



Gas Industry Standards Board

1100 LOUISIANA, SUITE 4925, HOUSTON, TEXAS, 77002
PHONE -- (713) 757-4175, FAX -- (713) 757-2491, email gisb@aol.com
Home Page www.gisb.org

April 3, 1998

TO: Chairs of the Day Trading Task Force for the Contracts Subcommittee, Posting on the GISB home page for interested industry participants

FROM: Jo Ann Garcia

RE: Final Minutes of the April 3, 1998 Meeting

I. Administrative

The meeting opened at 10:00 a.m. with Mr. Bill Hebenstreit welcoming the attendees to the meeting and giving the antitrust advice. The attendees introduced themselves and the agenda was adopted with a modification requested by Mr. Jerry Hahn to reverse the order of items 2 and 3.

II. Review of the Changes Recommended by the Executive Committee (EC)

Mr. Hebenstreit asked Mr. Hahn for his view of the recommendations of the EC. Mr. Hahn first explained the position of Texaco as regards the contract being review. He asked if consideration had been given to the taping of the telephone conversations and whether acknowledgment of the recording would be given by the two parties and that the agreement would be written at a later time. He explained Texaco would be concerned if their traders simply indicated to their customers the use of the contract but did not get paper confirmation of the agreement. He state Texaco would want a signed document as evidence of the intent of the two parties. He then stated that as a member of the EC he was aware that the End Users but the producers were still not convinced this was the way to conclude business transactions.

Mr. Hebenstreit explained his intent when submitting the request was to develop a framework of general terms that could be invoked orally with the understanding that you would have enveloped the terms in a total contract. He was trying to eliminate paperwork by having a contract with general terms which parties could agree to at the onset if there was not a contract already in place for the transaction because the alternative would be to not enter into an agreement at all. Mr. John Wright agreed that the intent of the committee had been that the contract would be used when two parties had no contract in place and the alternative was to not do business at all.

Mr. Hebenstreit stated they had gone one step further in its intended use and that was for the contract to be a default contract. Ms. Mickey Jo Lawrence asked why Section 1.2 of the existing base contract would not serve the same purpose. It was stated that the base contract would require signatures. Ms. Lawrence stated that Texaco would not enter into a trade without a signature. She further stated Texaco did not want to go through the burden of proof under this oral contract because it would be hard for them to know if the other party had even read the contract before agreeing to the trade. Ms. Linda Craft observed the practice at the present time was for trader to make deals would out paper confirmation.

Discussion continued as to the need for signatures on the contract and what was in the best interest of the industry as a whole.

Mr. Hebenstreit stated the committee needed to go back and address the major concerns that had been identified by the individual at the EC meeting. He observed one concern was that of the taping of the conversations. He asked if the committee should consider putting in a guide with language stating it was assumed that at least one party was taping the conversation and that it was recommended the agreement be followed up in writing. Mr. Mike Wallace stated he disagreed as the intent on the contract was to do day trades and an oral agreement was a contract. Mr. Hahn stated he did not disagree that an oral agreement was a contract and legally binding, but that when you were on the selling end of the agreement there was a concern not to have it in writing with signatures.

Final Minutes of the Gas Day Trades Task Force of the Contracts Subcommittee -- April 3, 1998

Attachment 1, General Terms and Conditions For Day Trade Interruptible Contract



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Mr. Wright noted the committee needed to discuss the original contract and whether they wished to keep it and if so could it be improved and how. Was the original idea a good one and if so they should stay with it.

Mr. Hebenstreit noted another concern which had been brought up at the EC meeting, as regarded the original contract, was whether it was out of scope of the request. He stated his intent when submitting the request was as it was addressed by the contract the committee was recommending so he did not feel it was out of scope. Ms. Linda Craft stated she did not feel the contract was out of scope of the request. Mr. Hebenstreit asked if the committee agreed this was a legal contract under the law. Mr. Wallace stated it was a useful and enforceable tool under the law. Ms. Robin Curnane reminded the committee the original intent was to not have a lot of paper work going back and forth between the parties.

Mr. Hebenstreit noted that all the items for the agreement were confirmed through the nomination process except for the price which could easily be followed up by a fax as day trades were normally just for the day. Mr. Hahn expressed the concern that a series of day trades might be made which would then no longer be just day trades.

A motion was made to add to Section 1.2. - (which may be recorded by either or both parties or documented in writing within two business days of the telephone conversation) after the words "telephone conversation"

Action:

Voting resulted in: 6 in favor, 1 opposed, 2 abstained. **Motion passed.**

Discussion turned to the decision of recommending the contract as a model or a standard. The definition of a model and a standard was considered.

Action:

A motion was made to make the recommendation that the contract be a standard.

Voting resulted in: 6 in favor, 1 opposed, 2 abstained. **Motion passed.**

III. Review of "Go Contract" for Consideration of the Amoco and Exxon Comments

All changes to the contract of both Amoco and Exxon were accepted. The committee turned to the title of the document and the concern of the use of the word oral. Mr. Jeff Hodge stated that some words always caused concern and this word seemed to be one of them. A motion was made for an alternate title. Mr. Wallace stated that American Electric Power strongly disagreed with the changing of the name of the contract.

Action:

Motion: Make the title Day Trade Interruptible Contract as it is shown in draft except for removing the letters "GISB" before the word "Day" and removing the letter "s" in the word "Trades".

Voting resulted in: 6 in favor, 2 opposed, 1 abstained.

Ms. Linda Craft made a motion to also remove the letters "GISB" and the word "gas" from Section 2.6 which had been accepted as part of the Amoco comments as the GISB Gas Day had been defined elsewhere and was not being used in the contract under that definition.

Action:

Voting resulted in: 7 in favor, 0 opposed, 2 abstained



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IV. Adjourn

After checking with the GISB office to ensure the contract could be placed on the agenda for the next EC meeting to be held April 16, the Committee having completed its work adjourned at 1:50 p.m.



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V. Attendees¹

<u>Name</u>	<u>Company</u>	<u>Phone/Fax</u> <u>Email</u>	<u>GISB</u> <u>Member</u>
Mike Wallace	American Electric Power	614-223-1614/1687	✓
Linda Craft	Amoco Producing	281-366-3857/4934 linda_w_craft@amoco.com	✓
Bill Hebenstreit	El Paso Energy Marketing	713-757-1268/2180 hebenstreitb@epng.com	✗
Lisa Russo	National Fuel Gas Dist.	713-857-7947/7415	✓
John Wright	Exxon Company, USA	713-656-6297/9276 john.g.wright@exxon.sprint.com	✓
Jeff Hodge	Enron Capital and Trade	713-853-6911	
Robin Curnane	Citizens Power	617-912-6053 robin@citizenspower.com	✓
Jerry Hahn	Texaco	713-752-7769	
Mickey Jo Lawrence	Texaco	713-752-6008	
Lisa Lockhart	Conoco Inc.	381-293-2939/3826 lisa.c.lockhart@usa.conoco.com	✓
Paul Heim	Exxon Company U.S.A.	713-656-6716/3496 paul.j.heim@exxon.sprint.com	✓
Jo Ann Garcia	GISB	713-757-4567/2491 gisb4@aol.com	✓

¹ The attendees' names that appear in **BOLD** are committee chairs. The others are participants. One company representative from each company in attendance, regardless of membership status, is permitted to vote.