

## Comments of National Fuel Gas Distribution on R05014

M. Novak - July 26, 2006

To avoid the ambiguity that some parties read into the proposed modification to Definition 2.10, if parties can agree upon the FAQs below and add them to the WGQ Standard 6.3.1 in **Frequently Asked Questions about the NAESB Base Contract for Sale and Purchase of Natural Gas**, it may be possible to gain consensus on the EnCana modification.

Proposed EnCana modification:

2.10 "Contract Price" shall mean the amount expressed in U.S. Dollars per MMBtu to be paid by Buyer to Seller for the purchase of Gas as agreed to by the parties in a transaction. **Contract Price includes reimbursement to Seller for any production, severance, and other such taxes, if applicable and payable by Seller, with respect to ~~imposed on~~ the Gas prior to delivery at the Delivery Point.**

### Proposed Frequently Asked Questions concerning Definition 2.10

Q: With respect to the contract price, does the language 'reimbursement to Seller for any production, severance and other such taxes' in Definition 2.10 require the Buyer to reimburse the Seller for such taxes in addition to the unit price per MMBtu agreed to by the Buyer and Seller?

A: No. The Contract Price is a final, negotiated price stated in U.S. Dollars per MMBtu under which Seller intends to obtain sufficient reimbursement from the Buyer to cover any tax liability prior to delivery at the Delivery Point.

Q: Can a Seller be reimbursed for any tax liability prior to the Delivery Point in addition to the Contract Price?

A: Yes if the Base Contract is suitably modified to direct such reimbursement by mutual agreement between the Buyer and Seller, i.e. through a Special Provision.