

Accordingly, pursuant to section 3 of the Natural Gas Act, Order 1379 is amended to substitute Enron North America Corp. as the importer of natural gas. All terms and conditions in Order 1379 remain in full force and effect.

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

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

LAW OFFICES
WARD & ANDERSON, P.C.
SUITE 503
1000 THOMAS JEFFERSON STREET, N.W.
WASHINGTON, D.C. 20007

(202) 298-6910
TELECOPIER (202) 298-6914

October 8, 1998

REC'D DOE/FE
1998 OCT -8 P 12: 55

Office of Natural Gas & Petroleum Import/Export
Fossil Energy
U.S. Department of Energy
Room 3E042
1000 Independence Avenue, S.W.
Washington, DC 20585

Re: Enron Energy Services, Inc.
Docket No. 98-24 NG

Dear Sir or Madam:

Enclosed for filing on behalf of Enron Energy Services, Inc. are an original and 15 copies of an Application for Blanket Authorization To Import And Export Natural Gas.

Also enclosed is a check in the amount of $50.00 payable to the Treasurer of United States.

Respectfully submitted,

David B. Ward
Counsel for
Enron Energy Services, Inc.

DBW/eb

Enclosures

254.

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

Enron Energy Services, Inc.) Docket No. 98-____NG

APPLICATION OF ENRON ENERGY SERVICES, INC. FOR BLANKET AUTHORIZATION TO IMPORT AND EXPORT NATURAL GAS

Pursuant to Section 3 of the Natural Gas Act ("NGA"), 15 U.S.C. Section 717(b), Department of Energy Delegation Order Nos. 0204-111 and 0204-127 and the regulations of the Department of Energy in 10 C.F.R. Part 590, Enron Energy Services, Inc. ("EESI") hereby submits this application for blanket authorization to import natural gas from and export natural gas to Canada and Mexico for a two-year term. EESI proposes to import and export up to a combined total of 200 Bcf of natural gas from and to Canada and Mexico annually at various points along the United States/Canada and United States/Mexico borders. In support of its application, EESI states the following:

I.
CORRESPONDENCE AND COMMUNICATIONS

The names, titles and mailing addresses of the persons to whom correspondence and communications concerning this application are to be addressed as follows[1]:

[1] Designed to receive service in accordance with Rule 202(a), 10 C.F.R. Section 590.2029(a) of the Office of Fuels Programs, Fossil Energy's Administrative Procedures With Respect To The Import And Export Of Natural Gas.

James E. Keller
Enron Energy Services, Inc.
1400 Smith Street
P.O. Box 1188
Houston, TX 77251-1188
(713) 853-1595

and

David B. Ward
Ward & Anderson, P.C.
1000 Thomas Jefferson Street, NW
Suite 503
Washington, DC 20007
(202) 298-6910

II.
DESCRIPTION OF EXISTING OPERATIONS

The exact legal name of applicant is Enron Energy Services, Inc., which is a corporation existing under the laws of the State of Delaware, having its principal place of business at 1400 Smith Street, Houston, Texas 77002. EESI is a direct subsidiary of Enron Energy Services Operations, Inc. and an indirect subsidiary of Enron Corp.

III.
PROPOSAL

EESI requests blanket authorization to import and export up to an aggregate volume of 200 Bcf of natural gas annually for a two-year period from multiple sources at various points of interconnection between the facilities of United States pipeline companies and Canadian and Mexican pipeline companies along the United States international borders between Canada and Mexico.

Pursuant to Section 590.202(b) of the Office of Fossil Energy, Fuels Programs Regulations, 10 C.F.R. 590.202(b), the following information is provided:

1.) Scope of Project

As discussed above, the scope of the proposed authorization would permit EESI to purchase or produce up to 200 Bcf of natural gas annually from multiple sources and to import or export such gas into or from the United States for a two-year term. EESI seeks an effective date of the date of first deliveries.

Such natural gas to be imported or exported under the requested authorization would be sold by EESI to various customers, which might include end-users, distribution companies, pipeline companies and other marketers of natural gas.

2.) Source and Security of the Natural Gas Supply

All natural gas supply under the requested authorization would come from either Canada, the United States or Mexico. Such natural gas will either be produced by EESI or purchased from producers or others for importation or exportation and subsequent sale to others. Canada for many years has had surplus natural gas for sale to be imported into the United States. Such natural gas has been a reliable source of energy and is expected to continue to be available in the future. As gas becomes available from Mexico, EESI wishes to be in a position to take advantage of buying opportunities therefrom.

3.) Identification of Participants in the Transaction

EESI is requesting blanket authorization herein. At this time, EESI is unable to specify from whom or what specific volumes it will purchase natural gas or what volumes it will produce and to whom such natural gas and what volumes will be sold. EESI is willing to provide the Department of Energy with quarterly reports about its imported and exported natural gas supply.

4.) Terms and Transactions

EESI will purchase and sell natural gas at competitive prices.

5.) Provisions of the Import and Export Arrangements Which Establish Price, Volume, Transportation and Other Costs

The provisions of any natural gas purchases will be voluntarily negotiated and market responsive.

6.) Need for Canadian and Mexican Gas in United States

The proposed authorization would provide EESI with the opportunity to seek additional sources of natural gas for its natural gas requirements. This will enhance competition for natural gas supplies.

7.) Environment Impact

Since no new facilities will be constructed for this proposed importation or exportation of natural gas, granting the subject application is not a federal action affecting the quality of the environment, and no environmental assessment is required.

Attached hereto is an opinion of legal counsel, pursuant to 10 C.F.R. 590.202(e) of the Office of Fossil Energy's Regulations that the proposed importation and exportation of natural gas in within the corporate powers of EESI.

IV.
PUBLIC INTEREST

EESI submits that the subject application should be approved within the standards of Section 3 of the Natural Gas Act. Such gas will be imported or exported under freely negotiated contracts which will have market responsive terms. The natural gas will enhance competition for this fuel source in the United States. Canadian supplies of gas are reliable and are expected to

continue to be available. Further, under Section 3(c) of the Natural Gas Act, the importation and exportation of natural gas from and to nations with which there are in effect free trade agreements 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. Canada and Mexico are nations with which free trade agreements are in effect. The authorization sought herein to import and export natural gas meets the Section 3 criteria and is, therefore, consistent with the public interest.

V.
CONCLUSION

WHEREFORE, in view of the above, Enron Energy Services, Inc. respectfully requests that the Department of Energy find promptly, pursuant to Section 3 of the Natural Gas Act, that the blanket importation from and exportation to Canada and Mexico of up to 200 Bcf of natural gas annually for a two-year term commencing on the date of first deliveries is in the public interest and grant the authorization sought herein.

Respectfully submitted,

ENRON ENERGY SERVICES, INC.

By: _____
John C. Henderson
Vice President

Of Counsel:

David B. Ward
Allan W. Anderson, Jr.
Ward & Anderson, P.C.
1000 Thomas Jefferson Street, NW
Suite 503
Washington, DC 20007

Dated: October 7, 1998

VERIFICATION

STATE OF TEXAS)
)
COUNTY OF Harris)

John C. Henderson, being first duly sworn, states that he is Vice President of Enron Energy Services, Inc.; that he is authorized to execute this verification; that he has read the above and foregoing Application and is familiar with the contents thereof, and that all allegations and facts contained therein are true and correct to the best of his knowledge, information and belief.

By: _____
John C. Henderson
Vice President

Subscribed to and sworn before me this 7 day of October, 1998.

_____
Notary Public

My Commission Expires:
10-2-2000

MARIA DEL CARMEN KORCZ
NOTARY PUBLIC
STATE OF TEXAS
My Comm. Exp. 10-02-2000

Enron Energy Services
P.O. Box 1188
Houston, TX 77251-1188

October 7, 1998

Department of Energy
Natural Gas and Petroleum Import/Export
Room 3E042
1000 Independence Avenue
Washington, DC 20585

Ladies and Gentlemen:

Pursuant to 10 C.F.R. Section 590.202(c), this opinion of counsel is hereby furnished in connection with the Application of Enron Energy Services, Inc., a Delaware corporation, hereinafter referred to as "EESI" for authorization to import natural gas from and export natural gas to Canada and Mexico pursuant to Section 3 of the Natural Gas Act.

In respect to the above, I am of the opinion that:

- EESI is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware; and

- the proposed importation of natural gas from and exportation to Canada and Mexico is within the corporate power of EESI.

Respectfully submitted,

ENRON ENERGY SERVICES, INC.

BY James E. Keller
James E. Keller
Assistant General Counsel

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

ENRON ENERGY SERVICES, INC.

FE DOCKET NO. 98-74-NG

ORDER GRANTING BLANKET AUTHORIZATION

TO IMPORT AND EXPORT NATURAL GAS

FROM AND TO CANADA AND MEXICO

DOE/FE ORDER NO. 1423

OCTOBER 23, 1998

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I. DESCRIPTION OF REQUEST

On October 8, 1998, Enron Energy Services, Inc. (EESI) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),[1] and DOE Delegation Order Nos. 0204-111 and 0204-127, requesting blanket authorization to import and export up to a combined total of 200 billion cubic feet (Bcf) of natural gas from and to Canada and Mexico. EESI is a Delaware corporation with its principal place of business in Houston, Texas, and is a direct subsidiary of Enron Energy Services Operations and an indirect subsidiary of Enron Corporation. The term of the authorization would be for a period of two years beginning on the date of first import or export delivery. This gas would be imported and exported under short-term and spot market agreements, either on its own behalf or as the agent for others. The requested authorization does not involve the construction of new pipeline facilities.

I. FINDING

The application filed by EESI has been evaluated to determine if the proposed import and export 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 or export of natural gas from or to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by EESI to import and export natural gas from and to Canada and Mexico, nations with which free trade agreements are in effect, meets the section 3 (c) criterion and, therefore, is consistent with the public interest. This blanket order authorizes transactions under contracts with terms of no longer than two years.

ORDER

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

A. Enron Energy Services, Inc. (EESI) is authorized to import and export up to a combined total of 200 Bcf of natural gas from and to Canada and Mexico. The term of this authorization is for a period of two years beginning on the date of first import or export delivery. This natural gas may be imported or exported at any point on the borders between the United States and Canada, and between the United States and Mexico.

B. Within two weeks after deliveries begin, EESI shall provide written notification to the Office of Natural Gas & Petroleum Import and Export Activities of the date that the first import or export delivery of natural gas authorized in Ordering Paragraph A above occurred.

C. With respect to the imports and exports authorized by this Order, EESI shall file with the Office of Natural Gas & Petroleum Import and Export Activities, within 30 days following each calendar quarter, quarterly reports indicating whether imports or exports of natural gas have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no imports or exports have been made, a report of "no activity" for that calendar quarter must be filed. If imports or exports have occurred, EESI must report the following: (1) total monthly volumes in Mcf; (2) the average monthly price of gas per MMBtu at the international border; (3) the name of the seller(s); (4) the name of the purchaser(s); (5) the estimated or actual duration of the agreement(s); (6) the name of the U.S. transporter(s); (7) the point(s) of entry or exit; and (8) the geographic market(s) served (for imports, by State). For import transactions only, the reports also shall include: (1) whether sales are being made on an interruptible or firm basis; and, if applicable, (2) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price.

D. The reporting requirements described in Ordering Paragraphs B and C of this Order shall be filed with the Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy, Room 3E-042, FE-34, Forrestal Building, 1000

ıdependence Avenue, S.W., Washington, D.C. 20585.

.. The first quarterly report required by Ordering Paragraph C of this Order is due not later than January 30, 1999, nd should cover the period from the date of this Order until the end of the fourth calendar quarter, December 31, 1998.

ssued in Washington, D.C., on October 23, 1998.

---

ohn W. Glynn

ianager, Natural Gas Regulation

ffice of Natural Gas & Petroleum

ıport and Export Activities

ffice of Fossil Energy

1/ 15 U.S.C. §717b.

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

REC'D DOE/FE
1999 SEP 20 A 11: 36

PORTLAND GENERAL ELECTRIC COMPANY	)	FE DOCKET NO. 99-65-NG

ORDER GRANTING BLANKET AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 1515

SEPTEMBER 20, 1999

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I. DESCRIPTION OF REQUEST

On September 15, 1999, Portland General Electric Company (PGE) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA)[1/] and DOE Delegation Order Nos. 0204-111 and 0204-127, requesting blanket authorization to import up to 90 Bcf of natural gas from Canada. The term of the authorization will be two years beginning on November 3, 1999,[2/] through November 2, 2001. PGE, an Oregon corporation with its principal place of business in Portland, Oregon, is an electric utility and a wholly-owned subsidiary of Enron Corp. PGE will import this gas under spot and short-term purchase arrangements to use as fuel for its Beaver and Coyote Springs electric generating plants. The specific terms of each import transaction, including price and volume, would be negotiated at arms length in response to market conditions. The requested authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by PGE 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 importation of natural gas from a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by PGE to import natural gas from Canada, a nation with which a free trade agreement is in effect, meets the

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1/ 15 U.S.C. § 717b.

2/ This is the expiration date of PGE's existing blanket import authorization granted by DOE/FE Order No. 1245 dated January 31, 1997 (1 FE ¶ 71,360).

section 3(c) criterion and, therefore, is consistent with the public interest. This blanket order authorizes transactions under contracts with terms of no longer than two years.

ORDER

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

A. Portland General Electric Company (PGE) is authorized to import from Canada, at any point on the international border, up to 90 Bcf of natural gas over a two-year term beginning on November 3, 1999, and extending through November 2, 2001.

B. With respect to the natural gas imports authorized by this Order, PGE will file, within 30 days following each calendar quarter, reports indicating whether imports of natural gas have been made. If imports of natural gas have not been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, PGE must report the following information: (1) total monthly volumes in Mcf; (2) the average monthly purchase price of gas per MMBtu at the international border; (3) the name of the seller; (4) the name of the purchaser(s); (5) the estimated or actual duration of the agreement(s); (6) the name of the United States transporter(s); (7) the point(s) of entry; and (8) the geographic market(s) served (by State). The report will also include this additional information: (1) whether sales are being made on an interruptible or firm basis; and, if applicable, (2) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price. [OMB No.: 1901-0294]

C. The reports required in Ordering Paragraphs 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, SW., 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 3, 1999, until the end of the fourth calendar quarter, December 31, 1999.

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

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

UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY
WASHINGTON, D.C.

In the Matter of	)	
	)	Docket No. 99-65-NG
PORTLAND GENERAL	)	
ELECTRIC COMPANY	)	

REC'D DOE/FE
1999 SEP 15 A 9:02

APPLICATION OF
PORTLAND GENERAL ELECTRIC COMPANY
FOR AN ORDER AUTHORIZING THE IMPORTATION
OF NATURAL GAS FROM CANADA

Pursuant to Section 3 of the Natural Gas Act ("NGA"), 15 U.S.C. § 717b, Department of Energy Delegation Order Nos. 0204-111 and 0204-127, and 10 CFR Part 590, Portland General Electric Company ("PGE") hereby submits this request to the Department of Energy, Office of Fossil Energy ("OFE") for blanket authorization to import natural gas from Canada for use at its Beaver and Coyote Springs generating facilities and for resale to others.

Due to the press of business, PGE has inadvertently missed the 90-day filing deadline set forth in 10 CFR § 590.201(b) that would allow authorization to become effective by November 3, 1999. PGE respectfully requests, pursuant to this regulation, that the OFE waive the 90-day filing requirement and allow authorization to become effective as of November 3, 1999, considering that in all substantive respects PGE is requesting the same authorization previously granted in Docket No. 97-02-NG, and also considering the potential hardship an interruption in Canadian imports would impose on PGE's customers as well as its Canadian suppliers. Alternatively, PGE requests that the OFE issue an emergency interim order, pursuant to 10 CFR § 590.403, authorizing PGE to continue importing gas from Canada pending further investigation and a final opinion and order.

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In support hereof, PGE respectfully states as follows:

I.

The exact name of PGE is Portland General Electric Company. Correspondence concerning this Application should be addressed to:

Robin Tompkins
Assistant General Counsel
Portland General Electric Company
121 SW Salmon Street, 1WTC1301
Portland, Oregon 97204
(503) 464-7037

and

Patricia Scherzinger
Manager, Fuel Operations
Portland General Electric Company
121 SW Salmon Street, 3WTCBR06
Portland, Oregon 97204
(503) 464-7165

II.

PGE is a wholly-owned subsidiary of Enron Corp., organized and existing under the laws of the state of Oregon with its principal place of business at 121 SW Salmon Street, Portland, Oregon 97204. PGE is an electric utility and owns generating facilities, known as the Beaver and Coyote Springs plants, which use natural gas as a fuel. PGE's revised Articles of Incorporation and Bylaws are attached hereto as Appendix A. The opinion of the undersigned counsel that the proposed import of natural gas is within PGE's corporate power is attached hereto as Appendix B.

III.

PGE's application is essentially the same as the one approved by the OFE in 1997 (FE Docket No. 97-02-NG). Under Docket No. 97-02-NG, PGE currently has authorization to import natural

gas from a variety of Canadian suppliers for the two-year period beginning November 3, 1997. PGE's import authorization ends on November 3, 1999. Pursuant to this application, PGE requests authority to import specified quantities of natural gas from a variety of Canadian suppliers. Specifically, PGE requests authority to import up to a maximum of 90 Bcf of gas for a term of up to two years. Since the transactions contemplated by this application will be of a short-term and spot nature, the base price, volume requirements, price adjustment and volume adjustment provisions will be negotiated between PGE and Canadian producers. PGE anticipates that the price will not remain fixed in most of those contracts for a period of more than one year. In most cases, the price will be adjusted on a monthly or quarterly basis as required by market conditions, which, in turn, will be influenced by the price and availability of competing fuels, including domestic natural gas. Moreover, most spot-market contracts to which PGE will be a party will allow either party to terminate on relatively short notice and for a variety of reasons.

Such negotiations will be premised on meeting competition in the marketplace. PGE anticipates contracting with a number of Western Canadian suppliers for available supplies, and the identity of the suppliers will be disclosed in the quarterly reports which PGE will file concerning the transactions which is has consummated. The gas imported pursuant to this authorization will be transported via facilities owned by Northwest Pipeline Company and Pacific Gas Transmission Company ("PGT"). PGE intends to use existing mainline interstate U.S. and Canadian pipeline facilities for the transportation of its imported gas supplies and seeks approval to use all existing import points. The proposed importation hereunder will begin as soon after approval of this application as transportation is available and the plants can be operated economically.

IV.

Granting the blanket import authorization would provide PGE with flexibility to effectuate numerous spot transactions under a single blanket import authorization, subject to the appropriate reporting of each transaction. This authorization will also minimize regulatory delays which would prevent PGE from taking advantage of opportunities to economically operate the Beaver and Coyote Springs plants. Consistent with the reporting requirements imposed by OFE in Docket No. 97-02-NG, PGE agrees to:

(1) Notify the OFE in writing of the date of first delivery of natural gas authorized within two weeks after deliveries begin; and

(2) File with the OFE within thirty (30) days following each calendar quarter, quarterly reports showing by month the quantities of natural gas in MMcf imported and the average price paid for those volumes. The report will also provide the details of each transaction, including the names of the sellers, estimated or actual duration of the agreements, transporters, points of entry, facilities served and, where applicable, any demand-commodity breakdown of the contract price, any special contract price adjustment clauses, and any take-or-pay or make-up provisions.

V.

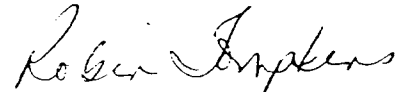
Section 3 of the NGA, as amended by the Energy Policy Act of 1992 (Pub. L. 102--486), states that an import of natural gas form a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. 15 U.S.C. § 717b(c). The authorization sought by PGE to import natural gas from Canada, a nation with which a free trade

agreement is in effect, meets the Section 3(c) criterion and is, therefore, consistent with the public interest.

WHEREFORE, for the foregoing reasons, PGE respectfully requests that the OFE grant the requested blanket import authorization in a timely fashion.

DATED: September 2, 1999.

Respectfully Submitted,



Robin Tompkins, Attorney for
Portland General Electric Company

VERIFICATION

State of Oregon)
) ss.
County of Multnomah)

I, ROBIN TOMPKINS, being first duly sworn, depose and say that I am a duly authorized representative of the application; that I have read the foregoing document; that I am familiar with the contents thereof; that the statements contained therein are true and correct to the best of my knowledge, information and belief; that I am authorized to file the same with the Department of Energy, Office of Fossil Energy; and that to the best of my knowledge, information and belief, the same or a related matter is not being considered by any other part of the Department of Energy, including the Federal Energy Regulatory Commission or any other Federal agency or department.

Robin Tompkins

Robin Tompkins

SUBSCRIBED AND SWORN to before me by Robin Tompkins this 2nd day of September, 1999.

Kathy Scarborough

Notary Public for Oregon
Commission Expires: Aug

OFFICIAL SEAL
BARI H. GILBERT
NOTARY PUBLIC-OREGON
COMMISSION NO. A060103
MY COMMISSION EXPIRES DEC. 10, 2000

Bari H. Gilbert

Notary Public for Oregon
Commission Expires: 12/10/2000

A.

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Appendix A: Oregon Certificate of Good Standing; Index of Articles of Incorporation, and Amended and Restated bylaws of Portland General Electric Company.

Appendix B: Opinion of Counsel

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APPENDIX A

Oregon Certificate of Good Standing

C.

CERTIFICATE

State of Oregon

OFFICE OF THE SECRETARY OF STATE
Corporation Division

I, PHIL KEISLING, Secretary of State of Oregon, and Custodian of the Seal of said State, do hereby certify:

PORTLAND GENERAL ELECTRIC COMPANY

was
incorporated
under the Oregon
Business Corporation Act
on
July 25, 1930
and is active on the records of the Corporation Division as of the date of this certificate.

In Testimony Whereof, I have hereunto set my hand and affixed hereto the Seal of the State of Oregon.

PHIL KEISLING, Secretary of State

By Sally L. Poole

Sally L. Poole
September 1, 1999

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APPENDIX A

Index of Articles of Incorporation

E.

PORTLAND GENERAL ELECTRIC COMPANY
ARTICLES OF INCORPORATION
AND AMENDMENTS FILED

1.	07/24/30	-	Articles of Incorporation; filed July 25, 1930
2.	01/16/48	-	Supplementary Articles of Incorporation to increase common stock to 1.5 million shares
3.	03/13/52	-	Supplementary Articles of Incorporation to increase common stock to 2.5 million shares
4.	04/22/54	-	Articles of Amendment to Article VI providing for 12 million shares common stock at $3.75/share par value; reclassification of existing shares
5.	04/23/62	-	Articles of Amendment to Article VI providing for reclassification of 5 million shares common stock to $7.50 par value
6.	05/18/64	-	Articles of Amendment to Article VI providing for issuance of preferred stock: 300,000 shares $100 par value and specifying rights of preferred stock
7.	10/27/70	-	Statement of Resolution Establishing Series of Shares (Preferred Stock: 9.76%)
8.	05/15/72	-	Articles of Amendment to Article VI providing for issuance of preferred stock: 1,000,000 shares $100 par value and specifying rights of preferred stock
9.	06/20/72	-	Statement of Resolution Establishing Series of Shares (Preferred Stock: 7.95%)
10.	03/29/73	-	Statement of Resolution Establishing Series of Shares (Preferred Stock: 7.88%)
11.	06/05/73	-	Articles of Amendment to Article VI providing for issuance of common stock: 20 million shares $3.75 par value; and 2,000,000 shares preferred stock $100 par value and specifying rights of preferred stock

corprecs:pgeart.ind

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12.	07/18/73	-	Statement of Resolution Establishing Series of Shares (Preferred Stock: 8.20%)
13.	01/17/75	-	Statement of Resolution Establishing Series of Shares (Preferred Stock: 11.50%)
14.	05/23/75	-	Articles of Amendment issuing 1.6 million shared preferred stock at $100 par value
15.	03/25/76	-	Statement of Resolution Establishing Series of Shares (Preferred Stock: $2.60 Series)
16.	05/28/76	-	Articles of Amendment to Article VI providing for issuance of common stock: 30 million shares $3.75 par value
17.	08/26/76	-	Statement of Cancellation of Preferred Stock Series: 25,000 shares, Preferred Stock ($100 par value), 11.50% Series
18.	01/25/77	-	Statement of Cancellation of Preferred Stock Series: 30,000 shares, Preferred Stock ($100 par value), 11.50% Series
19.	05/11/77	-	Exhibit "A" - Statement of Resolution Establishing Series of Shares - 8.75% Series, $100 par value preferred stock
20.	06/07/77	-	Articles of Amendment to Article VI providing for issuance of common stock: 2.5 million shares $100 par value preferred stock;
21.	02/01/78	-	Statement of Cancellation of Shares of Preferred Stock: Cancellation of 30,000 shares of 11.50% Series
22.	06/19/78	-	Articles of Amendment to Article VI: Statement of common stock at 50 million shares $3.75 par value stock; statement of preferred stock at 2.5 million $100 par value and 6 million shares at $25 par value
23.	01/31/79	-	Statement of Cancellation of Shares of Preferred Stock: Cancellation of 30,000 shares of 11.50% Series
24.	02/14/80	-	Statement of Cancellation of Shares of Preferred Stock: Cancellation of 15,000 shares of 11.50% Series

25.	05/28/80	-	Articles of Amendment to Article VI: Statement of common stock at 100 million shares $3.75 par value; statement of preferred stock at 2.5 million $100 par value and 6 million $25 par value
26.	10/29/80	-	Statement of Cancellation of Shares of Preferred Stock: 15,000 shares Preferred Stock ($100 par value), 11.50% Series
27.	05/20/81	-	Statement of Cancellation of Shares of Preferred Stock: Cancellation of 6,000 shares of 11.50% Series
28.	05/26/81	-	Articles of Amendment to Article VIII providing for authority of Directors in office to fill a vacancy on the Board
29.	07/13/81	-	Statement of Cancellation of Shares of Preferred Stock: 1,046 shares Preferred Stock ($100 par value) 11.50% Series
30.	10/07/81	-	Statement of Cancellation of Shares of Preferred Stock: 2,530 shares Preferred Stock ($100 par value) 11.50% Series
31.	10/22/81	-	Statement of Cancellation of Shares of Preferred Stock: 2,230 shares Preferred Stock ($100 par value) 11.50% Series
32.	01/07/82	-	Statement of Cancellation of Shares of Preferred Stock: 3,260 shares Preferred Stock ($100 par value) 11.50% Series
33.	03/17/82	-	Statement of Resolution Establishing Series of Shares: $4.40 Series Cumulative Preferred Stock - 3,000,000 shares $25 par value - known as "Preferred Stock of the Second Series, $25 Par Value"
34.	07/14/82	-	Statement of Resolution Establishing Series of Shares: $4.32 Series Cumulative Preferred Stock - 2,000,000 shares $25 par value - known as "Preferred Stock of the Third Series, $25 Par Value"
35.	07/20/82	-	Statement of Cancellation of Shares of Preferred Stock: 2,040 shares Preferred Stock ($100 par value) 11.50% Series
36.	10/14/82	-	Statement of Cancellation of Shares of Preferred Stock: 880 shares Preferred Stock ($100 par value) 11.50% Series

37.	01/28/83	-	Statement of Cancellation of Shares of Preferred Stock: 12,257 shares Preferred Stock ($100 par value) 11.50% Series
38.	06/06/83	-	Statement of Cancellation of Shares of Preferred Stock: 18,000 shares Preferred Stock ($100 par value) 8.875% Series
39.	06/08/83	-	Articles of Amendment to Article III providing for new purposes and powers of corporation
40.	06/08/83	-	Articles of Amendment to Article VI providing for common stock at 100 million shares $3.75 par value; preferred stock at 2.5 million shares $100 par value and 6 million shares $25 par value; and 30 million shares preferred without par value
41.	12/21/83	-	Statement of Cancellation of Shares of Preferred Stock: 9,960 shares Preferred Stock ($100 par value) 11.50% Series
42.	03/27/84	-	Statement of Cancellation of Shares of Preferred Stock: 4,870 shares Preferred Stock ($100 par value) 11.50% Series
43.	07/03/84	-	Statement of Cancellation of Shares of Preferred Stock: 18,000 shares Preferred Stock ($100 par value) 8.875% Series; 1,330 shares Preferred Stock ($100 par value) 11.50% Series
44.	09/__/84	-	Statement of Cancellation of Shares of Preferred Stock: 3,830 shares Preferred Stock ($100 par value) 11.50% Series; signed as of 09/04/84
45.	12/05/84	-	Statement of Cancellation of Shares of Preferred Stock: 1,480 shares Preferred Stock ($100 par value) 11.50% Series
46.	02/12/85	-	Statement of Cancellation of Shares of Preferred Stock: 8,360 shares Preferred Stock ($100 par value) 11.50% Series
47.	05/10/85	-	Statement of Cancellation of Shares of Preferred Stock: 18,000 shares Preferred Stock ($100 par value) 8.875% Series
48.	02/10/86	-	Statement of Cancellation of Shares of Preferred Stock: 104,927 shares Preferred Stock ($100 par value) 11.50% Series
49.	05/02/86	-	Statement of Cancellation of Reacquired Shares: 2,941,575 shares common stock

50.	02/18/87	-	Statement of Cancellation of Shares of Preferred Stock: 18,000 shares Preferred Stock ($100 par value) 8.875% Series; 10,000 shares Preferred Stock ($100 par value), 9.76% Series; 1,955 shares Preferred Stock ($100 par value) 7.05% Series; 425 shares Preferred Stock ($100 par value) 7.88% Series; 580 shares Preferred Stock ($100 par value), 8.20% Series
51.	03/11/87	-	Statement of Cancellation of Reacquired Shares: 4,587 shares common stock
52.	03/11/87	-	Statement of Cancellation of Reacquired Shares: 2,507,523 shares common stock
53.	05/22/87	-	Statement of Cancellation of Redeemable Shares: 36,000 shares Preferred Stock ($100 par value), 8.875% Series; 3,000,000 shares Preferred Stock ($25 par value), $4.40% Series
54.	05/03/88	-	Articles of Amendment authorizing 500,000 shares of $100 par value Cumulative Preferred Stock
55.	06/08/92	-	Articles of Amendment authorizing 300,000 shares of 7.75% Series Cumulative Preferred Stock, Without Par Value

APPENDIX A

Amended and Restated Bylaws of
Portland General Electric Company

G.

AMENDED AND RESTATED BYLAWS

OF

PORTLAND GENERAL ELECTRIC COMPANY

An Oregon Corporation

Date of Adoption
May 1, 1998

H.

(Section 2 of Article VII of these Bylaws shall be effective as of July 1, 1997, to the extent that such Section (i) would provide broader indemnification rights than those contained in the bylaws in effect prior to the date hereof, or (ii) would provide indemnification rights to persons not covered by the bylaws in effect prior to the date hereof.)

AMENDED AND RESTATED BYLAWS

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AMENDMENTS 20

AMENDED AND RESTATED BYLAWS

OF

PORTLAND GENERAL ELECTRIC COMPANY

Article I

Offices

Section 1. Registered Office. The registered office of the Corporation required by the Oregon Business Corporation Act to be maintained in the State of Oregon shall be CT Corporation System, 520 S. W. Yamhill, Suite 800, Portland, Oregon 97204, or such other office as may be designated from time to time by the Board of Directors in the manner provided by law.

Section 2. Other Offices. The Corporation may also have offices at such other places both within and without the State of Oregon as the Board of Directors may from time to time determine or the business of the Corporation may require.

Article II

Shareholders

Section 1. Place of Meetings. All meetings of the shareholders shall be held at the principal office of the Corporation, or at such other place within or without the State of Oregon as shall be specified or fixed in the notices or waivers of notice thereof.

Section 2. Quorum; Adjournment of Meetings. Unless otherwise required by law or provided in the Articles of Incorporation, (i) the holders of a majority of the voting power attributable to the shares issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at any meeting of shareholders for the transaction of business, (ii) in all matters other than election of directors, the affirmative vote of the holders of a majority of the voting power attributable to such shares so present or represented and voting at any meeting of shareholders at which a quorum is present shall constitute the act of the shareholders, and (iii) where a separate vote by a class or classes is required, a majority of the voting power attributable to the outstanding shares of such class or classes, present in person or represented by proxy shall constitute a quorum entitled to take action with respect to that vote on that matter and the affirmative vote of the majority of the voting power attributable to the shares of such class or classes present in person or represented and voting by proxy at the meeting shall be the act of such class.

Directors shall be elected by a plurality of the votes cast by the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors.

Notwithstanding the Articles of Incorporation or the other provisions of these Bylaws, the chairman of the meeting or the holders of a majority of the voting power attributable to the issued and outstanding shares, present in person or represented by proxy and entitled to vote thereat, at any meeting of shareholders, whether or not a quorum is present, shall have the power to adjourn such meeting from time to time, without any notice other than announcement at the meeting of the time and place of the holding of the adjourned meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each shareholder of record entitled to vote at such meeting. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally called.

Section 3. Annual Meetings. An annual meeting of the shareholders, for the election of directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held at such place (within or without the State of Oregon), on such date, and at such time as the Board of Directors shall fix and set forth in the notice of the meeting, which date shall be within thirteen (13) months subsequent to the last annual meeting of shareholders.

Section 4. Special Meetings. Unless otherwise provided in the Articles of Incorporation, special meetings of the shareholders for any purpose or purposes may be called at any time by the Chairman of the Board, by the President, by the Vice Chairman of the Board, by a majority of the Board of Directors, or by a majority of the Executive Committee (if any), or, to the extent required by law, by the holders of not less than 10% of all shares entitled to vote on any issue at the proposed special meeting, if such holders sign, date and deliver to the Corporation's Secretary one or more written demands for the meeting describing the purpose or purposes for which it is to be held, then in each case, at such time and at such place as may be stated in the notice of the meeting. Business transacted at a special meeting shall be confined to the purpose(s) stated in the notice of such meeting.

Section 5. Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of shares or for the purpose of any other lawful action, the Board of Directors of the Corporation may fix a date as the record date for any such determination of shareholders, which record date shall not precede the date on which the resolutions fixing the record date are adopted and which record date, in the case of a meeting of shareholders, shall not be more than seventy (70) days nor less than ten (10) days before the date of such meeting of shareholders, nor, in the case of any other action, more than seventy (70) days prior to any such action.

If the Board of Directors does not fix a record date for any meeting of the shareholders, the record date for determining shareholders entitled to notice of or to vote

at such meeting shall be at the close of business on the day before notice is mailed or otherwise transmitted to shareholders. If the Board of Directors does not fix the record date for determining shareholders for any other purpose, the record date shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of shareholders of record entitled to notice of or to vote at a meeting of shareholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting and must do so if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.

For the purpose of determining the shareholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If the Board of Directors does not fix the record date, the record date for determining shareholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation at its registered office in the State of Oregon, at its principal place of business, or to an officer or agent of the Corporation having custody of the book in which proceedings of meetings of shareholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If the Board of Directors does not fix the record date, and prior action by the Board of Directors is necessary, the record date for determining shareholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

Section 6. Notice of Meetings. Written notice of the place, date and hour of all meetings, and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be given by or at the direction of the Chairman of the Board, the President, the Vice Chairman of the Board, the Secretary or other person(s) calling the meeting to each shareholder entitled to vote thereat not less than ten (10) nor more than sixty (60) days before the date of the meeting. Such notice is given when deposited in the United States mail, postage prepaid, directed to the shareholder at such shareholder's address as it appears on the records of the Corporation.

Section 7. Shareholder List. A complete list of shareholders entitled to vote at any meeting of shareholders, arranged in alphabetical order for each class of shares and showing the address of each such shareholder and the number of shares registered in the name of such shareholder, shall be open to the examination of any shareholder, for any purpose germane to the meeting, during ordinary business hours, beginning two business days after notice of the meeting is given for which the list was prepared and continuing through the meeting, either at the Corporation's principal office, or at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting. The shareholder list shall also be produced and kept at the time and place of the

meeting during the whole time thereof, and may be inspected by any shareholder or such shareholder's agent or attorney during the meeting or any adjournment thereof.

Section 8. Proxies. Each shareholder entitled to vote at a meeting of shareholders may authorize another person or persons to act for him by proxy. Proxies for use at any meeting of shareholders shall be filed with the Secretary, or such other officer as the Board of Directors may from time to time determine by resolution, before or at the time of the meeting. All proxies shall be received and taken charge of and all ballots shall be received and canvassed by the secretary of the meeting, who shall decide all questions touching upon the qualification of voters, the validity of the proxies, and the acceptance or rejection of votes, unless an inspector or inspectors shall have been duly appointed as provided in Section 9 of Article II hereof, in which event such inspector or inspectors shall decide all such questions.

No proxy shall be valid after eleven (11) months from its date, unless the proxy provides for a longer period. Each proxy shall be revocable unless expressly provided therein to be irrevocable and coupled with an interest sufficient in law to support an irrevocable power.

Should a proxy designate two or more persons to act as proxies, unless such instrument shall provide the contrary, a majority of such persons present at any meeting at which their powers thereunder are to be exercised shall have and may exercise all the powers of voting or giving consents thereby conferred, or if only one be present, then such powers may be exercised by that one; or, if an even number attend and a majority do not agree on any particular issue, each person designated to act as proxy and so attending shall be entitled to exercise such powers in respect of such portion of the shares as is equal to the reciprocal of the fraction equal to the number of persons designated to act as proxies and in attendance divided by the total number of shares represented by such proxies.

Section 9. Voting; Elections; Inspectors. Unless otherwise required by law or provided in the Articles of Incorporation, each shareholder shall on each matter submitted to a vote at a meeting of shareholders have one vote for each share of stock entitled to vote which is registered in his name on the record date for the meeting. For the purposes hereof, each election to fill a directorship shall constitute a separate matter. Shares registered in the name of another corporation, domestic or foreign, or other legal entity may be voted by such officer, agent or proxy as the bylaws (or comparable instrument) of such corporation or other legal entity may prescribe, or in the absence of such provisions, as the Board of Directors (or comparable body) of such corporation or other legal entity may determine. Shares registered in the name of a deceased person may be voted by the executor or administrator of such person's estate, either in person or by proxy.

All voting, except as required by the Articles of Incorporation or where otherwise required by law, may be by a voice vote; provided, however, upon request of the chairman of the meeting or upon demand therefor by shareholders holding a majority of the issued and outstanding shares present in person or by proxy at any meeting, a stock

vote shall be taken. Every stock vote shall be taken by written ballots, each of which shall state the name of the shareholder or proxy voting and such other information as may be required under the procedure established for the meeting. All elections of directors shall be by written ballots, unless otherwise provided in the Articles of Incorporation.

In advance of any meeting of shareholders, the Chairman of the Board, the Vice Chairman of the Board, the President or the Board of Directors shall appoint one or more inspectors, each of whom shall subscribe an oath or affirmation to execute faithfully the duties of inspector at such meeting with strict impartiality and according to the best of such inspector's ability. Such inspector(s) shall receive the written ballots, count the votes, make and sign a certificate of the result thereof and take such further action as may be required of the inspector(s) under the laws of the State of Oregon. The Chairman of the Board, the Vice Chairman of the Board, the President or the Board of Directors may appoint any person to serve as inspector, except no candidate for the office of director shall be appointed as an inspector.

Unless otherwise provided in the Articles of Incorporation, cumulative voting for the election of directors shall be prohibited.

Section 10. Conduct of Meetings. The meetings of the shareholders shall be presided over by the Chairman of the Board, or if the Chairman of the Board is not present, by the President, or if the President is not present, by the Vice Chairman of the Board, or if none of the Chairman of the Board, the President and the Vice Chairman of the Board is present, by a chairman elected at the meeting. The Secretary of the Corporation, if present, shall act as secretary of such meetings, or if the Secretary is not present, the Deputy Corporate Secretary or an Assistant Secretary shall so act; if none of the Secretary, the Deputy Corporate Secretary and an Assistant Secretary is present, then a secretary shall be appointed by the chairman of the meeting. The chairman of any meeting of shareholders shall determine the order of business and, subject to the requirements of the laws of the State of Oregon, the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to the chairman in order.

Section 11. Voting of Certain Shares. No other corporation of which the Corporation owns a majority of the shares entitled to vote in the election of directors of such other corporation shall vote, directly or indirectly, shares of the Corporation's stock owned by such other corporation, and such shares shall not be counted for quorum purposes. Nothing in this Section 11 shall be construed as limiting the right of the Corporation to vote shares, including but not limited to its own shares, held by it in a fiduciary capacity.

Section 12. Action Without Meeting. Unless otherwise provided in the Articles of Incorporation, any action permitted or required by law, the Articles of Incorporation or these Bylaws to be taken at a meeting of shareholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote thereon and shall be delivered to the Corporation by delivery to its registered office in the state of

incorporation, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of shareholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested.

Every written consent shall bear the date of signature of each shareholder who signs the consent, and no written consent shall be effective to take the corporate action referred to therein unless, written consents signed by all shareholders are delivered to the Corporation in the manner required by this Section 12 within sixty (60) days of the earliest dated consent. Any action taken by written consent is effective when the last shareholder signs, unless the consent specifies an earlier or later date.

Section 13. Business to be Brought Before the Annual Meeting. To be properly brought before the annual meeting of shareholders, business must be either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise brought before the meeting by or at the direction of the Board of Directors, or (c) otherwise properly brought before the meeting by a shareholder of the Corporation who is a shareholder of record at the time of giving of notice provided for in this Section 13, who shall be entitled to vote at such meeting and who complies with the notice procedures set forth in this Section 13. In addition to any other applicable requirements, for business to be brought before an annual meeting by a shareholder of the Corporation, the shareholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a shareholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation not less than 120 days prior to the anniversary date of the proxy statement for the preceding annual meeting of shareholders of the Corporation. A shareholder's notice to the Secretary shall set forth as to each matter (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and address, as they appear on the Corporation's books, of the shareholder proposing such business, (iii) the acquisition date, the class and the number of shares of voting stock of the Corporation which are owned beneficially by the shareholder, (iv) any material interest of the shareholder in such business, and (v) a representation that the shareholder intends to appear in person or by proxy at the meeting to bring the proposed business before the meeting.

Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at the annual meeting except in accordance with the procedures set forth in this Section 13.

The chairman of the annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section 13, and if the chairman should so determine, the chairman shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

Notwithstanding the foregoing provisions of this Section 13, a shareholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934, as

amended, and the rules and regulations thereunder with respect to the matters set forth in this Section 13.

Article III

Board of Directors

Section 1. Power; Number; Term of Office. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors, and subject to the restrictions imposed by law or the Articles of Incorporation, the Board of Directors may exercise all the powers of the Corporation.

The number of directors that shall constitute the whole Board of Directors shall be determined from time to time by the Board of Directors (provided that no decrease in the number of directors which would have the effect of shortening the term of an incumbent director may be made by the Board of Directors). If the Board of Directors makes no such determination, the number of directors shall be three. Each director shall hold office until such director's successor shall have been elected and qualified or until such director's earlier death, resignation or removal.

Unless otherwise provided in the Articles of Incorporation, directors need not be shareholders nor residents of the State of Oregon.

Section 2. Advisory Directors and Directors Emeritus. The Board of Directors by a vote of a majority of the directors present and entitled to vote, at any regular or special meeting at which a quorum is present, may designate such number of persons as it may from time to time determine as an "Advisory Director" or may designate a former member of the Board as a "Director Emeritus," if such former member is willing to serve. Each Advisory Director and each Director Emeritus shall serve, subject to the pleasure of the Board of Directors, until the earlier of his resignation, the term set forth by the Board of Directors for such service or until the next succeeding annual meeting of the Board of Directors, following the annual meeting of the shareholders, at which such regular directors are elected. Each Advisory Director and each Director Emeritus shall be notified of all regular or special meetings of the Board of Directors, shall be entitled to attend and participate therein, but shall not be entitled to vote. Each Advisory Director and each Director Emeritus shall be entitled to fees for serving as an Advisory Director or Director Emeritus, as the case may be, as determined by majority vote of the directors present and entitled to vote, at any regular or special meeting at which a quorum is present. Each Advisory Director and each Director Emeritus shall also be reimbursed for any necessary expenses of attending directors' meetings.

An Advisory Director or Director Emeritus may serve in an advisory capacity on any committees adopted by resolution of a majority of the whole Board of Directors, but such Advisory Director or Director Emeritus shall have no power to vote or to exercise the powers of the Board of Directors or any regular director on such committees or in the business or affairs of the Corporation and shall not be included in determining the

requisite number of "directors" that are required to constitute and to serve on any such committees as provided in Article IV of these Bylaws.

Any person serving as an Advisory Director or Director Emeritus shall be treated as a "director" for purposes of the provisions set forth in Article VII.

Section 3. Quorum; Voting. Unless otherwise provided in the Articles of Incorporation, a majority of the total number of directors shall constitute a quorum for the transaction of business of the Board of Directors and the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 4. Place of Meetings; Order of Business. The directors may hold their meetings and may have an office and keep the books of the Corporation, except as otherwise provided by law, in such place or places, within or without the State of Oregon, as the Board of Directors may from time to time determine. At all meetings of the Board of Directors business shall be transacted in such order as shall from time to time be determined by the Chairman of the Board, or in the Chairman of the Board's absence by the President (should the President be a director), or in the President's absence by the Vice Chairman of the Board, or by the Board of Directors.

Section 5. First Meeting. Each newly elected Board of Directors may hold its first meeting for the purpose of organization and the transaction of business, if a quorum is present, immediately after and at the same place as the annual meeting of the shareholders. Notice of such meeting shall not be required. At the first meeting of the Board of Directors in each year at which a quorum shall be present, held next after the annual meeting of shareholders, the Board of Directors shall elect the officers of the Corporation.

Section 6. Regular Meetings.. Regular meetings of the Board of Directors shall be held at such times and places as shall be designated from time to time by the Chairman of the Board or, in the absence of the Chairman of the Board, by the President (should the President be a director), or in the President's absence, by the Vice Chairman of the Board, or by the Board of Directors. Notice of such regular meetings shall not be required.

Section 7. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board, the President (should the President be a director), the Vice Chairman of the Board or, on the written request of any two directors, by the Secretary, in each case on at least twenty-four (24) hours personal, written, telegraphic, cable or wireless notice to each director. Such notice, or any waiver thereof pursuant to Section 3 of Article VIII, need not state the purpose or purposes of such meeting, except as may otherwise be required by law or provided for in the Articles of Incorporation or these Bylaws. Meetings may be held at any time without notice if all the directors are present or if those not present waive notice of the meeting in writing.

Section 8. Nomination of Directors. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors,

except as otherwise provided in Section 10 of this Article III. Nominations of persons for election to the Board of Directors of the Corporation may be made at a meeting of shareholders(a) by or at the direction of the Board of Directors or (b) by any shareholder of the Corporation who is a shareholder of record at the time of giving of notice provided for in this Section 8, who shall be entitled to vote for the election of directors at the meeting and who complies with the notice procedures set forth in this Section 8. Such nominations, other than those made by or at the direction of the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary of the Corporation. To be timely, a shareholder's notice shall be delivered to or mailed and received at the principal executive offices of the Corporation (i) with respect to an election to be held at the annual meeting of the shareholders of the Corporation, 120 days prior to the anniversary date of the proxy statement for the immediately preceding annual meeting of shareholders of the Corporation, and (ii) with respect to an election to be held at a special meeting of shareholders of the Corporation for the election of directors, not later than the close of business on the 10th day following the day on which such notice of the date of the meeting was mailed or public disclosure of the date of the meeting was made, whichever first occurs. Such shareholder's notice to the Secretary shall set forth (a) as to each person whom the shareholder proposes to nominate for election or re-election as a director, all information relating to the person that is required to be disclosed in solicitations for proxies for election of directors, or is otherwise required, pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including the written consent of such person to be named in the proxy statement as a nominee and to serve as a director if elected); and (b) as to the shareholder giving the notice (i) the name and address, as they appear on the Corporation's books, of such shareholder, and (ii) the class and number of shares of capital stock of the Corporation which are beneficially owned by the shareholder. At the request of any officer of the Corporation, any person nominated by the Board of Directors for election as a director shall furnish to the Secretary of the Corporation that information required to be set forth in a shareholder's notice of nomination which pertains to the nominee.

In the event that a person is validly designated as nominee to the Board and shall thereafter become unable or unwilling to stand for election to the Board of Directors, the Board of Directors or the shareholder who proposed such nominee, as the case may be, may designate a substitute nominee.

Except as otherwise provided in Section 10 of this Article III, no person shall be eligible to serve as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 8. The chairman of the meeting of shareholders shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the procedures prescribed by the Bylaws, and if the chairman should so determine, the chairman shall so declare to the meeting and the defective nomination shall be disregarded.

Notwithstanding the foregoing provisions of this Section 8, a shareholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder with respect to the matters set forth in this Section 8.

Section 9. Removal. Any director or the entire Board of Directors may be removed, with or without cause by the holders of a majority of the shares then entitled to vote at an election of directors; provided that, with respect to the removal without cause of a director or directors elected by the holders of any class or series entitled to elect one or more directors, only the holders of outstanding shares of that class or series shall be entitled to vote on such removal.

Section 10. Vacancies; Increases in the Number of Directors. Unless otherwise provided in the Articles of Incorporation, vacancies existing on the Board of Directors for any reason and newly created directorships resulting from any increase in the authorized number of directors to be elected by all of the shareholders having the right to vote as a single class may be filled by the affirmative vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director; and any director so chosen shall hold office until the next annual election and until such director's successor shall have been elected and qualified, or until such director's earlier death, resignation or removal.

Section 11. Compensation. Directors and members of standing committees may receive such compensation as the Board of Directors from time to time shall determine to be appropriate, and shall be reimbursed for all reasonable expenses incurred in attending and returning from meetings of the Board of Directors.

Section 12. Action Without a Meeting; Telephone Conference Meetings. Unless otherwise restricted by the Articles of Incorporation, any action required or permitted to be taken at any meeting of the Board of Directors, or any committee designated by the Board of Directors, may be taken without a meeting if all members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee. Such consent shall have the same force and effect as a unanimous vote at a meeting and may be stated as such in any document or instrument filed with the Secretary of State of the State of Oregon.

Unless otherwise restricted by the Articles of Incorporation, subject to the requirement for notice of meetings, members of the Board of Directors or members of any committee designated by the Board of Directors may participate in a meeting of such Board of Directors or committee, as the case may be, by means of a conference telephone connection or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in such a meeting shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 13. Approval or Ratification of Acts or Contracts by Shareholders. The Board of Directors in its discretion may submit any act or contract for approval or ratification at any annual meeting of the shareholders, or at any special meeting of the shareholders called for the purpose of considering any such act or contract, and any act or

contract that shall be approved or be ratified by the affirmative vote of the holders of a majority of the voting power attributable to such shares so present or represented and voting at such meeting of shareholders (provided that a quorum is present) shall be as valid and as binding upon the Corporation and upon all the shareholders as if it has been approved or ratified by every shareholder of the Corporation.

Article IV

Committees

Section 1. Executive Committee. The Board of Directors may, by resolution passed by a majority of the whole Board of Directors, designate an Executive Committee consisting of two or more of the directors of the Corporation, one of whom shall be designated chairman of the Executive Committee. During the intervals between the meetings of the Board of Directors, the Executive Committee shall possess and may exercise all the powers of the Board of Directors, except as provided in Section 6 of this Article IV. The Executive Committee shall also have, and may exercise, all the powers of the Board of Directors, except as aforesaid, whenever a quorum of the Board of Directors shall fail to be present at any meeting of the Board.

Section 2. Audit Committee. The Board of Directors may, by resolution passed by a majority of the whole Board of Directors, designate an Audit Committee consisting of two or more of the directors of the Corporation, one of whom shall be designated chairman of the Audit Committee. The Audit Committee shall have and may exercise such powers and authority as provided in the resolution creating it and as determined from time to time by the Board of Directors, except as provided in Section 6 of this Article IV.

Section 3. Other Committees. The Board of Directors may, by resolution passed from time to time by a majority of the whole Board of Directors, designate such other committees as it shall see fit consisting of two or more of the directors of the Corporation, one of whom shall be designated chairman of each such committee. Any such committee shall have and may exercise such powers and authority as provided in the resolution creating it and as determined from time to time by the Board of Directors, except as provided in Section 6 of this Article IV.

Section 4. Procedure; Meetings; Quorum. Any committee designated pursuant to this Article IV shall keep regular minutes of its actions and proceedings in a book provided for that purpose and report the same to the Board of Directors at its meeting next succeeding such action, shall fix its own rules or procedures, and shall meet at such times and at such place or places as may be provided by such rules, or by such committee or the Board of Directors. Should a committee fail to fix its own rules, the provisions of these Bylaws, pertaining to the calling of meetings and conduct of business by the Board of Directors, shall apply as nearly as practicable. At every meeting of any such committee, the presence of a majority of all the members thereof shall constitute a quorum, except as provided in Section 5 of this Article IV, and the affirmative vote of a

majority of the members present shall be necessary for the adoption by it of any resolution.

Section 5. Substitution and Removal of Members; Vacancies. The Board of Directors may designate one or more directors as alternate members of any committee who may replace any absent or disqualified member at any meeting of such committee. The Board of Directors shall have the power at any time to remove any member(s) of a committee and to appoint other directors in lieu of the person(s) so removed and shall also have the power to fill vacancies in a committee.

Section 6. Limitation on Power and Authority of Committees. No committee of the Board of Directors shall have the power or authority of the Board of Directors to:

(a) authorize distributions, except as may be permitted by paragraph (g) hereof;

(b) approve or propose to shareholders actions that are required under the Oregon Business Corporation Act to be approved by shareholders;

(c) fill vacancies on the Board of Directors or on any of its committees;

(d) amend the Articles of Incorporation pursuant to Oregon Revised Statutes Section 60.434, except as may be necessary to document a determination of the relative rights, preferences and limitations of a class or series of shares by a committee or an officer of the Corporation as permitted by paragraph (h) hereof;

(e) adopt, amend or repeal these Bylaws;

(f) approve a plan of merger not requiring shareholder approval;

(g) authorize or approve reacquisition of shares, except within limits prescribed by the Board of Directors; or

(h) authorize or approve the issuance or sale or contract for sale of shares or determine the designation and relative rights, preferences and limitations of a class or series of shares, except that the Board of Directors may authorize a committee or an officer of the Corporation to do so (i) pursuant to a stock option or other stock compensation plan, or (ii) by approving the maximum number of shares to be issued and delegating the authority to determine all or any part of the terms of the issuance or sale or contract of sale and the designation and relative rights, preferences and limitations of the class or series of shares.

Article V

Officers

Section 1. Number, Titles and Term of Office. The officers of the Corporation shall be a Chairman of the Board, a President, one or more Vice Presidents (any one or more of whom may be designated Executive Vice President or Senior Vice President), a Treasurer, a Secretary, a General Counsel and such other officers as the Board of Directors may from time to time elect or appoint (including, but not limited to, a Vice Chairman of the Board, a Deputy Corporate Secretary, one or more Assistant Secretaries and one or more Assistant Treasurers). Each officer shall hold office until such officer's successor shall be duly elected and shall qualify or until such officer's death or until such officer shall resign or shall have been removed. Any number of offices may be held by the same person, unless the Articles of Incorporation provide otherwise. Except for the Chairman of the Board and the Vice Chairman of the Board, no officer need be a director.

Section 2. Powers and Duties of the Chairman of the Board. The Chairman of the Board shall preside at all meetings of the shareholders and of the Board of Directors; and he shall have such other powers and duties as designated in these bylaws and as from time to time may be assigned to him by the Board of Directors.

Section 3. Powers and Duties of the Chief Executive Officer. The Chairman of the Board shall be the chief executive officer of the Corporation unless the Board of Directors designates the President as chief executive officer. Subject to the control of the Board of Directors and the executive committee (if any), the chief executive officer shall have general executive charge, management and control of the properties, business and operations of the Corporation with all such powers as may be reasonably incident to such responsibilities; may agree upon and execute all leases, contracts, evidences of indebtedness and other obligations in the name of the Corporation and may sign all certificates for shares of capital stock of the Corporation; and shall have such other powers and duties as designated in accordance with these Bylaws and as from time to time may be assigned to the chief executive officer by the Board of Directors.

Section 4. Powers and Duties of the President. Unless the Board of Directors otherwise determines, the President shall have the authority to agree upon and execute all leases, contracts, evidences of indebtedness and other obligations in the name of the Corporation; and, unless the Board of Directors otherwise determines, the President shall, in the absence of the Chairman of the Board or if there be no Chairman of the Board, preside at all meetings of the shareholders and (should the President be a director) of the Board of Directors; and the President shall have such other powers and duties as designated in accordance with these Bylaws and as from time to time may be assigned to the President by the Board of Directors or the Chairman of the Board.

Section 5. Powers and Duties of the Vice Chairman of the Board. The Board of Directors may assign areas of responsibility to the Vice Chairman of the Board, and, in such event, and subject to the overall direction of the Chairman of the Board and the Board of Directors, the Vice Chairman of the Board shall be responsible for supervising

the management of the affairs of the Corporation and its subsidiaries within the area or areas assigned and shall monitor and review on behalf of the Board of Directors all functions within the corresponding area or areas of the Corporation and each such subsidiary of the Corporation. In the absence of the President, or in the event of the President's inability or refusal to act, the Vice Chairman of the Board shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. Further, the Vice Chairman of the Board shall have such other powers and duties as designated in accordance with these Bylaws and as from time to time may be assigned to the Vice Chairman of the Board by the Board of Directors or the Chairman of the Board.

Section 6. Vice Presidents. Subject to any restrictions that may be imposed by the Board of Directors, each Vice President shall at all times possess power to sign all certificates, contracts and other instruments of the Corporation, except as otherwise limited in writing by the Chairman of the Board, the President or the Vice Chairman of the Board of the Corporation. Each Vice President shall have such other powers and duties as from time to time may be assigned to such Vice President by the Board of Directors, the Chairman of the Board, the President or the Vice Chairman of the Board.

Section 7. General Counsel. The General Counsel shall act as chief legal advisor to the Corporation. The General Counsel may have one or more staff attorneys and assistants, and may retain other attorneys to conduct the legal affairs and litigation of the Corporation under the General Counsel's supervision.

Section 8 Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors, committees of the Board of Directors and the shareholders, in books provided for that purpose; shall attend to the giving and serving of all notices; may in the name of the Corporation affix the seal of the Corporation to any contract of the Corporation and attest the affixation of the seal of the Corporation thereto; may sign with the other appointed officers all certificates for shares of capital stock of the Corporation; shall have charge of the certificate books, transfer books and stock ledgers, and such other books and papers as the Board of Directors may direct, all of which shall at all reasonable times be open to inspection of any director upon application at the office of the Corporation during business hours; shall have such other powers and duties as designated in these Bylaws and as from time to time may be assigned to the Secretary by the Board of Directors, the Chairman of the Board, the President or the Vice Chairman of the Board; and shall in general perform all acts incident to the office of Secretary, subject to the control of the Board of Directors, the Chairman of the Board, the President or the Vice Chairman of the Board.

Section 9. Deputy Corporate Secretary and Assistant Secretaries. The Deputy Corporate Secretary and each Assistant Secretary shall have the usual powers and duties pertaining to such offices, together with such other powers and duties as designated in these Bylaws and as from time to time may be assigned to the Deputy Corporate Secretary or an Assistant Secretary by the Board of Directors, the Chairman of the Board, the President, the Vice Chairman of the Board or the Secretary. The Deputy Corporate

Secretary shall exercise the powers of the Secretary during that officer's absence or inability or refusal to act.

Section 10. Treasurer. Subject to any restrictions that may be imposed by the Board of Directors, the Treasurer shall have responsibility for the custody and control of all the funds and securities of the Corporation, and shall have such other powers and duties as designated in these Bylaws and as from time to time may be assigned to the Treasurer by the Board of Directors, the Chairman of the Board, the President or the Vice Chairman of the Board. The Treasurer shall perform all acts incident to the position of Treasurer, subject to the control of the Board of Directors, the Chairman of the Board, the President and the Vice Chairman of the Board; and the Treasurer shall, if required by the Board of Directors, give such bond for the faithful discharge of the Treasurer's duties in such form as the Board of Directors may require.

Section 11. Assistant Treasurers. Each Assistant Treasurer shall have the usual powers and duties pertaining to such office, together with such other powers and duties as designated in these Bylaws and as from time to time may be assigned to each Assistant Treasurer by the Board of Directors, the Chairman of the Board, the President, the Vice Chairman of the Board or the Treasurer. Any Assistant Treasurer may exercise the powers of the Treasurer during that officer's absence or inability or refusal to act.

Section 12. Action with Respect to Securities of Other Corporations. Unless otherwise directed by the Board of Directors, the Chairman of the Board, the President or the Vice Chairman of the Board, together with the Secretary, the Deputy Corporate Secretary or any Assistant Secretary shall have power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of security holders of or with respect to any action of security holders of any other corporation in which this Corporation may hold securities and otherwise to exercise any and all rights and powers which this Corporation may possess by reason of its ownership of securities in such other corporation.

Section 13. Delegation. For any reason that the Board of Directors may deem sufficient, the Board of Directors may, except where otherwise provided by statute, delegate the powers or duties of any officer to any other person, and may authorize any officer to delegate specified duties of such officer to any other person. Any such delegation or authorization by the Board shall be effected from time to time by resolution of the Board of Directors.

Article VI

Capital Stock

Section 1. Certificates of Stock. The certificates for shares of the capital stock of the Corporation shall be in such form, not inconsistent with that required by law and the Articles of Incorporation, as shall be approved by the Board of Directors. Every holder of shares represented by certificates shall be entitled to have a certificate signed by or in the name of the Corporation by the Chairman of the Board, President, Vice Chairman of the

Board or a Vice President and the Secretary, Deputy Corporate Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer of the Corporation representing the number of shares (and, if the shares of the Corporation shall be divided into classes or series, certifying the class and series of such shares) owned by such shareholder which are registered in certified form; provided, however, that any of or all the signatures on the certificate may be facsimile. The stock record books and the blank stock certificate books shall be kept by the Secretary, or at the office of such transfer agent or transfer agents as the Board of Directors may from time to time determine. In case any officer, transfer agent or registrar who shall have signed or whose facsimile signature or signatures shall have been placed upon any such certificate or certificates shall have ceased to be such officer, transfer agent or registrar before such certificate is issued by the Corporation, such certificate may nevertheless be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue. The stock certificates shall be consecutively numbered and shall be entered in the books of the Corporation as they are issued and shall exhibit the holder's name and number of shares.

Section 2. Transfer of Shares. The shares of stock of the Corporation shall be transferable only on the books of the Corporation by the holders thereof in person or by their duly authorized attorneys or legal representatives upon surrender and cancellation of certificates for a like number of shares. Upon surrender to the Corporation or a transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 3. Ownership of Shares. The Corporation shall be entitled to treat the holder of record of any share or shares of capital stock of the Corporation as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Oregon.

Section 4. Regulations Regarding Certificates. The Board of Directors shall have the power and authority to make all such rules and regulations as they may deem expedient concerning the issue, transfer and registration or the replacement of certificates for shares of capital stock of the Corporation.

Section 5. Lost or Destroyed Certificates. The Board of Directors may determine the conditions upon which the Corporation may issue a new certificate for shares in place of a certificate theretofore issued by it which is alleged to have been lost, stolen or destroyed and may require the owner of such certificate or such owner's legal representative to give bond, with surety sufficient to indemnify the Corporation and each transfer agent and registrar against any and all losses or claims which may arise by reason of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate in the place of the one so lost, stolen or destroyed.

Article VII

Liability of Directors and Indemnification

Section 1. Personal Liability of Directors. A director of the Corporation shall not be personally liable to the Corporation or its shareholders for monetary damages for conduct as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its shareholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for any unlawful distribution under Oregon Revised Statutes Section 60.367, or (iv) for any transaction from which the director derived an improper personal benefit. Any repeal or amendment of this provision shall be prospective only and shall not adversely affect any limitation on the liability of a director of the Corporation existing at the time of such repeal or amendment. In addition to the circumstances in which a director of the Corporation is not liable as set forth in the foregoing provisions, a director shall not be liable to the fullest extent permitted by any provisions of the statutes of Oregon hereafter enacted that further limits the liability of a director.

Section 2. Indemnification. Each person who was or is made a party to, or is threatened to be made a party to, or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "Proceeding"), by reason of the fact that he or she, or a person of which he or she is the legal representative, is or was a director or officer, of the Corporation or is or was serving at the request of the Corporation as a director, officer, partner, trustee, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, partner, trustee, employee or agent or in any other capacity while serving as a director, officer, partner, trustee, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Oregon Business Corporation Act, as the same exists or may hereafter be amended (but, in the case of any such amendments, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to serve in a capacity to which the above indemnification applies and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that, except as provided in this Section 2, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. The right to indemnification conferred in this Section 2 shall be a contract right and shall include the right to be paid by the Corporation for expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the Oregon Business Corporation Act requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by

such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of the proceeding, such payment of expenses shall be made only upon delivery to the Corporation of a written affirmation of the director or officer's good faith belief that such director has met the standard of conduct described in Oregon Revised Statutes Section 60.391 and of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately to be determined that such director or officer is not entitled to be indemnified under this Section 2 or otherwise. The Corporation may, by action of its Board of Directors, provide indemnification to employees and agents of the Corporation not covered by the foregoing with the same scope and effect as the foregoing indemnification of directors and officer.

If a claim under this Section 2 is not paid in full by the Corporation within thirty (30) days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible under the Oregon Business Corporation Act for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its shareholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the Oregon Business Corporation Act, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its shareholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Section 2 shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles of Incorporation, bylaw, agreement, vote of shareholders or disinterested directors or otherwise.

The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Oregon Business Corporation Act.

The provisions of this Section 2 shall be effective as of July 1, 1997, to the extent that this Section 2 (i) provides broader indemnification rights than those contained in the bylaws in effect prior to May 1, 1998, the date of adoption of these bylaws, or (ii)

provides indemnification rights to persons not covered by the bylaws in effect prior to May 1, 1998.

Article VIII

Miscellaneous Provisions

Section 1. Fiscal Year. The fiscal year of the Corporation shall end on the last day of December of each year.

Section 2. Corporate Seal. The corporate seal shall be circular in form and shall have inscribed thereon the name of the Corporation and the state of its incorporation, which seal shall be in the charge of the Secretary and shall be affixed to certificates of stock, debentures, bonds, and other documents, in accordance with the direction of the Board of Directors, and as may be required by law; however, the Secretary may, if the Secretary deems it expedient, have a facsimile of the corporate seal inscribed on any such certificates of stock, debentures, bonds, contracts or other documents. Duplicates of the seal may be kept for use by the Deputy Corporate Secretary or any Assistant Secretary.

Section 3. Notice and Waiver of Notice. Whenever any notice is required to be given by law, the Articles of Incorporation or these Bylaws, said notice shall be deemed to be sufficient if given (i) by telegraphic, cable or wireless transmission (including by telecopy or facsimile transmission) or (ii) by deposit of the same in a post office box or by delivery to an overnight courier service company in a sealed prepaid wrapper addressed to the person entitled thereto at such person's post office address, as it appears on the records of the Corporation, and such notice shall be deemed to have been given on the day of such transmission or mailing or delivery to courier, as the case may be.

Whenever notice is required to be given by law, the Articles of Incorporation or these Bylaws, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person, including without limitation a director, at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the shareholders, directors or members of a committee of directors need be specified in any written waiver of notice unless so required by the Articles of Incorporation or these Bylaws.

Section 4. Facsimile Signatures. In addition to the provisions for the use of facsimile signatures elsewhere specifically authorized in these Bylaws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board of Directors.

Section 5. Reliance upon Books, Reports and Records. A member of the Board of Directors, or a member of any committee designated by the Board of Directors, shall, in the performance of such person's duties, be fully protected in relying in good faith upon

the records of the Corporation and upon such information, opinion, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees of the Board of Directors, or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 6. Application of Bylaws. In the event that any provisions of these Bylaws is or may be in conflict with any law of the United States, of the State of Oregon or of any other governmental body or power having jurisdiction over this Corporation, or over the subject matter to which such provision of these Bylaws applies, or may apply, such provision of these Bylaws shall be inoperative to the extent only that the operation thereof unavoidably conflicts with such law and shall in all other respects be in full force and effect.

Article IX

Amendments

The Board of Directors may amend or repeal the Corporation's Bylaws unless: (a) the Articles of Incorporation reserve the power exclusively to the shareholders in whole or in part, or (b) the shareholders in amending or repealing a particular Bylaw provide expressly that the Board of Directors may not amend or repeal that Bylaw. The Corporation's shareholders may amend or repeal the Corporation's Bylaws even though the Bylaws may also be amended or repealed by the Board of Directors.

APPENDIX B
Opinion of Counsel

I.

Portland General Electric Company
Legal Department
121 SW Salmon Street • Portland, OR 97204
503-464-7037 • facsimile 503-464-2200

Robin Tompkins
Assistant General Counsel

September 2, 1999

Mr. Clifford Tomaszewski
Director of Office of Natural Gas
Office of Fuels Programs
Fossil Energy
US Department of Energy
Forrestal Building, Room 3F-056, FE-50
1000 Independence Avenue SW
Washington, DC 20585

Dear Mr. Tomaszewski:

Pursuant to 10 C.F.R. Section 590.202, this opinion of counsel is hereby furnished in connection with the application of Portland General Electric Company ("PGE") for authorization to import Canadian natural gas pursuant to Section 3 of the Natural Gas Act.

In respect of the above, I am of the opinion that:

- PGE is a corporation duly organized and existing under the laws of the State of Oregon;
- The proposed importation of Canadian natural gas is within the powers of PGE; and
- PGE either has complied with or is in the process of complying with applicable state rules and regulations of state regulatory authorities in the states in which it operates.

Respectfully submitted,

Robin Tompkins

Robin Tompkins

RT/kms
(g:\ms-word\r_t\004255\opinion of counsel.doc)

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

In The Matter Of

Northern Natural Gas Company) Docket No. FE94-97-NG

APPLICATION OF NORTHERN NATURAL GAS COMPANY FOR BLANKET AUTHORIZATION TO EXPORT AND IMPORT NATURAL GAS TO AND FROM CANADA

Pursuant to Section 3 of the Natural Gas Act, 15 U.S.C. § 717(b), Department of Energy Delegation Order Nos. 0204-111 and 0204-127 and Regulations of the Department of Energy in 10 C.F.R. Part 590, Northern Natural Gas Company ("Northern or Applicant") hereby submits this application for blanket authorization to export natural gas to Canada at the Montana/Canadian border and to import natural gas from Canada to the United States at various points for a two year term. Northern proposes to export no more than 8 Bcf annually and to import no more than 8 Bcf annually under this authorization.

In support hereof, Northern respectfully shows the following:

I.

CORRESPONDENCE AND COMMUNICATIONS

The names, titles and mailing addresses of the persons to whom correspondence and communications concerning this Petition are to be addressed are as follow:

261.
9.

* David H. Brown
Director, Certificates & Regulatory Reporting
Northern Natural Gas Company
P.O. Box 3330
Omaha, Nebraska 68103-0330
(402) 398-7087

* Jane G. Alseth
Attorney
Northern Natural Gas Company
P.O. Box 3330
Omaha, Nebraska 68103-0330
(402) 398-7097

* David B. Ward
Flood & Ward
1000 Potomac Street, N.W.
Suite 402
Washington, D.C. 20007
(202) 298-6910

* Designated to receive service in accordance with Rule 202(a), 10 C.F.R. Section 590.202(a) of the Office of Fuels Programs, Fossil Energy, Administrative Procedures with respect to the import and export of natural gas.

II.

DESCRIPTION OF EXISTING OPERATIONS

The exact legal name of Northern is Northern Natural Gas Company. Northern is a corporation organized under the laws of the State of Delaware with its principal office at 1111 South 103rd Street, Omaha, Nebraska 68124-1000. Northern is a "natural gas company" within the meaning of the Natural Gas Act and is engaged in the transportation of natural gas from the Panhandle Field in the State of Texas; the Hugoton Field in the States of Texas, Oklahoma, and Kansas; the Permian Basin in the States of Texas and New Mexico; and Delaware Basin in the State of Texas; the Tiger Ridge and Sherard Areas in the State of Montana; the Federal Offshore Areas in the

Gulf of Mexico; the Overthrust and Rocky Mountain Areas in the States of Colorado and Wyoming; and from numerous other gas producing areas in the States of Kansas, Oklahoma, and Texas. Northern serves markets in the States of Kansas, Nebraska, Iowa, South Dakota, Minnesota, Wisconsin, and Michigan. Northern is successor in interest to Northern Natural Gas Company, Division of Enron Corp.

III.

DESCRIPTION OF PROPOSAL

By this application, Northern seeks blanket authorization for a two year term to export at the Montana-Saskatchewan border near Willow Creek, Saskatchewan up to 8 Bcf of natural gas annually, which is produced in the State of Montana, for either sale in Canada or for subsequent importation back into the United States for sale or use in Northern's operations. The gas would be exported near Willow Creek through Northern's existing pipeline interconnection with the facilities of Many Islands Pipe Lines (Canada) Limited ("MIP"). Northern currently has an application pending at the Federal Energy Regulatory Commission to abandon by sale and transfer its natural gas pipeline facilities in the State of Montana in Docket No. CP94-130.

The natural gas subject to this application would either be natural gas which Northern would purchase for use on Northern's system in connection with its transmission and storage fuel use requirements or (2) natural gas which would

be owned by others but for which Northern was designated as agent for the purpose of securing transportation of such natural gas. To the extent such natural gas is used for Northern's system fuel requirements such natural gas would be transported in Canada by MING to the facilities of TransCanada Pipeline Limited ("TransCanada") for further Canadian transportation on TransCanada's system and would be reimported into the United States at the interconnection of TransCanada's facilities with those of Great Lakes Gas Transmission Limited Partnership ("Great Lakes") at the international border near Emerson, Manitoba. From the border, Great Lakes would transport the gas for Northern to a point of interconnection with Northern's system at Carlton, Minnesota. This path is similar to the arrangements previously utilized to bring system supply gas from Montana to Northern's system, when Northern had a merchant function.1/

The natural gas not used for Northern's system operations would be either resold in Canada or reimported into the United States where it could be sold. The point of importation for natural gas not used for Northern's operations thus could occur at any existing point of importation on the U.S.-Canadian border.

1/ See Northern Natural Gas Company, DOE/FE Opinion and Order No. 680, Docket No. FE92-68-NG, issued October 9, 1992.

IV.

SECTION 590.202(b) REQUIRED

Pursuant to Section 590.202(b) of the Office of Fossil Energy, Fuels Program's Regulations, 10 C.F.R. 590.202(b), the following is provided:

1. Scope of Project.

As discussed above, the scope of the proposed authorization would permit Northern for a two year term as agent or for its own operational use to export natural gas to Canada and to import such natural gas back into the United States, if it were not resold within Canada. Total natural gas volumes would not exceed 8 Bcf annually. Such authorization would become effective on the date of first deliveries into Canada.

Such natural gas to be exported and imported would be sold to various United States or Canadian customers, which might include end users, distribution companies, pipeline companies and other markets on natural gas or would be used by Northern as part of its system fuel needs.

2. Source And Security Of The Natural Gas Supply.

All natural gas supply under the requested authorization would come from natural gas produced in the State of Montana. Such natural gas has been a secure source of energy and is expected to continue to be available in the future.

3. Identification Of Participants In the Transaction.

Northern is requesting blanket authorization herein. At this time Northern is unable to specify the specific volumes of natural gas which will be exported and imported. Northern is willing to provide the Department of Energy with quarterly reports about this export and import arrangement.

4. Terms and Transactions.

Northern may purchase some of this natural gas from Montana sources for its own fuel usage. The terms of specific contracts will vary. To the extent Northern acts as agent in securing transportation for others and such gas is resold, the terms and transactions of each sale will vary also.

5. Provisions Of The Import Arrangements, Which Establish Price, Volume, Transportation And Other Costs.

The provisions of any sales of natural gas by Montana producers or others who purchase Montana gas for subsequent sale will be voluntarily negotiated and market responsive.

6. Need For Natural Gas In U.S. Markets.

The volumes of natural gas to be exported and imported are produced in the State of Montana in the United States. The subject arrangements are currently the only economic way that supply from the Montana producing areas can physically reach markets outside the State of Montana.

7. Environment Impact.

Since no new facilities will be constructed for this proposed export and import of natural gas, granting the subject application is not a Federal action affecting the quality of the environment, and no environmental assessment is required.

Also attached hereto is an opinion of legal counsel, pursuant to 10 C.F.R. 590.202(e) of the Office of Fuel Programs, Office of Fossil Energy's Regulations that the proposed exportation and importation of Montana natural gas is within the corporate powers of Northern.

V.

PUBLIC INTEREST

Northern submits that the subject application should be approved within the standard of Section 3 of the Natural Gas Act and guidelines set by Delegation Order No. 0204-111, 49 Federal Reg. 6684. Such natural gas will be exported and imported under freely negotiated contracts. The natural gas will enhance competition for this fuel source within the United States and Canada.

Section 3 of the Natural Gas Act, as amended by the Energy Policy Act of 1993, provides that the exportation to Canada and the importation of natural gas to Canada with whom there is in effect a free trade agreement requiring national

treatment for trade in natural gas, shall be deemed to be consistent with the public interest and application for such exportation and importation shall be granted without modification or delay. It would, therefore, be in the public interest to approve the subject application.

VI.

CONCLUSION

WHEREFORE, in view of the above, Northern respectfully requests that the Department of Energy find promptly, pursuant to Section 3 of the Natural Gas Act, that the blanket exportation and importation of natural gas to and from Canada of up to 8 Bcf annually for a two year term commencing on the date of first deliveries is not inconsistent with the public interest and should be approved.

Respectfully submitted,

NORTHERN NATURAL GAS COMPANY

By Michael W. McGowan

Michael W. McGowan
Vice President

jga/135/as

Of Counsel:

Jane G. Alseth, Senior Attorney
Northern Natural Gas Company
Post Office Box 3330
Omaha, Nebraska 68103-0330

David B. Ward
Allan W. Anderson, Jr.
Flood & Ward
1000 Potomac Street, N.W.
Suite 402
Washington, D.C. 20007

Dated: November 21, 1994.

VERIFICATION

State of Nebraska)
) cc:
County of Douglas)

Michael W. McGowan, being duly sworn, states that he is Vice President of Northern Natural Gas Company; that he is a duly authorized representative of Northern; that he is authorized to execute this verification; that he has read the above and foregoing Application and is familiar with the contents thereof; and that all allegations and facts contained therein are true and correct to the best of his knowledge, information and belief.

Michael W. McGowan

Subscribed to and sworn before me this 21 day of November, 1994.

GENERAL NOTARY-State of Nebraska
DEBORAH B. CAPPIELLO
My Comm. Exp. Aug. 23, 1997

Deborah B. Cappiello
Notary Public

My Commission Expires: Aug. 23, 1997

A-

November 21, 1994

Department of Energy
Office of Fossil Energy, Natural
Gas Branch
Room 3F056 FE-531
1000 Independence Avenue, S.W.
Washington, D.C. 20585

Gentlemen:

Pursuant to 10 C.F.R. 590.202(c) this Opinion of Counsel is hereby furnished in connection with the Application of Northern Natural Gas Company ("Northern"), a Delaware corporation, for authorization to export to Canada and import into the United States Montana produced natural gas pursuant to Section 3 of the Natural Gas Act.

In respect of the above, I am of the opinion that:

> Northern is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware; and
>
> The proposed exportation and importation of natural gas is within the corporate powers of Northern.

Respectfully submitted,

By Jane Alseth
Jane Alseth, Senior Attorney

B.

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

1994 DEC 15 P 4:06

NORTHERN NATURAL GAS COMPANY	)	FE DOCKET NO. 94-97-NG

ORDER GRANTING BLANKET AUTHORIZATION
TO EXPORT AND IMPORT NATURAL GAS
TO AND FROM CANADA

DOE/FE ORDER NO. 1013

DECEMBER 15, 1994

C

I. DESCRIPTION OF REQUEST

On November 22, 1994, Northern Natural Gas Company (Northern) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA)[1/] and DOE Delegation Order Nos. 0204-111 and 0204-127, for blanket authorization to export up to 16 Bcf and to import up to 16 Bcf of natural gas to and from Canada. The term of the authorization would be for a period of two years beginning on the date of first export or import. Specifically, Northern proposes to export at the U.S./Canada border near Harve, Montana/Willow Creek, Saskatchewan, up to 8 Bcf of domestic natural gas annually for sale in Canada. Northern also requests authorization to import up to 8 Bcf of domestic natural gas annually back into the U.S. for sale or use in Northern's operations, if it is unable to sell those volumes in Canada.

Northern, a Delaware corporation with its principal place of business in Omaha, Nebraska, is a natural gas company engaged in the transportation of natural gas from several areas of the Western U.S. to various end-use markets. The requested authorization would allow Northern to export and to import these volumes under short-term and spot market transactions for its own account, as well as for the accounts of others for which Northern may agree to act as agent. The construction of new pipeline facilities would not be involved.

1/ 15 U.S.C. § 717b.

II. FINDING

The application filed by Northern has been evaluated to determine if the proposed export/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 or export of natural gas from or to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by Northern to export and import natural gas to and 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. This blanket order authorizes transactions under contracts with terms of no longer than two years.

ORDER

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

A. Northern Natural Gas Company (Northern) is authorized to export to Canada up to 16 Bcf of natural gas and to import back into the U.S. up to 16 Bcf of natural gas. The term of the authorization is for a period of two years beginning on the date of first export or import.

B. This gas will be exported at the U.S./Canada border near Harve, Montana/Willow Creek, Saskatchewan, and may be imported back into the U.S. at any existing U.S./Canada border point.

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

D. With respect to the natural gas exports and imports authorized by this Order, Northern shall file with OFP, within 30 days following each calendar quarter, quarterly reports indicating whether exports or imports of natural gas have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no exports or imports have been made, a report of "no activity" for that calendar quarter must be filed. If exports occur and volumes are sold in Canada, Northern must report total monthly volumes in Mcf and the average sales price of gas per MMBtu at the international border. The reports shall also provide the details of each export transaction, including: (1) the name of the seller(s); (2) the name of the purchaser(s); (3) the estimated or actual duration of the agreement(s); (4) the name of the U.S. transporter(s); (5) the point(s) of exit and entry; (6) the geographic market(s) served; (7) whether sales are being made on an interruptible or firm basis; and, if applicable, (8) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price. If exports occur, but volumes are not sold in Canada, but rather, are transported and re-imported back into the U.S.,

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

In The Matter Of

Northern Natural Gas Company) Docket No. FE94-97-NG

APPLICATION OF NORTHERN NATURAL GAS COMPANY FOR BLANKET AUTHORIZATION TO EXPORT AND IMPORT NATURAL GAS TO AND FROM CANADA

Pursuant to Section 3 of the Natural Gas Act, 15 U.S.C. § 717(b), Department of Energy Delegation Order Nos. 0204-111 and 0204-127 and Regulations of the Department of Energy in 10 C.F.R. Part 590, Northern Natural Gas Company ("Northern or Applicant") hereby submits this application for blanket authorization to export natural gas to Canada at the Montana/Canadian border and to import natural gas from Canada to the United States at various points for a two year term. Northern proposes to export no more than 8 Bcf annually and to import no more than 8 Bcf annually under this authorization.

In support hereof, Northern respectfully shows the following:

I.

CORRESPONDENCE AND COMMUNICATIONS

The names, titles and mailing addresses of the persons to whom correspondence and communications concerning this Petition are to be addressed are as follow:

* David H. Brown
Director, Certificates & Regulatory Reporting
Northern Natural Gas Company
P.O. Box 3330
Omaha, Nebraska 68103-0330
(402) 398-7087

* Jane G. Alseth
Attorney
Northern Natural Gas Company
P.O. Box 3330
Omaha, Nebraska 68103-0330
(402) 398-7097

* David B. Ward
Flood & Ward
1000 Potomac Street, N.W.
Suite 402
Washington, D.C. 20007
(202) 298-6910

* Designated to receive service in accordance with Rule 202(a), 10 C.F.R. Section 590.202(a) of the Office of Fuels Programs, Fossil Energy, Administrative Procedures with respect to the import and export of natural gas.

II.

DESCRIPTION OF EXISTING OPERATIONS

The exact legal name of Northern is Northern Natural Gas Company. Northern is a corporation organized under the laws of the State of Delaware with its principal office at 1111 South 103rd Street, Omaha, Nebraska 68124-1000. Northern is a "natural gas company" within the meaning of the Natural Gas Act and is engaged in the transportation of natural gas from the Panhandle Field in the State of Texas; the Hugoton Field in the States of Texas, Oklahoma, and Kansas; the Permian Basin in the States of Texas and New Mexico; and Delaware Basin in the State of Texas; the Tiger Ridge and Sherard Areas in the State of Montana; the Federal Offshore Areas in the

Gulf of Mexico; the Overthrust and Rocky Mountain Areas in the States of Colorado and Wyoming; and from numerous other gas producing areas in the States of Kansas, Oklahoma, and Texas. Northern serves markets in the States of Kansas, Nebraska, Iowa, South Dakota, Minnesota, Wisconsin, and Michigan. Northern is successor in interest to Northern Natural Gas Company, Division of Enron Corp.

III.

DESCRIPTION OF PROPOSAL

By this application, Northern seeks blanket authorization for a two year term to export at the Montana-Saskatchewan border near Willow Creek, Saskatchewan up to 8 Bcf of natural gas annually, which is produced in the State of Montana, for either sale in Canada or for subsequent importation back into the United States for sale or use in Northern's operations. The gas would be exported near Willow Creek through Northern's existing pipeline interconnection with the facilities of Many Islands Pipe Lines (Canada) Limited ("MIP"). Northern currently has an application pending at the Federal Energy Regulatory Commission to abandon by sale and transfer its natural gas pipeline facilities in the State of Montana in Docket No. CP94-130.

The natural gas subject to this application would either be natural gas which Northern would purchase for use on Northern's system in connection with its transmission and storage fuel use requirements or (2) natural gas which would

be owned by others but for which Northern was designated as agent for the purpose of securing transportation of such natural gas. To the extent such natural gas is used for Northern's system fuel requirements such natural gas would be transported in Canada by MING to the facilities of TransCanada Pipeline Limited ("TransCanada") for further Canadian transportation on TransCanada's system and would be reimported into the United States at the interconnection of TransCanada's facilities with those of Great Lakes Gas Transmission Limited Partnership ("Great Lakes") at the international border near Emerson, Manitoba. From the border, Great Lakes would transport the gas for Northern to a point of interconnection with Northern's system at Carlton, Minnesota. This path is similar to the arrangements previously utilized to bring system supply gas from Montana to Northern's system, when Northern had a merchant function.1/

The natural gas not used for Northern's system operations would be either resold in Canada or reimported into the United States where it could be sold. The point of importation for natural gas not used for Northern's operations thus could occur at any existing point of importation on the U.S.-Canadian border.

1/ See Northern Natural Gas Company, DOE/FE Opinion and Order No. 680, Docket No. FE92-68-NG, issued October 9, 1992.

IV.

SECTION 590.202(b) REQUIRED

Pursuant to Section 590.202(b) of the Office of Fossil Energy, Fuels Program's Regulations, 10 C.F.R. 590.202(b), the following is provided:

1. Scope of Project.

As discussed above, the scope of the proposed authorization would permit Northern for a two year term as agent or for its own operational use to export natural gas to Canada and to import such natural gas back into the United States, if it were not resold within Canada. Total natural gas volumes would not exceed 8 Bcf annually. Such authorization would become effective on the date of first deliveries into Canada.

Such natural gas to be exported and imported would be sold to various United States or Canadian customers, which might include end users, distribution companies, pipeline companies and other markets on natural gas or would be used by Northern as part of its system fuel needs.

2. Source And Security Of The Natural Gas Supply.

All natural gas supply under the requested authorization would come from natural gas produced in the State of Montana. Such natural gas has been a secure source of energy and is expected to continue to be available in the future.

3. Identification Of Participants In the Transaction.

Northern is requesting blanket authorization herein. At this time Northern is unable to specify the specific volumes of natural gas which will be exported and imported. Northern is willing to provide the Department of Energy with quarterly reports about this export and import arrangement.

4. Terms and Transactions.

Northern may purchase some of this natural gas from Montana sources for its own fuel usage. The terms of specific contracts will vary. To the extent Northern acts as agent in securing transportation for others and such gas is resold, the terms and transactions of each sale will vary also.

5. Provisions Of The Import Arrangements, Which Establish Price, Volume, Transportation And Other Costs.

The provisions of any sales of natural gas by Montana producers or others who purchase Montana gas for subsequent sale will be voluntarily negotiated and market responsive.

6. Need For Natural Gas In U.S. Markets.

The volumes of natural gas to be exported and imported are produced in the State of Montana in the United States. The subject arrangements are currently the only economic way that supply from the Montana producing areas can physically reach markets outside the State of Montana.

7. Environment Impact.

Since no new facilities will be constructed for this proposed export and import of natural gas, granting the subject application is not a Federal action affecting the quality of the environment, and no environmental assessment is required.

Also attached hereto is an opinion of legal counsel, pursuant to 10 C.F.R. 590.202(e) of the Office of Fuel Programs, Office of Fossil Energy's Regulations that the proposed exportation and importation of Montana natural gas is within the corporate powers of Northern.

V.

PUBLIC INTEREST

Northern submits that the subject application should be approved within the standard of Section 3 of the Natural Gas Act and guidelines set by Delegation Order No. 0204-111, 49 Federal Reg. 6684. Such natural gas will be exported and imported under freely negotiated contracts. The natural gas will enhance competition for this fuel source within the United States and Canada.

Section 3 of the Natural Gas Act, as amended by the Energy Policy Act of 1993, provides that the exportation to Canada and the importation of natural gas to Canada with whom there is in effect a free trade agreement requiring national

treatment for trade in natural gas, shall be deemed to be consistent with the public interest and application for such exportation and importation shall be granted without modification or delay. It would, therefore, be in the public interest to approve the subject application.

VI.

CONCLUSION

WHEREFORE, in view of the above, Northern respectfully requests that the Department of Energy find promptly, pursuant to Section 3 of the Natural Gas Act, that the blanket exportation and importation of natural gas to and from Canada of up to 8 Bcf annually for a two year term commencing on the date of first deliveries is not inconsistent with the public interest and should be approved.

Respectfully submitted,

NORTHERN NATURAL GAS COMPANY

By Michael W. McGowan

Michael W. McGowan
Vice President

jga/135/as

Of Counsel:

Jane G. Alseth, Senior Attorney
Northern Natural Gas Company
Post Office Box 3330
Omaha, Nebraska 68103-0330

David B. Ward
Allan W. Anderson, Jr.
Flood & Ward
1000 Potomac Street, N.W.
Suite 402
Washington, D.C. 20007

Dated: November 21, 1994.

VERIFICATION

State of Nebraska)
) cc:
County of Douglas)

Michael W. McGowan, being duly sworn, states that he is Vice President of Northern Natural Gas Company; that he is a duly authorized representative of Northern; that he is authorized to execute this verification; that he has read the above and foregoing Application and is familiar with the contents thereof; and that all allegations and facts contained therein are true and correct to the best of his knowledge, information and belief.

Michael W. McGowan

Subscribed to and sworn before me this 21 day of November, 1994.

GENERAL NOTARY-State of Nebraska
DEBORAH B. CAPPIELLO
My Comm. Exp. Aug. 23, 1997

Deborah B. Cappiello
Notary Public

My Commission Expires: Aug. 23, 1997

D.

November 21, 1994

Department of Energy
Office of Fossil Energy, Natural
Gas Branch
Room 3FO56 FE-531
1000 Independence Avenue, S.W.
Washington, D.C. 20585

Gentlemen:

Pursuant to 10 C.F.R. 590.202(c) this Opinion of Counsel is hereby furnished in connection with the Application of Northern Natural Gas Company ("Northern"), a Delaware corporation, for authorization to export to Canada and import into the United States Montana produced natural gas pursuant to Section 3 of the Natural Gas Act.

In respect of the above, I am of the opinion that:

> Northern is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware; and
>
> The proposed exportation and importation of natural gas is within the corporate powers of Northern.

Respectfully submitted,

By Jane A Alseth
Jane Alseth, Senior Attorney

E.

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

NORTHERN NATURAL GAS COMPANY	)	FE DOCKET NO. 94-97-NG

ORDER GRANTING BLANKET AUTHORIZATION
TO EXPORT AND IMPORT NATURAL GAS
TO AND FROM CANADA

DOE/FE ORDER NO. 1013

DECEMBER 15, 1994

I. DESCRIPTION OF REQUEST

On November 22, 1994, Northern Natural Gas Company (Northern) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA)[1/] and DOE Delegation Order Nos. 0204-111 and 0204-127, for blanket authorization to export up to 16 Bcf and to import up to 16 Bcf of natural gas to and from Canada. The term of the authorization would be for a period of two years beginning on the date of first export or import. Specifically, Northern proposes to export at the U.S./Canada border near Harve, Montana/Willow Creek, Saskatchewan, up to 8 Bcf of domestic natural gas annually for sale in Canada. Northern also requests authorization to import up to 8 Bcf of domestic natural gas annually back into the U.S. for sale or use in Northern's operations, if it is unable to sell those volumes in Canada.

Northern, a Delaware corporation with its principal place of business in Omaha, Nebraska, is a natural gas company engaged in the transportation of natural gas from several areas of the Western U.S. to various end-use markets. The requested authorization would allow Northern to export and to import these volumes under short-term and spot market transactions for its own account, as well as for the accounts of others for which Northern may agree to act as agent. The construction of new pipeline facilities would not be involved.

1/ 15 U.S.C. § 717b.

II. FINDING

The application filed by Northern has been evaluated to determine if the proposed export/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 or export of natural gas from or to a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by Northern to export and import natural gas to and 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. This blanket order authorizes transactions under contracts with terms of no longer than two years.

ORDER

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

A. Northern Natural Gas Company (Northern) is authorized to export to Canada up to 16 Bcf of natural gas and to import back into the U.S. up to 16 Bcf of natural gas. The term of the authorization is for a period of two years beginning on the date of first export or import.

B. This gas will be exported at the U.S./Canada border near Harve, Montana/Willow Creek, Saskatchewan, and may be imported back into the U.S. at any existing U.S./Canada border point.

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

D. With respect to the natural gas exports and imports authorized by this Order, Northern shall file with OFP, within 30 days following each calendar quarter, quarterly reports indicating whether exports or imports of natural gas have been made. Quarterly reports must be filed whether or not initial deliveries have begun. If no exports or imports have been made, a report of "no activity" for that calendar quarter must be filed. If exports occur and volumes are sold in Canada, Northern must report total monthly volumes in Mcf and the average sales price of gas per MMBtu at the international border. The reports shall also provide the details of each export transaction, including: (1) the name of the seller(s); (2) the name of the purchaser(s); (3) the estimated or actual duration of the agreement(s); (4) the name of the U.S. transporter(s); (5) the point(s) of exit and entry; (6) the geographic market(s) served; (7) whether sales are being made on an interruptible or firm basis; and, if applicable, (8) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price. If exports occur, but volumes are not sold in Canada, but rather, are transported and re-imported back into the U.S.,

UNITED STATES OF AMERICA

[6450-01-P]

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

[FE DOCKET NO. 94-97-NG]

NORTHERN NATURAL GAS COMPANY

ORDER GRANTING BLANKET AUTHORIZATION
TO EXPORT AND IMPORT NATURAL GAS
TO AND FROM CANADA

AGENCY: Office of Fossil Energy, DOE.

ACTION: Notice of order.

SUMMARY: The Office of Fossil Energy of the Department of Energy gives notice that it has issued an order granting Northern Natural Gas Company (Northern) authorization to export to Canada up to 16 Bcf of natural gas and to import back into the U.S. up to 16 Bcf of natural gas, over a two-year term, beginning on the date of first export or import.

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

Issued in Washington, D.C., December 15, 1994.

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

Issued in Washington, DC, December 8, 1994.

Clifford P. Tomaszewski,

Director, Office of Natural Gas, Office of Fuels Programs, Office of Fossil Energy.

[FR Doc. 94-32323 Filed 12-30-94; 8:45 am]

BILLING CODE 6450-01-M

[FE Docket No. 94-100-NG]

IGI Resources, Inc.; Order Granting Blanket Authorization To Import Natural Gas From Canada

AGENCY: Office of Fossil Energy, DOE.

ACTION: Notice of order.

SUMMARY: The Office of Fossil Energy of the Department of Energy gives notice that it has issued an order granting IGI Resources, Inc. blanket authorization to import up to 225 Bcf of natural gas from Canada. This authorization to import natural gas is for a period of two years beginning August 1, 1994, through July 31, 1996.

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

Issued in Washington, DC, on December 15, 1994.

Clifford Tomaszewski,

Director, Office of Natural Gas, Office of Fuels Programs, Office of Fossil Energy.

[FR Doc. 94-32321 Filed 12-30-94; 8:45 am]

BILLING CODE 6450-01-P

[FE Docket No. 94-88-NG]

Indeck Oswego Limited Partnership and Indeck Yerkes Limited Partnership; Order Granting Blanket Authorization To Import Natural Gas From Canada

AGENCY: Office of Fossil Energy, DOE.

ACTION: Notice of order.

SUMMARY: The Office of Fossil Energy of the Department of Energy gives notice that it has issued an order granting Indeck Oswego Limited Partnership and Indeck Yerkes Limited Partnership authorization to import up to 9 billion cubic feet of natural gas from Canada over a two-year term beginning on the date of the first import delivery after March 31, 1995.

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

Issued in Washington, DC, December 15, 1994.

Clifford P. Tomaszewski,

Director, Office of Natural Gas, Office of Fuels Programs, Office of Fossil Energy.

[FR Doc. 94-32325 Filed 12-30-94; 8:45 am]

BILLING CODE 6450-01-P

[FE Docket No. 94-99-NG]

National Fuel Gas Distribution Corporation; Order Granting Blanket Authorization To Import and Export Natural Gas From and To Canada

AGENCY: Office of Fossil Energy, DOE.

ACTION: Notice of order.

SUMMARY: The Office of Fossil Energy of the Department of Energy gives notice that it has issued an order granting National Fuel Gas Distribution Corporation authorization to import and export a combined total of up to 30.5 Bcf of natural gas from and to Canada. The term of this authorization is for a period of two years beginning on the date of first import or export after December 15, 1994.

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

Issued in Washington, DC, December 21, 1994.

Clifford P. Tomaszewski,

Director, Office of Natural Gas, Office of Fuels Programs, Office of Fossil Energy.

[FR Doc. 94-32322 Filed 12-30-94; 8:45 am]

BILLING CODE 6450-01-P

[FE Docket No. 94-97-NG]

Northern Natural Gas Company; Order Granting Blanket Authorization To Export and Import Natural Gas To and From Canada

AGENCY: Office of Fossil Energy, DOE.

ACTION: Notice of order.

SUMMARY: The Office of Fossil Energy of the Department of Energy gives notice that it has issued an order granting Northern Natural Gas Company (Northern) authorization to export to Canada up to 16 Bcf of natural gas and to import back into the U.S. up to 16 Bcf of natural gas, over a two-year term, beginning on the date of first export or import.

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

Issued in Washington, D.C., December 15, 1994.

Clifford P. Tomaszewski,

Director, Office of Natural Gas, Office of Fuels Programs, Office of Fossil Energy

[FR Doc. 94-32324 Filed 12-30-94; 8:45 am]

BILLING CODE 6450-01-P

[FE Docket No. 94-102-NG]

Union Gas Limited; Order Granting Blanket Authorization To Import and Export Natural Gas, Including Liquefied Natural Gas, From and To Canada

AGENCY: Office of Fossil Energy, DOE.

ACTION: Notice of order.

SUMMARY: The Office of Fossil Energy of the Department of Energy gives notice that it has issued an order granting Union Gas Limited blanket authorization to import from Canada, for subsequent export to Canada, up to 100 Bcf of natural gas, including liquefied natural gas (LNG), and to export up to 100 Bcf of natural gas, including LNG, to Canada, over a two-year term beginning on the date of first import or export after December 31, 1994.

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

Issued in Washington, DC, on December 21, 1994.

Clifford P. Tomaszewski,

Director, Office of Natural Gas, Office of Fuels Programs, Office of Fossil Energy.

[FR Doc. 94-32320 Filed 12-30-94; 8:45 am]

BILLING CODE 6450-01-P

G

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

1995 JAN 19 P 1:38

REC'D DOE/FE

NORTHERN NATURAL GAS COMPANY	)	FE DOCKET NO. 94-97-NG

ERRATA NOTICE

On December 15, 1994, the Department of Energy issued DOE/FE Order No. 1013 which granted Northern Natural Gas Company blanket authorization to export and import natural gas to and from Canada. The final Ordering Paragraph was inadvertently mislabeled as "D," and is hereby revised to be Ordering Paragraph "E."

Issued in Washington, D.C., on January 19, 1995.

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

H.

Northern does not need to report pricing or marketing information, only the volumes.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than January 30, 1995, and should cover the period from the date of this Order until the end of the fourth calendar quarter, December 31, 1994.

Issued in Washington, D.C., on December 15, 1994.

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

ENRON
Northern Natural Gas Company

P. O. Box 3330 Omaha, Nebraska 68103-0330 (402) 398-7200

October 31, 1995

Mr. Clifford Tomaszewski
Office of Fuels Programs
Fossil Energy
U.S. Department of Energy
Docket Room 3F- 56
FE-50 Forrestal Building
1000 Independence Avenue, S.W.
Washington, D.C. 20585

RE: Northern Natural Gas Company
DOE/FE Order No. 1013
Docket No. FE 94-97-NG

Dear Mr. Tomaszewski;

Northern Natural Gas Company (Northern) hereby requests the Department of Energy (DOE) rescind the authorization Northern currently holds pursuant to the above referenced Order issued December 15, 1994 under Docket No. FE94-97-NG. As of October 1, 1995, Northern no longer requires authorization to export and import gas as it no longer has a merchant function and has ceased purchasing gas. Any questions about this matter should be directed to the undersigned at (402) 398-7138.

Respectfully submitted;

Donna Martens

Donna Martens
Senior Regulatory Analyst

2607

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

NOV 22 1995
REC'D DOE/FE/OFP

NORTHERN NATURAL GAS COMPANY	)	FE DOCKET NO. 94-97-NG

ORDER TERMINATING BLANKET AUTHORIZATION
TO IMPORT AND EXPORT NATURAL GAS FROM AND TO CANADA

DOE/FE ORDER NO. 1013-A

DOE/FE Opinion and Order No. 1013 (Order 1013), 1 FE ¶ 71,065, issued December 15, 1994, by the Office of Fuels Programs (OFP) of the Department of Energy, authorized Northern Natural Gas Company (Northern) to export to Canada up to 16 Bcf of natural gas and to import back into the U.S. up to 16 Bcf of natural gas. The term of the authorization is for a period of two years beginning on the date of first import or export delivery. Imports and exports pursuant to this authorization have not yet commenced.

On November 1, 1995, Northern requested the rescision of its export and import authorization. Northern indicated it no longer requires this authority since it no longer has a merchant

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function and has ceased purchasing gas. Accordingly, pursuant to section 3 of the Natural Gas Act, Order 1013 is hereby terminated effective the date of this Order.

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

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

LAW OFFICES
FLOOD & WARD
A PARTNERSHIP INCLUDING A PROFESSIONAL CORPORATION
SUITE 402
1000 POTOMAC STREET, N. W.
WASHINGTON, D. C. 20007
(202) 298-6910
TELECOPIER (202) 298-6914

November 22, 1994

Director, Office Of Natural Gas
Office of Fuels Programs
Office of Fossil Energy
Department of Energy
Room 3F056 FE-531
1000 Independence Avenue, S.W.
Washington, D.C. 20585

Re: Application of Northern Natural Gas Company For Blanket Authorization To Export And Import Natural Gas To And From Canada, FE Docket No. 94-

Gentlemen:

Northern Natural Gas Company ("Northern") hereby submits an original and fifteen (15) copies of the above-referenced application requesting blanket authorization to export and import natural gas to and from Canada for a two-year period.

Also enclosed are three additional copies of the application to be date stamped and returned to the messenger. A check in the amount of $50.00 is enclosed for the filing fee.

Respectfully submitted,

Allan W. Anderson, Jr.
Counsel for
Northern Natural Gas Company

AWA/dt

Enclosures

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UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY
WASHINGTON, D.C.

RECD DOE/FE/OFP
SEP 8 1994

In the Matter of	)	Docket No. 94-66-NG
	)	
PORTLAND GENERAL ELECTRIC COMPANY	)	
	)	

APPLICATION OF
PORTLAND GENERAL ELECTRIC COMPANY
FOR AN ORDER AUTHORIZING THE IMPORTATION
OF NATURAL GAS FROM CANADA

Pursuant to Section 3 of the Natural Gas Act ("NGA"), 15 U.S.C. § 717b, Department of Energy Delegation Order Nos. 0204-111 and 0204-127, and 10 C.F.R. Part 590, Portland General Electric Company ("PGE") hereby submits this request to the Department of Energy, Office of Fossil Energy ("OFE") for blanket authorization to import natural gas from Canada for use at its Beaver, Bethel, and Coyote Springs generating facilities (Coyote Springs to be completed in November 1995). PGE may also, on occasion, resell gas imported under this authorization to correct imbalances or to rid itself of surplus gas that it cannot immediately use.

In support hereof, PGE respectfully states as follows:

I.

The exact name of PGE is Portland General Electric Company. Correspondence concerning this Application should be addressed to:

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Melinda J. Horgan
Assistant General Counsel
Portland General Electric Company
121 SW Salmon Street, 1WTC13
Portland, OR 97204
(503) 464-8863

and

Patricia Scherzinger
Manager, Fuel Operations
Portland General Electric Company
121 SW Salmon Street, 3WTC0503
Portland, OR 97204
(503) 464-7165

II.

PGE is a corporation organized and existing under the laws of the state of Oregon with its principal place of business at 121 SW Salmon Street, Portland, Oregon 97204. PGE is a subsidiary of Portland General Corporation. PGE is an electric utility and owns generating facilities, known as the Beaver, Bethel, and soon to be constructed, Coyote Springs plants, which use natural gas as a fuel. PGE's Articles of Incorporation and Bylaws are attached hereto as Appendix A. The opinion of the undersigned counsel that the proposed import of natural gas is within PGE's corporate power is attached hereto as Appendix B.

III.

PGE's application is essentially the same as the one approved by the Economic Regulatory Administration in 1991 (Docket No. 91-15-NG). Under Docket No. 91-15-NG PGE currently has authorized to import natural gas from a

variety of Canadian suppliers with imports beginning October 1, 1992. PGE's import authorization, thus, ends on until September 30, 1994. Pursuant to this application, PGE requests authority to import specified quantities of natural gas from a variety of Canadian suppliers. Specifically, PGE requests authorization to import up to a maximum of 90 Bcf of gas for a term of up to two years. Since the transactions contemplated by this application will be of a short-term and spot nature, the base price, volume requirements, price adjustment and volume adjustment provisions will be negotiated between PGE and Canadian producers. PGE anticipates that the price will not remain fixed in most of those contracts for a period of more than one year. In most cases, the price will be adjusted on a monthly or quarterly basis as required by market conditions, which, in turn, will be influenced by the price and availability of competing fuels, including domestic natural gas. Moreover, most spot-market contracts to which PGE will be a party will allow either party to terminate on relatively short notice and for a variety of reasons.

Such negotiations will be premised on meeting competition in the marketplace. PGE anticipates contracting with a number of Western Canadian suppliers for available supplies, and the identity of the suppliers will be disclosed in the quarterly reports which PGE will file concerning the transactions which it has consummated. The

gas imported pursuant to this authorization will be transported via facilities owned by Northwest Pipeline Company and Pacific Gas Transmission Company (PGT).

Except as described below, PGE intends to use existing mainline interstate U.S. and Canadian pipeline facilities for the transportation of its imported gas supplies and seeks approval to use all existing import points. To serve the Coyote Springs project, PGT will build an 18-mile extension of its interstate system. The certification for this extension is pending at the Federal Energy Regulatory Commission (FERC) as No. CP93-618-001. The expected service date of this extension is April 1995. FERC will be conducting the environmental review for this extension.

The proposed importation hereunder will begin as soon after approval of this application as transportation is available and the plants can be operated economically.

IV.

Granting the requested blanket import authorization would provide PGE with the flexibility to effectuate numerous spot transactions under a single blanket import authorization, subject to the appropriate reporting of each transaction. This authorization will also minimize regulatory delays which could prevent PGE from taking advantage of opportunities to economically operate the Beaver, Bethel, and Coyote Springs plants. Consistent with

the reporting requirements imposed by OFE in Docket No. 91-15-NG, PGE agrees to:

1) Notify the OFE in writing of the date of first delivery of natural gas authorized within two weeks after deliveries begin, and

2) File with the OFE within thirty (30) days following each calendar quarter, quarterly reports showing by month the quantities of natural gas in MMcf imported and the average price paid for those volumes. The report will also provide the details of each transaction, including the names of the sellers, estimated or actual duration of the agreements, transporters, points of entry, facilities served and where applicable, any demand-commodity breakdown of the contract price, any special contract price adjustment clauses, and any take-or-pay or make-up provisions.

V.

Section 3 of the NGA, as amended by the Energy Policy Act of 1992 (Pub. L. 102-486), states that an 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. 15 U.S.C. § 717b(c). The authorization sought by PGE to import natural gas from Canada, a nation with which a free

trade agreement is in effect, meets the Section 3(c) criterion and is, therefore, consistent with the public interest.

WHEREFORE, for the foregoing reasons, PGE respectfully requests that the OFE grant the requested blanket import authorization in a timely fashion.

DATED: September 2, 1994.

Respectfully submitted,

Melinda J. Horgan
Attorney for
Portland General Electric Company

VERIFICATION

State of Oregon)
) ss.
County of Multnomah)

MELINDA J. HORGAN, being first duly sworn, deposes and says that she is a duly authorized representative of the Applicant; that she has read the foregoing document; that she is familiar with the contents thereof; that the statements contained therein are true and correct to the best of her knowledge, information and belief; that she is authorized to file the same with the Department of Energy, Office of Fossil Energy; and that to the best of her knowledge, information and belief, the same or a related matter is not being considered by any other part of the Department of Energy, including the Federal Energy Regulatory Commission, or any other Federal agency or department except for the certification of the Coyote Spring pipeline extension as discussed in the Application.

Subscribed and sworn to before me this 2nd day of September, 1994.

Notary Public for Oregon
My commission expires: 5/25/97

OFFICIAL SEAL
JULIE L. FRANZ
NOTARY PUBLIC - OREGON
COMMISSION NO.A024594
MY COMMISSION EXPIRES MAY 25, 1997

A.

TABLE OF APPENDICES

Appendix A	-	Oregon Certificate of Incorporation, Index of Articles of Incorporation, and Bylaws of Portland General Electric Company
Appendix B	-	Certificate from Counsel

B.

APPENDIX A
Oregon Certificate of Incorporation

C

State of Oregon

Office of the Secretary of State
Corporation Division

I, **Janet Sullivan**, *Director of the Corporation Division,*

DO HEREBY CERTIFY:

That the attached copy of the Articles of Incorporation filed on July 25, 1930 for:

PORTLAND GENERAL ELECTRIC COMPANY

is a true copy of the original document that has been filed with this office.

Janet Sullivan
Director

By Amelia Lewis
Date October 26, 1990

D

CERT 9/89

APPENDIX A

Index of Articles of Incorporation

E.

PORTLAND GENERAL ELECTRIC COMPANY
ARTICLES OF INCORPORATION
AND AMENDMENTS FILED

1.	07/25/30	-	Articles of Incorporation
2.	01/16/48	-	Supplementary Articles of Incorporation to increase common stock to 1.5 million shares
3.	03/13/52	-	Supplementary Articles of Incorporation to increase common stock to 2.5 million shares
4.	04/22/54	-	Articles of Amendment to Article VI providing for 12 million shares common stock at $3.75/share par value; reclassification of existing shares
5.	04/23/62	-	Articles of Amendment to Article VI providing for reclassification of 5 million shares common stock to $7.50 par value
6.	05/18/64	-	Articles of Amendment to Article VI providing for issuance of preferred stock: 300,000 shares $100 par value and specifying rights of preferred stock
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12.	07/18/73	-	Statement of Resolution Establishing Series of Shares (Preferred Stock: 8.20%)
13.	01/17/75	-	Statement of Resolution Establishing Series of Shares (Preferred Stock: 11.50%)

F.

14. 05/23/75 - Articles of Amendment issuing 1.6 million shared preferred stock at $100 par value

15. 03/25/76 - Statement of Resolution Establishing Series of Shares (Preferred Stock: $2.60 Series)

16. 05/28/76 - Articles of Amendment to Article VI providing for issuance of common stock: 30 million shares $3.75 par value

17. 08/26/77 - Statement of Cancellation of Preferred Stock Series: 25,000 shares, Preferred Stock ($100 par value), 11.50% Series

18. 01/25/77 - Statement of Cancellation of Preferred Stock Series: 30,000 shares, Preferred Stock ($100 par value), 11.50% Series

19. 05/11/77 - Exhibit "A" - Statement of Resolution Establishing Series of Shares - 8.75% Series, $100 par value preferred stock

20. 06/07/77 - Articles of Amendment to Article VI providing for issuance of common stock: 2.5 million shares $100 par value preferred stock;

21. 02/01/78 - Statement of Cancellation of Shares of Preferred Stock: Cancellation of 30,000 shares of 11.50% Series

22. 06/19/78 - Articles of Amendment to Article VI: Statement of common stock at 50 million shares $3.75 par value stock; statement of preferred stock at 2.5 million $100 par value and 6 million shares at $25 par value

23. 01/31/79 - Statement of Cancellation of Shares of Preferred Stock: Cancellation of 30,000 shares of 11.50% Series

24. 02/14/80 - Statement of Cancellation of Shares of Preferred Stock: Cancellation of 15,000 shares of 11.50% Series

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30. 10/07/81 - Statement of Cancellation of Shares of Preferred Stock: 2,530 shares Preferred Stock ($100 par value) 11.50% Series

31. 10/22/81 - Statement of Cancellation of Shares of Preferred Stock: 2,230 shares Preferred Stock ($100 par value) 11.50% Series

32. 01/07/82 - Statement of Cancellation of Shares of Preferred Stock: 3,260 shares Preferred Stock ($100 par value) 11.50% Series

33. 03/17/82 - Statement of Resolution Establishing Series of Shares: $4.40 Series Cumulative Preferred Stock - 3,000,000 shares $25 par value - known as "Preferred Stock of the Second Series, $25 Par Value"

34. 07/14/82 - Statement of Resolution Establishing Series of Shares: $4.32 Series Cumulative Preferred Stock - 2,000,000 shares $25 par value - known as "Preferred Stock of the Third Series, $25 Par Value"

35. 07/20/82 - Statement of Cancellation of Shares of Preferred Stock: 2,040 shares Preferred Stock ($100 par value) 11.50% Series

36. 10/14/82 - Statement of Cancellation of Shares of Preferred Stock: 880 shares Preferred Stock ($100 par value) 11.50% Series

37. 01/28/83 - Statement of Cancellation of Shares of Preferred Stock: 12,257 shares Preferred Stock ($100 par value) 11.50% Series

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

PORTLAND GENERAL ELECTRIC COMPANY	)	FE DOCKET NO. 97-02-NG

ORDER GRANTING BLANKET AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 1245

JANUARY 31, 1997

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 PGE 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. This blanket order authorizes transactions under contracts with terms of no longer than two years.

ORDER

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

A. Portland General Electric Company (PGE) is authorized to import from Canada, at any point on the international border, up to 90 Bcf of natural gas over a two-year term beginning on the date of first delivery after November 2, 1997.

B. Within two weeks after deliveries begin, PGE shall provide written notification to the Office of Natural Gas & Petroleum Import and Export Activities, Fossil Energy, Room 3F-056, FE-50, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, of the date that the first import of natural gas authorized in Ordering Paragraph A above occurred.

C. With respect to the natural gas imports authorized by this Order, PGE shall file with the Office of Natural Gas & Petroleum Import and Export Activities, within 30 days following each calendar quarter, quarterly reports indicating whether imports of natural gas have been made. Quarterly reports must be

filed whether or not initial deliveries have begun. If no imports have been made, a report of "no activity" for that calendar quarter must be filed. If imports occur, PGE must report total monthly volumes in Mcf and the average purchase price per MMBtu at the international border. The reports shall also provide the details of each import transaction, including: (1) the name of the seller(s); (2) the name of the purchaser(s); (3) the estimated or actual duration of the agreement(s); (4) the name of the U.S. transporter(s); (5) the point(s) of entry; (6) the geographic market(s) served (by state); (7) whether sales are being made on an interruptible or firm basis; and, if applicable, (8) the per unit (MMBtu) demand/commodity/reservation charge breakdown of the contract price.

D. The first quarterly report required by Ordering Paragraph C of this Order is due not later than January 30, 1998, and should cover the period from November 3, 1997 until the end of the fourth calendar quarter, December 31, 1997.

Issued in Washington, D.C., on January 31, 1997.

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

I. DESCRIPTION OF REQUEST

On January 2, 1997, Portland General Electric Company (PGE) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA)[1] and DOE Delegation Order Nos. 0204-111 and 0204-127, requesting blanket authorization to import up to 90 Bcf of natural gas from Canada. The term of the authorization will be two years beginning on the date of the first delivery after November 2, 1997.[2] PGE, an Oregon corporation with its principal place of business in Portland, Oregon, is an electric utility and a wholly-owned subsidiary of Portland General Corporation. PGE will import gas under spot and short-term purchase arrangements, to use as fuel for its Beaver, Bethel, and Coyote Springs generating plants. The specific terms of each import transaction, including price and volume, would be negotiated at arms length in response to market conditions. The requested authorization does not involve the construction of new pipeline facilities.

II. FINDING

The application filed by PGE 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 importation of natural gas from a nation with which

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1. 15 U.S.C. § 717b.

2. This is the expiration date of PGE's existing blanket import authorization granted by DOE/FE Order No. 976 dated September 16, 1994, (1 FE ¶ 71,017).

H

97-02-NG

PORTLAND GENERAL ELECTRIC COMPANY
LEGAL DEPARTMENT
121 SW SALMON STREET, 1WTC-13
PORTLAND, OREGON 97204
TELEPHONE (503) 464-7037 FACSIMILE (503) 464-2200

ROBIN TOMPKINS
ASSISTANT GENERAL COUNSEL

1997
JAN -2 P 2:57

December 31, 1996

REC'D DOE/FE

Mr. Wayne Peters
Manager of Natural Gas Regulation
Office of Natural Gas and Petroleum Import/Export Activities
U.S. Department of Energy
Forrestal Building, Room 3F-056, FE-50
Washington, D.C. 20585

Re: Application for an Order Authorizing the Importation of Natural Gas from Canada

Dear Mr. Peters:

Enclosed please find an Application of Portland General Electric for an Order Authorizing the Importation of Natural Gas from Canada along with a check in the amount of $50.00 for filing of same and 15 copies, as required.

In addition, we have enclosed an extra copy of our cover letter to be date stamped and returned in the enclosed envelope.

Thank you in advance for your attention to this matter.

Sincerely,

Robin Tompkins

Robin Tompkins
Assistant General Counsel for
Portland General Electric Company

RT:bg
enc.

lgl:11405

266.

UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY
WASHINGTON, D.C.

1997 ~~1996~~ JAN -2 P 2:57

In the Matter of	)	REC'D DOE/FE
	)	
PORTLAND GENERAL ELECTRIC COMPANY	)	Docket No. 97-02-NG
	)	

APPLICATION OF
PORTLAND GENERAL ELECTRIC COMPANY
FOR AN ORDER AUTHORIZING THE IMPORTATION
OF NATURAL GAS FROM CANADA

Pursuant to Section 3 of the Natural Gas Act ("NGA"), 15 U.S.C. § 717b, Department of Energy Delegation Order Nos. 0204-111 and 0204-127, and 10 C.F.R. Part 590, Portland General Electric Company ("PGE") hereby submits this request to the Department of Energy, Office of Fossil Energy ("OFE") for blanket authorization to import natural gas from Canada for use at its Beaver, Bethel, and Coyote Springs generating facilities and for resale to others.

In support hereof, PGE respectfully states as follows:

I.

The exact name of PGE is Portland General Electric Company. Correspondence concerning this Application should be addressed to:

Robin Tompkins
Assistant General Counsel
Portland General Electric Company
121 SW Salmon Street, 1WTC13
Portland, OR 97204
(503) 464-7037

and

267.

Patricia Scherzinger
Manager, Fuel Operations
Portland General Electric Company
121 SW Salmon Street, 1WTC13
Portland, OR 97204
(503) 464-7165

II.

PGE is a corporation organized and existing under the laws of the state of Oregon with its principal place of business at 121 SW Salmon Street, Portland, Oregon 97204. PGE is a subsidiary of Portland General Corporation. PGE is an electric utility and owns generating facilities, known as the Beaver, Bethel, and Coyote Springs plants, which use natural gas as a fuel. PGE's Articles of Incorporation and Bylaws are attached hereto as Appendix A. The opinion of the undersigned counsel that the proposed import of natural gas is within PGE's corporate power is attached hereto as Appendix B.

III.

PGE's application is essentially the same as the one approved by the Economic Regulatory Administration in 1994 (Docket No. 94-66-NG). Under Docket No. 94-66-NG, PGE currently has authorization to import natural gas from a variety of Canadian suppliers with imports beginning November 3, 1995. PGE's import authorization ends on November 2, 1997. Pursuant to this application, PGE requests authority to import specified quantities of natural gas from a variety of Canadian suppliers. Specifically, PGE requests authority to import up to a maximum of 90 Bcf of gas for a term of up to two years. Since the transactions contemplated by this application will be of a short-term and spot nature, the base price, volume requirements, price adjustment, and volume adjustment provisions will be negotiated between PGE and Canadian producers. PGE anticipates that the price will not remain fixed in most of those contracts for a period of more than one year.

In most cases, the price will be adjusted on a monthly or quarterly basis as required by market conditions, which, in turn, will be influenced by the price and availability of competing fuels, including domestic natural gas. Moreover, most spot-market contracts to which PGE will be a party will allow either party to terminate on relatively short notice and for a variety of reasons.

Such negotiations will be premised on meeting competition in the marketplace. PGE anticipates contracting with a number of Western Canadian suppliers for available supplies, and the identity of the suppliers will be disclosed in the quarterly reports which PGE will file concerning the transactions which it has consummated. The gas imported pursuant to this authorization will be transported via facilities owned by Northwest Pipeline Company and Pacific Gas Transmission Company (PGT). PGE intends to use existing mainline interstate U.S. and Canadian pipeline facilities for the transportation of its imported gas supplies and seeks approval to use all existing import points. The proposed importation hereunder will begin as soon after approval of this application as transportation is available and the plants can be operated economically.

IV.

Granting the blanket import authorization would provide PGE with flexibility to effectuate numerous spot transactions under a single blanket import authorization, subject to the appropriate reporting of each transaction. This authorization will also minimize regulatory delays which could prevent PGE from taking advantage of opportunities to economically operate the Beaver, Bethel, and Coyote Springs plants. Consistent with the reporting requirements imposed by OFE in Docket No 94-66-NG, PGE agrees to:

1) Notify the OFE in writing of the date of first delivery of natural gas authorized within two weeks after deliveries begin, and

2) File with the OFE within thirty (30) days following each calendar quarter, quarterly reports showing by month the quantities of natural gas in MMcf imported and the average price paid for those volumes. The report will also provide the details of each transaction, including the names of the sellers, estimated or actual duration of the agreements, transporters, points of entry, facilities served and where applicable, any demand-commodity breakdown of the contract price, any special contract price adjustment clauses, and any take-or-pay or make-up provisions.

V.

Section 3 of the NGA, as amended by the Energy Policy Act of 1992 (Pub. L. 102-486), states that an 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. 15 U.S.C. § 717b(c). The authorization sought by PGE to import natural gas from Canada, a nation with which a free trade agreement is in effect, meets the Section 3(c) criterion and is, therefore, consistent with the public interest.

WHEREFORE, for the foregoing reasons, PGE respectfully requests that the OFE grant the requested blanket import authorization in a timely fashion.

DATED: December 31, 1996

Respectfully submitted,

Robin Tompkins

Robin Tompkins
Attorney for
Portland General Electric Company

lgl:11225

VERIFICATION

State of Oregon)
) ss.
County of Multnomah)

ROBIN TOMPKINS, being first duly sworn, deposes and says that she is a duly authorized representative of the Applicant; that she has read the foregoing document; that she is familiar with the contents thereof; that the statements contained therein are true and correct to the best of her knowledge, information and belief; that she is authorized to file the same with the Department of Energy, Office of Fossil Energy; and that to the best of her knowledge, information and belief, the same or a related matter is not being considered by any other part of the Department of Energy, including the Federal Energy Regulatory Commission, or any other Federal agency or department.

Robin Tompkins

Subscribed and sworn to before me this 31st day of December, 1996

OFFICIAL SEAL
JILL M. LANDSTROM
NOTARY PUBLIC-OREGON
COMMISSION NO. 057592
MY COMMISSION EXPIRES NOV 5, 2000

Jill M. Landstrom

Notary Public for Oregon
My commission expires: 11-5-00

H.

TABLE OF APPENDICES

Appendix A - Oregon Certificate of Incorporation, Index of Articles of Incorporation, and Bylaws of Portland General Electric Company

Appendix B - Certificate from Counsel

APPENDIX A

Oregon Certificate of Incorporation

C.

CERTIFICATE

State of Oregon

OFFICE OF THE SECRETARY OF STATE
Corporation Division

I, PHIL KEISLING, Secretary of State of Oregon, and Custodian of the Seal of said State, do hereby certify:

PORTLAND GENERAL ELECTRIC COMPANY
was
incorporated
under the Oregon
Business Corporation Act
on
July 25, 1930
and is active on the records of the Corporation Division as of the date of this certificate.

In Testimony Whereof, I have hereunto set my hand and affixed hereto the Seal of the State of Oregon.

PHIL KEISLING, Secretary of State

By
Arnold E. Lowder
December 19, 1996

D.

1201

APPENDIX A

Index of Articles of Incorporation

E.

PORTLAND GENERAL ELECTRIC COMPANY
ARTICLES OF INCORPORATION
AND AMENDMENTS FILED

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22.	06/19/78	-	Articles of Amendment to Article VI: Statement of common stock at 50 million shares $3.75 par value stock; statement of preferred stock at 2.5 million $100 par value and 6 million shares at $25 par value
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37.	01/28/83	-	Statement of Cancellation of Shares of Preferred Stock: 12,257 shares Preferred Stock ($100 par value) 11.50% Series
38.	06/06/83	-	Statement of Cancellation of Shares of Preferred Stock: 18,000 shares Preferred Stock ($100 par value) 8.875% Series
39.	06/08/83	-	Articles of Amendment to Article III providing for new purposes and powers of corporation
40.	06/08/83	-	Articles of Amendment to Article VI providing for common stock at 100 million shares $3.75 par value; preferred stock at 2.5 million shares $100 par value and 6 million shares $25 par value; and 30 million shares preferred without par value
41.	12/21/83	-	Statement of Cancellation of Shares of Preferred Stock: 9,960 shares Preferred Stock ($100 par value) 11.50% Series
42.	03/27/84	-	Statement of Cancellation of Shares of Preferred Stock: 4,870 shares Preferred Stock ($100 par value) 11.50% Series
43.	07/03/84	-	Statement of Cancellation of Shares of Preferred Stock: 18,000 shares Preferred Stock ($100 par value) 8.875% Series; 1,330 shares Preferred Stock ($100 par value) 11.50% Series
44.	09/__/84	-	Statement of Cancellation of Shares of Preferred Stock: 3,830 shares Preferred Stock ($100 par value) 11.50% Series; signed as of 09/04/84
45.	12/05/84	-	Statement of Cancellation of Shares of Preferred Stock: 1,480 shares Preferred Stock ($100 par value) 11.50% Series
46.	02/12/85	-	Statement of Cancellation of Shares of Preferred Stock: 8,360 shares Preferred Stock ($100 par value) 11.50% Series
47.	05/10/85	-	Statement of Cancellation of Shares of Preferred Stock: 18,000 shares Preferred Stock ($100 par value) 8.875% Series
48.	05/10/85	-	Statement of Cancellation of Shares of Preferred Stock: 104,927 shares Preferred Stock ($100 par value) 11.50% Series
49.	05/02/86	-	Statement of Cancellation of Reacquired Shares: 2,941,575 shares common stock

50.	05/10/85	-	Statement of Cancellation of Shares of Preferred Stock: 18,000 shares Preferred Stock ($100 par value) 8.875% Series; 10,000 shares Preferred Stock ($100 par value), 9.76% Series; 1,955 shares Preferred Stock ($100 par value) 7.05% Series; 425 shares Preferred Stock ($100 par value) 7.88% Series; 580 shares Preferred Stock ($100 par value), 8.20% Series
51.	03/11/87	-	Statement of Cancellation of Reacquired Shares: 4,587 shares common stock
52.	03/11/87	-	Statement of Cancellation of Reacquired Shares: 2,507,523 shares common stock
53.	03/11/87	-	Statement of Cancellation of Redeemable Shares: 36,000 shares Preferred Stock ($100 par value), 8.875% Series; 3,000,000 shares Preferred Stock ($25 par value), $4.40% Series
54.	05/03/88	-	Articles of Amendment authorizing 500,000 shares of $100 par value Cumulative Preferred Stock
55.	06/08/92	-	Articles of Amendment authorizing 300,000 shares of 7.75% Series Cumulative Preferred Stock, Without Par Value

APPENDIX A

Bylaws of Portland General Electric Company

G.

AMENDED BYLAWS
of
PORTLAND GENERAL ELECTRIC COMPANY

ARTICLE 1
OFFICES

The registered office of this corporation shall be located in the State of Oregon at the principal place of business or such other place in the State of Oregon as the Board of Directors ("Board") may designate. The corporation may have such other offices either within or without the State of Oregon as the Board may designate or as the business of the corporation may require.

ARTICLE 2
SHAREHOLDERS

2.1 Annual Meeting. The annual meeting of the shareholders shall be held on the second Wednesday of April in each year or within 60 days thereafter, for the purpose of electing directors and transacting such other business as may properly come before the meeting.

2.2 Special Meetings. The Board, the Chairman of the Board ("Chairman"), the President or holders of not less than one-tenth of all shares of the corporation entitled to vote at the meeting, may call special meetings of the shareholders for any lawful purpose.

2.3 Place of Meeting. All meetings shall be held at the principal office of the corporation or at such location within the State of Oregon designated by the Board.

2.4 Notice of Meeting. The Board, the Chairman, the President or shareholders calling an annual or special meeting of the shareholders as provided for herein, shall cause to be delivered either in person or by mail to each shareholder or record entitled to vote at such meeting, not less then ten nor more than 50 days before the meeting, written notice stating the place, day and hour of the meeting and in the case of a special meeting, the purpose or purposes for which the meeting is called.

2.5 Waiver of Notice. Whenever any notice is required to be given to any shareholder under the provisions of these Bylaws, or the Articles of Incorporation, or Oregon law, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

2.6 Fixing of Record Date for Determining Shareholders. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the Board may fix in advance a date as the record date for any such determination. Such record date shall be not more than 50 days, and in the case of a meeting of shareholders, not less than ten days prior to the date on which the particular action requiring such determination of shareholders is to be taken. If no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting or to receive payment of a dividend, the date on which the notice of the meeting is mailed or the date on which the resolution of the Board declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. Such a determination shall apply to any adjournment of the meeting.

2.7 Voting Record. At least ten days before each meeting of shareholders, a complete record of the shareholders entitled to vote at such meeting or any adjournment thereof, shall be made, arranged in alphabetical order, with the address of and number of shares held by each shareholder. This record shall be kept on file at the registered office of the corporation for the ten days prior to such meeting and shall be produced and kept open at such meeting for the inspection of any shareholder.

2.8 Quorum. A majority of the outstanding shares of the corporation entitled to vote represented in person or by proxy, shall constitute a quorum at a meeting of the shareholders. If less then a majority of the outstanding shares entitled to vote are represented at a meeting, a majority of the shares so represented may adjourn the meeting from time to time without further notice. At an adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the meeting as originally called. The shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

2.9 Manner of Acting. If a quorum is present, the affirmative vote of the majority of the shares represented at the meeting and entitled to vote on the subject matter shall be the act of the shareholders, unless the vote of a greater number is required by these Bylaws, the Articles of Incorporation, or Oregon law.

2.10 Proxy. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by the shareholder's attorney-in-fact. Such proxy shall be filed with the Secretary of the corporation before or at the time of the meeting. No proxy shall be valid after 11 months from the date of its execution unless otherwise provided in the proxy.

2.11 Voting of Shares. Each outstanding share entitled to vote shall be entitled to one vote upon each matter submitted to a vote at a meeting of the shareholders unless otherwise provided by the Articles of Incorporation.

ARTICLE 3
BOARD OF DIRECTORS

3.1 The business and affairs of the corporation shall be managed under the direction of the Board.

3.2 Number of Directors. Except as otherwise fixed pursuant to the Articles of Incorporation relating to the rights of the holders of any class or series of Preferred Stock to elect directors under specified circumstances, the Board shall consist of not less than seven (7) or more than fifteen (15) persons, the exact number to be fixed from time to time exclusively by the Board pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board for adoption).

3.3 Tenure of Directors. Any director of the corporation may resign at any time either by oral tender of resignation at any meeting of the Board of Directors or by giving written notice thereof to the corporation. Such resignation shall take effect at the time specified therefor, and, unless otherwise specified with respect thereto, the acceptance of such resignation shall not be necessary to make it effective. All directors shall retire from the Board on the day of the Annual Meeting following their 70th birthday. Directors who are also officers of the corporation shall retire from the Board on the last day of the month in which they cease to be an employee or an officer of the corporation. A chief executive officer may thereafter again be elected to the Board; provided, however, that only the immediate past chief executive officer may again be elected a director.

3.4 Removal of Directors. Subject to the rights of the holders of any class or series of Preferred Stock to elect directors under specified circumstances as may be fixed pursuant to the Articles of Incorporation, any director or directors, or

the entire Board, may be removed from office at any time, with or without cause by the affirmative vote of holders of 100 percent of the combined voting power of all the then-outstanding shares of stock entitled to vote in the election of directors, voting together as a single class.

3.5 Increase in Number and Vacancies. Subject to the rights of the holders of any class or series of Preferred Stock to elect directors under specified circumstances as may be fixed pursuant to the Articles of Incorporation, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause may be filled only by a majority vote of the directors then in office, though less than a quorum of the Board of Directors, or by a sole remaining director, acting at a regular or special meeting. Any director elected in accordance with the preceding sentence shall hold office until the next shareholders' meeting at which directors are elected or until such director's successor shall have been elected and qualified. No decrease in the authorized number of directors constituting the entire Board of Directors shall shorten the term of any incumbent director.

3.6 Annual Meeting. An annual Board meeting shall be held immediately before or after the annual meeting of shareholders at such time and place as provided by resolution and without notice other than such resolution.

3.7 Regular Meetings. Regular Board meetings shall be held at the principal office of the Company on the first Wednesday in each month at 1:00 p.m. unless otherwise designated by the Board. No notice shall be required for a regular meeting.

3.8 Special Meetings. Special Board meetings may be called by the Chairman or the President, or by the Secretary acting upon the request or order of the Chairman, the President or any three directors then in office. The person or persons calling, requesting or ordering the calling of a special meeting may fix the time and place for holding such meeting.

3.9 Notice of Special Meetings. Written notice of special Board meetings shall be delivered personally, telegraphed or mailed to each director at his residence or place of business at least two days before the meeting. Notice shall be effective upon delivery at such address, provided that notice by mail shall also be deemed effective if deposited in the official government mail properly addressed with postage prepaid at least five days before the meeting, and notice by telegraph shall also be deemed effective if the content thereof is delivered to the telegraph

company at least three days before the meeting. Neither the business to be transacted nor the purpose of any special meeting need be specified in the notice of such meeting.

3.10 Waiver of Notice. Whenever any notice is required to be given to any director under the provisions of these Bylaws, the Articles of Incorporation, or Oregon law, a waiver thereof in writing signed by the person or persons entitled to such notice whether before or after the time stated therein shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at or the purpose of any regular or special meeting of the Board need be specified in the Waiver of Notice of such meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

3.11 Meetings by Telephone. Members of the Board or any committee designated by the Board may participate in a meeting of such Board or committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation by such means shall constitute presence in person at the meeting.

3.12 Quorum. A majority of the number of directors fixed pursuant to these Bylaws shall constitute a quorum for the transaction of business at any Board meeting but, if less than a quorum is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

3.13 Manner of Acting. Except as provided in Section 3.12, provided that a quorum is present when a vote is taken, the affirmative vote of the majority of directors present at a meeting shall be the act of the Board, unless the vote of a greater number is required by these Bylaws or the Articles of Incorporation.

3.14 Presumption of Assent. A director of the corporation present at a Board meeting at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless at the time the vote is taken the director expresses a dissenting vote or an intention to abstain from voting.

3.15 Board Committees. The Board, by resolution adopted by a majority of all of the directors then authorized, may appoint standing or temporary committees from its own number.

Except as limited by law or the Articles of Incorporation, the Board may invest such committees with any or all of the power and authority of the Board which, unless specifically restricted by the Board, shall include the Board's authority to delegate to officers and agents generally and as specifically authorized by these Bylaws. The Board, by resolution adopted by a majority of all the directors then authorized, may from time to time add to, alter or amend the powers, authority and members of the committees. All committees so appointed shall keep regular minutes of their meetings and shall cause them to be recorded in books kept for that purpose in the office of the Secretary of the corporation.

3.16 Compensation. By Board resolution, directors and committee members may be paid their expenses, if any, for attendance at each Board or committee meeting, or a fixed sum for attendance at each Board or committee meeting, or a stated salary as director or a committee member, or a combination of the foregoing. No such payment shall preclude any director or committee member from serving the corporation in any other capacity and receiving compensation therefor.

3.17 Action by Board or Committees Without a Meeting. Any action which could be taken at a meeting of the Board or of any committee appointed by the Board may be taken without a meeting if a written consent setting forth the action so taken is signed by each of the directors or by each committee member. Any such written consent shall be inserted in the Minute Book as if it were the minutes of a Board or a committee meeting.

ARTICLE 4
OFFICERS

4.1 Number. The officers of the corporation shall be the Chairman of the Board ("Chairman"), President, Vice Chairman of the Board ("Vice Chairman"), Secretary and Treasurer, each of whom shall be elected by the Board. One or more Vice Presidents and such other officers as may be deemed necessary may be elected or appointed by the Board. Officers shall hold office for such period, have such authority and perform such duties as are provided in these Bylaws or as may be provided by resolutions of the Board. The Board may delegate to any officer the power to appoint such assistant officers or agents and to prescribe their authority, duties and respective terms of office which shall not exceed the term of office of the appointing officer.

4.2 Election and Term of Office. The officers of the corporation shall be elected annually by the Board at the Board meeting held after the annual meeting of the shareholders. If the election of officers is not held at such meeting, such an election shall be held as soon thereafter as the Board meeting conveniently may be held. Unless an officer dies, resigns or is removed, each officer shall hold office until the next annual meeting of the Board or until a successor is elected.

4.3 Resignation. Any officer may resign at any time by delivering written notice thereof to the Chairman, the President, the Vice Chairman, the Secretary or the Board or by giving oral notice at any meeting of the Board.

4.4 Removal. Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgment the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

4.5 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause may be filled by the Board for the unexpired portion of the term.

4.6 Chairman of the Board and Chief Executive Officer. The Chairman of the Board shall be the Chief Executive Officer of the corporation and subject to the Board's control shall supervise and control all of the assets, business and affairs of the corporation. When present, the Chairman shall preside over all meetings of the shareholders and over all Board meetings. The Chairman may sign certificates for shares of the corporation, deeds, mortgages, bonds, evidences of debt, debentures or other documents, made, executed or entered into by or on behalf of the corporation requiring the corporate seal, contracts, or other instruments, except when such signing and execution have been expressly delegated by the Board or by these Bylaws to some other officer or agent of the corporation or are required by law to be otherwise signed or executed by some other officer or in some other manner. In general, the Chairman shall perform all duties incident to this office and such other duties as are prescribed by the Board from time to time.

4.7 President. In the absence, death or inability to act of the Chairman, the President shall perform the duties of the Chairman with all the powers of and subject to all the restrictions upon the Chairman. The President shall perform such other duties as from time to time may be assigned by the Chairman, the Board, these Bylaws, the Articles of Incorporation or applicable law.

4.8 Vice Chairman of the Board. In the absence, death or inability to act of the Chairman and the President, the Vice Chairman shall possess all the powers of the Chairman and the President, except the Vice Chairman may not sign certificates for shares of the corporation. The Vice Chairman shall perform such other duties as from time to time may be assigned by the Chairman or by the Board.

4.9 Senior Vice Presidents. Senior Vice Presidents shall perform such duties as from time to time may be assigned to them by the Chairman or by the Board.

4.10 Vice Presidents. Vice Presidents shall possess such powers and shall perform such duties as from time to time may be assigned to them by the Chairman, the Board, or the officer to which they are directly responsible.

4.11 Secretary. The Secretary shall:

(a) Keep the minutes of the meetings of the shareholders and the Board in one or more books provided for that purpose;

(b) See that all notices are duly given in accordance with the provisions of these Bylaws or as required by law;

(c) Be custodian of the corporate records and seal of the corporation;

(d) Keep registers of the post office address of each shareholder and director;

(e) Sign with the Chairman or President certificates for shares of the corporation, the issuance of which has been authorized by resolution of the Board;

(f) Have general charge of the stock transfer books of the corporation;

(g) Sign with the Chairman, or other officer authorized by the Chairman or the Board, deeds, mortgages, bonds, contracts or other instruments; and

(h) In general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Chairman or by the Board or required by applicable law. In the absence of the Secretary, or at the Secretary's direction, an Assistant Secretary may perform the duties of the Secretary.

4.12 The Board shall appoint an officer as the Chief Financial Officer. The Chief Financial Officer shall have such duties as may from time to time be assigned by the Chairman, the Board, or by applicable law.

4.13 Treasurer. If required by the Board, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board shall determine. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the corporation; receive and give receipts for money due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in banks, trust companies or other depositories selected in accordance with the provisions of these Bylaws; and in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the Chairman, the Board or the Chief Financial Officer. In the absence of the Treasurer, or at the Treasurer's direction, an Assistant Treasurer may perform the duties of the Treasurer.

4.14 Controller. The Controller shall be the Chief Accounting Officer of the Company; shall maintain adequate records of all assets, liabilities and transactions of the Company; see that adequate audits are currently made; and shall attend to such other duties as are prescribed by the Chairman, the Board or the Chief Financial Officer. In the absence of the Controller, or at the Controller's direction, an Assistant Controller may perform the duties of Controller.

4.15 Compensation. The compensation of the officers shall be fixed from time to time by the Board; provided, however, that the Board may delegate to any officer the authority to fix the compensation of any other officer. No officer shall be prevented from receiving such compensation by reason of the fact that the officer is also a director of the corporation.

ARTICLE 5
CONTRACTS, LOANS, CHECKS AND DEPOSITS

5.1 Contracts. The Board may authorize any officer or officers or agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation. Such authority may be general or confined to specific instances.

5.2 Loans. No loan shall be contacted on behalf of the corporation and no evidences of indebtedness shall be issued

in its name unless authorized by a resolution of the Board. Such authority may be general or confined to specific instances. No loan shall be made by the corporation secured by its shares.

5.3 Checks, drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, or agent or agents, of the corporation and in such manner as is from time to time determined by resolution of the Board.

5.4 Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the Board may select. Such selection may be delegated to the Treasurer.

ARTICLE 6
CERTIFICATES FOR SHARES AND THEIR TRANSFER

6.1 Issuance of Shares. No shares of the corporation shall be issued unless authorized by the Board, which authorization shall include the maximum number of shares to be issued, the consideration to be received for each share, and such other terms and conditions as required by the Articles of Incorporation and applicable law.

6.2 Transfer Agent. The Board may elect a transfer agent for the capital stock of the corporation from time to time as it deems necessary.

6.3 Certificates for Shares. Stock certificates shall be issued only for full shares of stock. Every certificate for a full share of stock shall be signed by the Chairman or the President and by the Secretary and sealed with the corporate seal. Where such certificate is manually countersigned by the transfer agent, the signatures of the Chairman or the President and the Secretary upon such certificate and the corporate seal may be a facsimile engraved or printed. Such facsimile signature of the Chairman, the President and the Secretary may be that of any person who shall have been such Chairman, President or Secretary, as the case may be, notwithstanding that such person may have ceased to be such officer at the time when such certificate shall be actually countersigned by the transfer agent.

6.4 Stock Records. The stock transfer books shall be kept at the registered office or principal place of business of the corporation or at the office of the corporation's transfer

agent or registrar. The name and address of the person to whom the shares represented thereby are issued, together with the class, number of shares and date of issue, shall be entered on the stock transfer books of the corporation. The books may be in written form or in any other form capable of being converted into written form within a reasonable time period. The person in whose name shares stand in the books of the corporation shall be deemed by the corporation to be the owner thereof for all purposes.

6.5 Transfer of Shares. Transfers of shares of the corporation shall be made only on the stock transfer books of the corporation pursuant to authorization or document of transfer made by the holder of record thereof or by a legal representative, who shall furnish proper evidence of authority to transfer, or by an attorney-in-fact authorized by power of attorney duly executed and filed with the Secretary of the corporation. All certificates surrendered to the corporation for transfer shall be cancelled. No new certificate shall be issued until the former certificates for a like number of shares shall have been surrendered and cancelled.

6.6 Lost or Destroyed Certificates. In the case of lost, destroyed or mutilated certificate, a new certificate may be issued therefor upon such terms and indemnity to the corporation as the Board may prescribe. Any person claiming that a stock certificate has been lost or destroyed shall make an affidavit of such fact and, if required by the Board, advertise the same in such manner as the Board may require, and, if the Board so requires give the corporation a bond of indemnity in the form and with one or more sureties satisfactory to the Board in at least double the value of the stock represented by the certificate, whereupon a new stock certificate may be issued of the same tenure and for the same number of shares as the certificate alleged to be lost or destroyed.

ARTICLE 7
BOOKS AND RECORDS

The corporation shall keep correct and complete books and records of account, stock transfer books, minutes of the proceedings of its shareholders and Board and such other records as may be necessary or advisable. Books, records and minutes may be in written form or any other form capable of being converted into written form within a reasonable time period.

ARTICLE 8
FISCAL YEAR

The fiscal year of the corporation shall be the calendar year.

ARTICLE 9
SEAL

The seal of the corporation shall consist of the name of the corporation and the state of its incorporation.

ARTICLE 10
INDEMNIFICATION

To the full extent permitted by law, the corporation shall indemnify any person who was or is a party or is threatened to be made a party tc any civil, criminal, administrative or investigative action, suit or proceeding (whether brought by or in the right of the corporation or otherwise) by reason of the fact that such person is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees and attorneys' fees on appeal), judgments, fines and amounts paid in settlement actually and reasonably incurred by such director or officer in connection with such action, suit or proceeding; and the Board may, at any time, approve indemnification of any other person which the corporation has the power to indemnify under the law. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which a person may be entitled as a matter of law or by contract. The corporation shall purchase and maintain indemnification insurance for any person to the extent not prohibited by applicable law. It is the intention of this Bylaw to recognize the responsibility inherent in being a director or officer of Portland General Electric Company and by means of this Bylaw to protect and indemnify the individual who has held, is holding or will hold such positions or any of them against any personal liability for their actions unless such actions involve individual dishonesty.

ARTICLE 11
AMENDMENTS

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the Board at any regular or special meeting of the Board. The shareholders may also make, alter,

amend and repeal the Bylaws of the corporation at any annual meeting or at any special meeting called for that purpose. All Bylaws made by the directors may be amended, repealed, altered or modified by the shareholders at any regular or special meeting called for that purpose.

These Bylaws were originally adopted by the Board of Directors on October 6, 1982, and subsequently amended on August 6, 1986, July 6, 1988, February 5, 1991 and October 1, 1991.

Leonard A. Girard
Secretary

J:\L\CORP\AMBY1091.PGE

APPENDIX B
Certificate from Counsel

I.

PORTLAND GENERAL ELECTRIC COMPANY
LEGAL DEPARTMENT
121 SW SALMON STREET, 1WTC-13
PORTLAND, OREGON 97204
TELEPHONE (503) 464-7037 FACSIMILE (503) 464-2200

ROBIN TOMPKINS
ASSISTANT GENERAL COUNSEL

December 31, 1996

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

Dear Mr. Tomaszewski:

Pursuant to 10 C.F.R. Section 590.202, this certificate of counsel is hereby furnished in connection with the application of Portland General Electric Company ("PGE") for authorization to import Canadian natural gas pursuant to Section 3 of the Natural Gas Act.

In respect of the above, I am of the opinion that:

-- PGE is a corporation duly organized and existing under the laws of the State of Oregon;

-- The proposed importation of Canadian natural gas is within the powers of PGE; and

-- PGE either has complied with or is in the process of complying with applicable state rules and regulations of state regulatory authorities in the states in which it operates.

Respectfully submitted,

Robin Tompkins

Robin Tompkins

RT:bg

lgl:11246

APPENDIX A

Bylaws of Portland General Electric Company

AMENDED BYLAWS
of
PORTLAND GENERAL ELECTRIC COMPANY

ARTICLE 1
OFFICES

The registered office of this corporation shall be located in the State of Oregon at the principal place of business or such other place in the State of Oregon as the Board of Directors ("Board") may designate. The corporation may have such other offices either within or without the State of Oregon as the Board may designate or as the business of the corporation may require.

ARTICLE 2
SHAREHOLDERS

2.1 Annual Meeting. The annual meeting of the shareholders shall be held on the second Wednesday of April in each year or within 60 days thereafter, for the purpose of electing directors and transacting such other business as may properly come before the meeting.

2.2 Special Meetings. The Board, the Chairman of the Board ("Chairman"), the President or holders of not less than one-tenth of all shares of the corporation entitled to vote at the meeting, may call special meetings of the shareholders for any lawful purpose.

2.3 Place of Meeting. All meetings shall be held at the principal office of the corporation or at such location within the State of Oregon designated by the Board.

2.4 Notice of Meeting. The Board, the Chairman, the President or shareholders calling an annual or special meeting of the shareholders as provided for herein, shall cause to be delivered either in person or by mail to each shareholder or record entitled to vote at such meeting, not less then ten nor more than 50 days before the meeting, written notice stating the place, day and hour of the meeting and in the case of a special meeting, the purpose or purposes for which the meeting is called.

2.5 Waiver of Notice. Whenever any notice is required to be given to any shareholder under the provisions of these Bylaws, or the Articles of Incorporation, or Oregon law, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

2.6 Fixing of Record Date for Determining Shareholders. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the Board may fix in advance a date as the record date for any such determination. Such record date shall be not more than 50 days, and in the case of a meeting of shareholders, not less than ten days prior to the date on which the particular action requiring such determination of shareholders is to be taken. If no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting or to receive payment of a dividend, the date on which the notice of the meeting is mailed or the date on which the resolution of the Board declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. Such a determination shall apply to any adjournment of the meeting.

2.7 Voting Record. At least ten days before each meeting of shareholders, a complete record of the shareholders entitled to vote at such meeting or any adjournment thereof, shall be made, arranged in alphabetical order, with the address of and number of shares held by each shareholder. This record shall be kept on file at the registered office of the corporation for the ten days prior to such meeting and shall be produced and kept open at such meeting for the inspection of any shareholder.

2.8 Quorum. A majority of the outstanding shares of the corporation entitled to vote represented in person or by proxy, shall constitute a quorum at a meeting of the shareholders. If less then a majority of the outstanding shares entitled to vote are represented at a meeting, a majority of the shares so represented may adjourn the meeting from time to time without further notice. At an adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the meeting as originally called. The shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

2.9 Manner of Acting. If a quorum is present, the affirmative vote of the majority of the shares represented at the meeting and entitled to vote on the subject matter shall be the act of the shareholders, unless the vote of a greater number is required by these Bylaws, the Articles of Incorporation, or Oregon law.

2.10 Proxy. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by the shareholder's attorney-in-fact. Such proxy shall be filed with the Secretary of the corporation before or at the time of the meeting. No proxy shall be valid after 11 months from the date of its execution unless otherwise provided in the proxy.

2.11 Voting of Shares. Each outstanding share entitled to vote shall be entitled to one vote upon each matter submitted to a vote at a meeting of the shareholders unless otherwise provided by the Articles of Incorporation.

ARTICLE 3
BOARD OF DIRECTORS

3.1 The business and affairs of the corporation shall be managed under the direction of the Board.

3.2 Number of Directors. Except as otherwise fixed pursuant to the Articles of Incorporation relating to the rights of the holders of any class or series of Preferred Stock to elect directors under specified circumstances, the Board shall consist of not less than seven (7) or more than fifteen (15) persons, the exact number to be fixed from time to time exclusively by the Board pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board for adoption).

3.3 Tenure of Directors. Any director of the corporation may resign at any time either by oral tender of resignation at any meeting of the Board of Directors or by giving written notice thereof to the corporation. Such resignation shall take effect at the time specified therefor, and, unless otherwise specified with respect thereto, the acceptance of such resignation shall not be necessary to make it effective. All directors shall retire from the Board on the day of the Annual Meeting following their 70th birthday. Directors who are also officers of the corporation shall retire from the Board on the last day of the month in which they cease to be an employee or an officer of the corporation. A chief executive officer may thereafter again be elected to the Board; provided, however, that only the immediate past chief executive officer may again be elected a director.

3.4 Removal of Directors. Subject to the rights of the holders of any class or series of Preferred Stock to elect directors under specified circumstances as may be fixed pursuant to the Articles of Incorporation, any director or directors, or

the entire Board, may be removed from office at any time, with or without cause by the affirmative vote of holders of 100 percent of the combined voting power of all the then-outstanding shares of stock entitled to vote in the election of directors, voting together as a single class.

3.5 Increase in Number and Vacancies. Subject to the rights of the holders of any class or series of Preferred Stock to elect directors under specified circumstances as may be fixed pursuant to the Articles of Incorporation, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause may be filled only by a majority vote of the directors then in office, though less than a quorum of the Board of Directors, or by a sole remaining director, acting at a regular or special meeting. Any director elected in accordance with the preceding sentence shall hold office until the next shareholders' meeting at which directors are elected or until such director's successor shall have been elected and qualified. No decrease in the authorized number of directors constituting the entire Board of Directors shall shorten the term of any incumbent director.

3.6 Annual Meeting. An annual Board meeting shall be held immediately before or after the annual meeting of shareholders at such time and place as provided by resolution and without notice other than such resolution.

3.7 Regular Meetings. Regular Board meetings shall be held at the principal office of the Company on the first Wednesday in each month at 1:00 p.m. unless otherwise designated by the Board. No notice shall be required for a regular meeting.

3.8 Special Meetings. Special Board meetings may be called by the Chairman or the President, or by the Secretary acting upon the request or order of the Chairman, the President or any three directors then in office. The person or persons calling, requesting or ordering the calling of a special meeting may fix the time and place for holding such meeting.

3.9 Notice of Special Meetings. Written notice of special Board meetings shall be delivered personally, telegraphed or mailed to each director at his residence or place of business at least two days before the meeting. Notice shall be effective upon delivery at such address, provided that notice by mail shall also be deemed effective if deposited in the official government mail properly addressed with postage prepaid at least five days before the meeting, and notice by telegraph shall also be deemed effective if the content thereof is delivered to the telegraph

company at least three days before the meeting. Neither the business to be transacted nor the purpose of any special meeting need be specified in the notice of such meeting.

3.10 Waiver of Notice. Whenever any notice is required to be given to any director under the provisions of these Bylaws, the Articles of Incorporation, or Oregon law, a waiver thereof in writing signed by the person or persons entitled to such notice whether before or after the time stated therein shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at or the purpose of any regular or special meeting of the Board need be specified in the Waiver of Notice of such meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

3.11 Meetings by Telephone. Members of the Board or any committee designated by the Board may participate in a meeting of such Board or committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation by such means shall constitute presence in person at the meeting.

3.12 Quorum. A majority of the number of directors fixed pursuant to these Bylaws shall constitute a quorum for the transaction of business at any Board meeting but, if less than a quorum is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

3.13 Manner of Acting. Except as provided in Section 3.12, provided that a quorum is present when a vote is taken, the affirmative vote of the majority of directors present at a meeting shall be the act of the Board, unless the vote of a greater number is required by these Bylaws or the Articles of Incorporation.

3.14 Presumption of Assent. A director of the corporation present at a Board meeting at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless at the time the vote is taken the director expresses a dissenting vote or an intention to abstain from voting.

3.15 Board Committees. The Board, by resolution adopted by a majority of all of the directors then authorized, may appoint standing or temporary committees from its own number.

Except as limited by law or the Articles of Incorporation, the Board may invest such committees with any or all of the power and authority of the Board which, unless specifically restricted by the Board, shall include the Board's authority to delegate to officers and agents generally and as specifically authorized by these Bylaws. The Board, by resolution adopted by a majority of all the directors then authorized, may from time to time add to, alter or amend the powers, authority and members of the committees. All committees so appointed shall keep regular minutes of their meetings and shall cause them to be recorded in books kept for that purpose in the office of the Secretary of the corporation.

3.16 Compensation. By Board resolution, directors and committee members may be paid their expenses, if any, for attendance at each Board or committee meeting, or a fixed sum for attendance at each Board or committee meeting, or a stated salary as director or a committee member, or a combination of the foregoing. No such payment shall preclude any director or committee member from serving the corporation in any other capacity and receiving compensation therefor.

3.17 Action by Board or Committees Without a Meeting. Any action which could be taken at a meeting of the Board or of any committee appointed by the Board may be taken without a meeting if a written consent setting forth the action so taken is signed by each of the directors or by each committee member. Any such written consent shall be inserted in the Minute Book as if it were the minutes of a Board or a committee meeting.

ARTICLE 4
OFFICERS

4.1 Number. The officers of the corporation shall be the Chairman of the Board ("Chairman"), President, Vice Chairman of the Board ("Vice Chairman"), Secretary and Treasurer, each of whom shall be elected by the Board. One or more Vice Presidents and such other officers as may be deemed necessary may be elected or appointed by the Board. Officers shall hold office for such period, have such authority and perform such duties as are provided in these Bylaws or as may be provided by resolutions of the Board. The Board may delegate to any officer the power to appoint such assistant officers or agents and to prescribe their authority, duties and respective terms of office which shall not exceed the term of office of the appointing officer.

4.2 Election and Term of Office. The officers of the corporation shall be elected annually by the Board at the Board meeting held after the annual meeting of the shareholders. If the election of officers is not held at such meeting, such an election shall be held as soon thereafter as the Board meeting conveniently may be held. Unless an officer dies, resigns or is removed, each officer shall hold office until the next annual meeting of the Board or until a successor is elected.

4.3 Resignation. Any officer may resign at any time by delivering written notice thereof to the Chairman, the President, the Vice Chairman, the Secretary or the Board or by giving oral notice at any meeting of the Board.

4.4 Removal. Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgment the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

4.5 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause may be filled by the Board for the unexpired portion of the term.

4.6 Chairman of the Board and Chief Executive Officer. The Chairman of the Board shall be the Chief Executive Officer of the corporation and subject to the Board's control shall supervise and control all of the assets, business and affairs of the corporation. When present, the Chairman shall preside over all meetings of the shareholders and over all Board meetings. The Chairman may sign certificates for shares of the corporation, deeds, mortgages, bonds, evidences of debt, debentures or other documents, made, executed or entered into by or on behalf of the corporation requiring the corporate seal, contracts, or other instruments, except when such signing and execution have been expressly delegated by the Board or by these Bylaws to some other officer or agent of the corporation or are required by law to be otherwise signed or executed by some other officer or in some other manner. In general, the Chairman shall perform all duties incident to this office and such other duties as are prescribed by the Board from time to time.

4.7 President. In the absence, death or inability to act of the Chairman, the President shall perform the duties of the Chairman with all the powers of and subject to all the restrictions upon the Chairman. The President shall perform such other duties as from time to time may be assigned by the Chairman, the Board, these Bylaws, the Articles of Incorporation or applicable law.

4.8 Vice Chairman of the Board. In the absence, death or inability to act of the Chairman and the President, the Vice Chairman shall possess all the powers of the Chairman and the President, except the Vice Chairman may not sign certificates for shares of the corporation. The Vice Chairman shall perform such other duties as from time to time may be assigned by the Chairman or by the Board.

4.9 Senior Vice Presidents. Senior Vice Presidents shall perform such duties as from time to time may be assigned to them by the Chairman or by the Board.

4.10 Vice Presidents. Vice Presidents shall possess such powers and shall perform such duties as from time to time may be assigned to them by the Chairman, the Board, or the officer to which they are directly responsible.

4.11 Secretary. The Secretary shall:

(a) Keep the minutes of the meetings of the shareholders and the Board in one or more books provided for that purpose;

(b) See that all notices are duly given in accordance with the provisions of these Bylaws or as required by law;

(c) Be custodian of the corporate records and seal of the corporation;

(d) Keep registers of the post office address of each shareholder and director;

(e) Sign with the Chairman or President certificates for shares of the corporation, the issuance of which has been authorized by resolution of the Board;

(f) Have general charge of the stock transfer books of the corporation;

(g) Sign with the Chairman, or other officer authorized by the Chairman or the Board, deeds, mortgages, bonds, contracts or other instruments; and

(h) In general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Chairman or by the Board or required by applicable law. In the absence of the Secretary, or at the Secretary's direction, an Assistant Secretary may perform the duties of the Secretary.

4.12 The Board shall appoint an officer as the Chief Financial Officer. The Chief Financial Officer shall have such duties as may from time to time be assigned by the Chairman, the Board, or by applicable law.

4.13 Treasurer. If required by the Board, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board shall determine. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the corporation; receive and give receipts for money due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in banks, trust companies or other depositories selected in accordance with the provisions of these Bylaws; and in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the Chairman, the Board or the Chief Financial Officer. In the absence of the Treasurer, or at the Treasurer's direction, an Assistant Treasurer may perform the duties of the Treasurer.

4.14 Controller. The Controller shall be the Chief Accounting Officer of the Company; shall maintain adequate records of all assets, liabilities and transactions of the Company; see that adequate audits are currently made; and shall attend to such other duties as are prescribed by the Chairman, the Board or the Chief Financial Officer. In the absence of the Controller, or at the Controller's direction, an Assistant Controller may perform the duties of Controller.

4.15 Compensation. The compensation of the officers shall be fixed from time to time by the Board; provided, however, that the Board may delegate to any officer the authority to fix the compensation of any other officer. No officer shall be prevented from receiving such compensation by reason of the fact that the officer is also a director of the corporation.

ARTICLE 5
CONTRACTS, LOANS, CHECKS AND DEPOSITS

5.1 Contracts. The Board may authorize any officer or officers or agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation. Such authority may be general or confined to specific instances.

5.2 Loans. No loan shall be contacted on behalf of the corporation and no evidences of indebtedness shall be issued

in its name unless authorized by a resolution of the Board. Such authority may be general or confined to specific instances. No loan shall be made by the corporation secured by its shares.

5.3 Checks, drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, or agent or agents, of the corporation and in such manner as is from time to time determined by resolution of the Board.

5.4 Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the Board may select. Such selection may be delegated to the Treasurer.

ARTICLE 6
CERTIFICATES FOR SHARES AND THEIR TRANSFER

6.1 Issuance of Shares. No shares of the corporation shall be issued unless authorized by the Board, which authorization shall include the maximum number of shares to be issued, the consideration to be received for each share, and such other terms and conditions as required by the Articles of Incorporation and applicable law.

6.2 Transfer Agent. The Board may elect a transfer agent for the capital stock of the corporation from time to time as it deems necessary.

6.3 Certificates for Shares. Stock certificates shall be issued only for full shares of stock. Every certificate for a full share of stock shall be signed by the Chairman or the President and by the Secretary and sealed with the corporate seal. Where such certificate is manually countersigned by the transfer agent, the signatures of the Chairman or the President and the Secretary upon such certificate and the corporate seal may be a facsimile engraved or printed. Such facsimile signature of the Chairman, the President and the Secretary may be that of any person who shall have been such Chairman, President or Secretary, as the case may be, notwithstanding that such person may have ceased to be such officer at the time when such certificate shall be actually countersigned by the transfer agent.

6.4 Stock Records. The stock transfer books shall be kept at the registered office or principal place of business of the corporation or at the office of the corporation's transfer

agent or registrar. The name and address of the person to whom the shares represented thereby are issued, together with the class, number of shares and date of issue, shall be entered on the stock transfer books of the corporation. The books may be in written form or in any other form capable of being converted into written form within a reasonable time period. The person in whose name shares stand in the books of the corporation shall be deemed by the corporation to be the owner thereof for all purposes.

6.5 Transfer of Shares. Transfers of shares of the corporation shall be made only on the stock transfer books of the corporation pursuant to authorization or document of transfer made by the holder of record thereof or by a legal representative, who shall furnish proper evidence of authority to transfer, or by an attorney-in-fact authorized by power of attorney duly executed and filed with the Secretary of the corporation. All certificates surrendered to the corporation for transfer shall be cancelled. No new certificate shall be issued until the former certificates for a like number of shares shall have been surrendered and cancelled.

6.6 Lost or Destroyed Certificates. In the case of lost, destroyed or mutilated certificate, a new certificate may be issued therefor upon such terms and indemnity to the corporation as the Board may prescribe. Any person claiming that a stock certificate has been lost or destroyed shall make an affidavit of such fact and, if required by the Board, advertise the same in such manner as the Board may require, and, if the Board so requires give the corporation a bond of indemnity in the form and with one or more sureties satisfactory to the Board in at least double the value of the stock represented by the certificate, whereupon a new stock certificate may be issued of the same tenure and for the same number of shares as the certificate alleged to be lost or destroyed.

ARTICLE 7
BOOKS AND RECORDS

The corporation shall keep correct and complete books and records of account, stock transfer books, minutes of the proceedings of its shareholders and Board and such other records as may be necessary or advisable. Books, records and minutes may be in written form or any other form capable of being converted into written form within a reasonable time period.

ARTICLE 8
FISCAL YEAR

The fiscal year of the corporation shall be the calendar year.

ARTICLE 9
SEAL

The seal of the corporation shall consist of the name of the corporation and the state of its incorporation.

ARTICLE 10
INDEMNIFICATION

To the full extent permitted by law, the corporation shall indemnify any person who was or is a party or is threatened to be made a party to any civil, criminal, administrative or investigative action, suit or proceeding (whether brought by or in the right of the corporation or otherwise) by reason of the fact that such person is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees and attorneys' fees on appeal), judgments, fines and amounts paid in settlement actually and reasonably incurred by such director or officer in connection with such action, suit or proceeding; and the Board may, at any time, approve indemnification of any other person which the corporation has the power to indemnify under the law. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which a person may be entitled as a matter of law or by contract. The corporation shall purchase and maintain indemnification insurance for any person to the extent not prohibited by applicable law. It is the intention of this Bylaw to recognize the responsibility inherent in being a director or officer of Portland General Electric Company and by means of this Bylaw to protect and indemnify the individual who has held, is holding or will hold such positions or any of them against any personal liability for their actions unless such actions involve individual dishonesty.

ARTICLE 11
AMENDMENTS

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the Board at any regular or special meeting of the Board. The shareholders may also make, alter,

amend and repeal the Bylaws of the corporation at any annual meeting or at any special meeting called for that purpose. All Bylaws made by the directors may be amended, repealed, altered or modified by the shareholders at any regular or special meeting called for that purpose.

These Bylaws were originally adopted by the Board of Directors on October 6, 1982, and subsequently amended on August 6, 1986, July 6, 1988, February 5, 1991 and October 1, 1991.

Leonard A. Girard
Secretary

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APPENDIX B
Certificate from Counsel