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October 7, 2005

North American Energy Standards Board  
1301 Fannin, Suite 2350  
Houston, TX 77002

Attention: Mr. Keith Sappenfield and Ms. Cynthia Corcoran

Re: Comments on NAESB Base Contract – Request R05014

Dear Mr. Sappenfield and Ms. Corcoran:

Coral Energy Resources, L.P. (“Coral”) and Shell NA LNG LLC (“SNALNG”) appreciate the opportunity to submit comments on proposed revisions to the NAESB Base Contract.

Coral is a purchaser and seller of natural gas sourced from liquefied natural gas (“LNG”) downstream of LNG regasification terminals and SNALNG is a shipper, importer and supplier of LNG upstream of LNG regasification terminals in North America. Coral and SNALNG understand that among the proposed changes to the NAESB Base Contract are proposed definitions and force majeure language that are intended to permit parties to utilize the NAESB Base Contract in the purchase and sale of natural gas sourced from LNG.

Although Coral and SNALNG believe that uniform contracting language ultimately would benefit purchasers and sellers of LNG sourced natural gas in North America, and that efforts to graft LNG concepts onto the current NAESB Base Contract are well-intentioned, NAESB should not rush to amend the Base Contract based upon the views of a small subset of LNG market participants before all market participants can fully consider and comment upon the issues. Before proposing to incorporate LNG-related concepts into the NAESB Base Contract, the active participants in the LNG industry should first engage in a collaborative effort to resolve the many difficult issues raised by contract standardization. That effort should incorporate a survey of the interests of the downstream purchasers of LNG sourced natural gas in the marketplace and provide ample time for downstream purchase and sale agreements to take into account provisions to be incorporated into upstream purchase and sale agreements such as the NAESB Base Contract.

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Force majeure language is critical to LNG sourced natural gas agreements. However, it is extremely difficult for contracting parties to agree upon one standard version of force majeure language that will accommodate the significant differences in location, weather, and size of LNG regasification terminals. For example, tankers serving Gulf Coast LNG terminals have two routes into the Gulf (northeast or southwest of Cuba) and limited ability to enter the Gulf during a hurricane. In contrast, on the Atlantic Coast, ships have multiple routes to the major LNG terminals in Massachusetts, Maryland, and Georgia and have greater options in a storm to remain closer to port, than in the Gulf. A one-size-fits-all force majeure provision fails to take into account these key differences.

The essential question facing contracting parties is where to draw the force majeure line. One could view an LNG tanker as a source of gas supply similar to a fixed platform in the Gulf. Both would be impacted by a major storm thus interrupting the gas supply; however, the fixed platform shuts down and the ship sails to safer seas. Once the storm ends, the platform, assuming no damage, restarts production more slowly whereas the LNG ship proceeds to the terminal and discharges its cargo without event. In either case, the “supply” is in or near the Gulf. For North American consumers, that view LNG sourced natural gas as a fungible source of supply, force majeure need not automatically address events upstream of the equivalent traditional supply point (the offshore platform). In other words, the scope of a force majeure provision in a downstream purchase and sale agreement such as the NAESB Base Contract should not at this time uniformly extend upstream to the LNG exporting country’s liquefaction facilities or international shipping routes. To do otherwise runs the risk of the marketplace adjusting the price of LNG sourced gas to address a perceived increased force majeure risk.

Before bringing these issues before NAESB, the LNG market participants should first conduct a collaborative effort to determine whether force majeure standardization or any other standardization of other terms and conditions are desirable to all participants and if so, what type of provision would be most appropriate for an agreement like the NAESB Base Contract. Coral and SNALNG submit that it is premature for NAESB to consider amending its Base Contract to address LNG concerns until the LNG community has fully vetted those concerns. We urge the NAESB WGQ Contracts Subcommittee either to table any consideration of amending the force majeure provision in the NAESB Base Contract to address LNG or, at minimum, to adopt a procedure that will ensure that all LNG market participants, including downstream purchasers of LNG, can take part in a collaborative effort to reach agreement before NAESB considers changes to its Base Contract.

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Coral and SNALNG plan to participate in the conference call on October 11, 2005 and will be pleased to answer any questions at that time.

Very truly yours,

Bracewell & Giuliani LLP



Randall S. Rich

Attorney for  
**CORAL ENERGY RESOURCES, L.P. and  
SHELL NA LNG LLC**

cc: Michael Palmer  
Coral Energy Resources, L.P.

Michael Mahoney  
Shell NA LNG LLC