



**Tuesday, March 28, 2006**

**TO: NAESB CONTRACTS SUBCOMMITTEE**

**RE: Title of NAESB Gas Contract**

The purpose of this memo is to request consideration of a change in this revision from the Base Contract for Sale and Purchase of Natural Gas to **NAESB Gas Contract** or to another shorter, representative title, replacing "Natural Gas" with the broader designation of "Gas" in conformance with the NAESB definition of Gas in Section 2.18.

While Section 14.9 might be used to discount the value of making this proposed change, in reality, many in the industry already refer to this contract as the "NAESB Gas Contract" or more simply as the "NAESB" in discussions with other industry folks. When one refers to this contract with its full title, you sometimes get blank stares and have to further explain that it is indeed the standard "NAESB Gas Contract" to which you are referring.

Although the term natural Gas is used in the definition of EFP, other references appear to be in reference to the title of the contract itself rather than applicable to the more restrictive gaseous product, i.e., natural gas.

**NAESB's definition of Gas in Section 2.18 is more universally applicable and does not exclude LNG, coal-derived gas, landfill gas, or other forms of a processed or manufactured gaseous product that may in the future be used to supplement domestic gas supplies.**

The EPA has several definitions related to gas, including a definition of Natural Gas and Pipeline Natural Gas (reference Attachment A) which are applied for various reporting purposes. The EPA definition of Natural Gas specifically excludes gaseous products which the broader NAESB definition does not exclude. While the EPA definitions may or may not conform to some pipeline tariffs, there is confusion between the EPA and the U.S. gas industry as far as measurement standards are concerned (reference NOTE at bottom of Attachment A). Using the EPA officially defined term "Natural Gas" in the gas industry commercial contract seems out of place.

Thank you for considering this change,

*Dona Gussow*

## ATTACHMENT A

### EPA DEFINITIONS RELATED TO GAS

#### **Natural gas**

means a naturally occurring fluid mixture of hydrocarbons (e.g., methane, ethane, or propane) produced in geological formations beneath the Earth's surface that maintains a gaseous state at standard atmospheric temperature and pressure under ordinary conditions. Natural gas contains 20.0 grains or less of total sulfur per 100 standard cubic feet. Additionally, natural gas must either be composed of at least 70 percent methane by volume or have a gross calorific value between 950 and 1100 Btu per standard cubic foot. **Natural gas does not include the following gaseous fuels: landfill gas, digester gas, refinery gas, sour gas, blast furnace gas, coal-derived gas, producer gas, coke oven gas, or any gaseous fuel produced in a process which might result in highly variable sulfur content or heating value.**

#### **Pipeline natural gas**

means a naturally occurring fluid mixture of hydrocarbons (e.g., methane, ethane, or propane) produced in geological formations beneath the Earth's surface that maintains a gaseous state at standard atmospheric temperature and pressure under ordinary conditions, and which is provided by a supplier through a pipeline. Pipeline natural gas contains 0.5 grains or less of total sulfur per 100 standard cubic feet. Additionally, pipeline natural gas must either be composed of at least 70 percent methane by volume or have a gross calorific value between 950 and 1100 Btu per standard cubic foot.

#### **Gaseous fuel**

means a material that is in the gaseous state at standard atmospheric temperature and pressure conditions and that is combusted to produce heat.

#### **NOTE**

##### **Comparison of standard cubic foot measurement conditions:**

- EPA scf ( $V_E$ , 68°F, 14.696 psia)
- US gas industry scf ( $V_G$ , 60°F, 14.73 psia)