



NORTH AMERICAN ENERGY STANDARDS BOARD

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**Revised, Updated NAESB Standard Natural Gas Sales Contract
Approved by Membership of Wholesale Gas Quadrant**

HOUSTON – A revised and updated contract for the long- and short-term purchase and sale of natural gas has been ratified by the membership of the wholesale gas quadrant (WGQ) of the North American Energy Standards Board (NAESB) and is available for use by the gas industry.

The industry's first standard gas contract was approved by NAESB's predecessor, the Gas industry Standards Board (GISB), in 1996 and quickly gained widespread acceptance. A revision in 2002 included a Canadian addendum for use by companies that do business on both sides of the border.

The latest revision incorporates a number of new features requested by the industry, including strengthened language on financial responsibility and a mechanism for determining gas prices when spot prices are not published.

Keith Sappenfield, chairman of the WGQ Contracts Subcommittee and regional director, U.S. regulatory affairs, EnCana Marketing (USA) Inc., noted, "This revised contract is designed to keep pace with developments in gas industry business practices. It's another example of NAESB's ability to ensure that its standards evolve to meet the energy industry's changing needs."

Jim Buccigross, WGC chairman of the NAESB Executive Committee and vice president of 8760 Inc., said, "The wholesale gas contract is one of the best-known and most widely used of NAESB standards. The revisions that were approved by the WGQ membership were the result of input from a broad spectrum of industry participants. We deeply appreciate the confidence that the industry continues to place in the NAESB process."

Carolyn Hazel, senior counsel for ConocoPhillips and a member of the task force that drafted the revised contract, added, "The new document clarifies some ambiguous provisions in the prior form and adds some additional support tools that are common in other energy trading contracts. I think the revised form will continue to serve the industry well, and I expect ConocoPhillips to use the new form with very few modifications."

The NAESB group met monthly from September 2005 to July 2006 to prepare the language that is reflected in the new contract. The contract underwent revisions that reflect several key modifications, including triangular setoff provisions, market disruption provisions, reporting of imports, payment notice implementation and validity of copies of the base contract. A revised cover sheet was also designed for flexibility of use and now includes the ability to indicate additional events of default, indebtedness cross default and transactional cross default.

The new contract can be accessed from the NAESB web site, www.naesb.org. NAESB has scheduled a course on the contracts changes for October 25-26.

NAESB is an independent and voluntary North American organization that develops and promotes the use of business practices and electronic communications standards for the wholesale and retail natural gas and electricity industries. Its members include over 300 companies and organizations that participate actively in the retail and wholesale natural gas and electricity markets.

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