

DICKSTEIN SHAPIRO MORIN & OSHENSKY LLP

2101 L Street NW • Washington, DC 20037-1526
Tel (202) 785-9700 • Fax (202) 887-0689
Writer's Direct Dial: (202) 828-2227
E-Mail Address:simonk@dsmo.com

2005 JUL -5 P 2:27
05-48-11

July 5, 2005

BY COURIER

Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum Import & Export Activities
Docket Room 3E-042, FE-34
Fossil Energy
U.S. Department of Energy (FE-34)
1000 Independence Avenue, S.W.
Washington, D.C. 20585

Re: Selkirk Cogen Partners, L.P., Request for Amendment of
DOE/FE Order Nos. 756, 756-A, FE Docket No. 92-13-NG

Dear Sir/Madam:

Pursuant to Section 3 of the Natural Gas Act ("NGA"), 15 U.S.C. § 717b, the regulations of the Department of Energy ("DOE"), 10 CFR § 590.201(a), and DOE Delegation Order Nos. 0204-111 and 0204-127, Selkirk Cogen Partners, L.P., ("Selkirk") hereby requests that the import authority granted it in DOE/FE Order Nos. 756 and 756-A, FE Docket No. 92-13-NG (the "Orders"), be amended as described below. In connection with the request for amendment, a check is enclosed in the amount of \$50. for the filing fee.

In addition, pursuant to 10 C.F.R. § 590.407, Selkirk is making an informational filing regarding contract changes that are not contrary to, and thus permitted by, its existing import authority.

I. Summary of Request for Amended Authorization

Selkirk has recently renegotiated the 3 gas contracts that are the subject of the Orders (the "Gas Contracts"). The Gas Contracts are with the following 3 suppliers: Imperial Oil Resources ("Imperial"); EnCana Corporation ("EnCana"), the successor to PanCanadian Petroleum Limited ("PanCanadian"); and, Canadian Forest Oil Ltd. ("CFOL"), the successor to ATCOR Ltd. ("ATCOR"). Such renegotiations have resulted

1177 Avenue of the Americas • New York, NY 10036-2714
Tel (212) 835-1400 • Fax (212) 997-9880
www.DicksteinShapiro.com

in amendments to the Gas Contracts and new agreements with Imperial, CFOL and EnCana Gas Marketing, a business unit of EnCana Midstream & Marketing ("EnCana Gas"), a wholly owned subsidiary of EnCana, that (a) extend the gas supply arrangements until October 31, 2014, which is 5 years beyond the existing import authorization term in the Orders, and (b) increase the amount of gas Selkirk may import from up to 55,000 Mcf/day as permitted in the Orders to up to 60,660 Mcf/day as the net result of increased volumes under the CFOL, Imperial and EnCana Gas arrangements.¹

Accordingly, pursuant to 10 C.F.R. § 590.407, Selkirk hereby requests that the Office of Fossil Energy ("OFE") amend the current authorizations under the Orders to reflect those changes made by the amended and new gas arrangements that "are contrary to or otherwise not permitted by the existing authorization." Specifically, Selkirk requests that the import authorization granted Selkirk in the Orders be amended to (1) extend the term of the authorization through October 31, 2014; (2) increase the total volumes that Selkirk is authorized to import from Canada from up to 55,000 Mcf/day to up to 60,660 Mcf/day; (3) reflect the fact that the gas supplies previously provided by PanCanadian and ATCOR are now being supplied by EnCana and CFOL, respectively; and (4) provide that the gas imported will be delivered in accordance with the provisions of the gas purchase agreements with the 3 suppliers described above in the following quantities: up to 20,660 Mcf/day from Imperial; up to 17,000 Mcf/day from EnCana through October 31, 2009; up to 17,000 Mcf/day from EnCana Gas through October 31, 2014; and, up to 23,000 Mcf/day from CFOL. Selkirk also respectfully requests that the following changes requested above be made effective retroactively: (i) the name change for EnCana be made effective retroactively as of April 5, 2002; (ii) the name change for CFOL be made effective as of January 31, 1996, (iii) the increased volumes for the CFOL arrangement be made effective retroactively as of November 1, 2004, and (iv) the increased volumes for the Imperial arrangement be made effective retroactively as of January 1, 2005.

Under Section 3 of the NGA, 15 U.S.C. § 717b(a), as amended by Section 201 of the Energy Policy Act of 1992, P.L. 102-486, 106 Stat. 2866 (1992), 15 U.S.C. § 717b(c), the importation of natural gas from a country with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. Because Selkirk's request for an amendment of its current import authorization involves

¹ Attached are copies of each of the amended and new agreements. The contract changes are described in more detail in Section III below.

gas produced in Canada, a nation with which a free trade agreement is in effect, this request for an amendment meets the criterion of Sections 3(c) and must be approved as consistent with the public interest.

II. Description of the Existing Orders

Selkirk is a Delaware limited partnership, which has its principal offices in Bethesda, Maryland and is authorized to do business in New York. It owns and operates two combined-cycle cogeneration units, in Selkirk, New York. In 1992 and 1994, the OFE of DOE issued the Orders authorizing Selkirk to import up to a total of 55,000 Mcf/day of Canadian natural gas from 3 suppliers over a 15 year term beginning on the date of the first firm deliveries to Selkirk's 252-MW cogeneration plant in Selkirk, New York. The Orders provide that the gas imported would be delivered in accordance with the provisions of Selkirk's gas purchase agreements with 3 suppliers (the "Gas Contracts"): (1) 17,000 Mcf/d from ATCOR; 19,000 Mcf/day from Imperial; and 19,000 Mcf/day from PanCanadian.

Under the terms of each of the Gas Contracts, all gas was to be delivered at Empress, Alberta, then transported by TransCanada Pipelines Limited ("TransCanada") to Waddington, New York, for transportation by Iroquois Gas Transmission System and Tennessee Gas Pipeline Company. The Gas Contracts provided that Selkirk was to pay the transportation charges on TransCanada's pipeline. In addition, each of the Gas Contracts required Selkirk to purchase a minimum annual quantity equal to 75% of the sum of the maximum daily quantity ("MDQ"). The ATCOR and PanCanadian contracts provided that, if Selkirk failed to make up any deficiency after a two-year period, those companies could reduce the MDQ proportionately. The contract with Imperial provided that it could reduce the MDQ if Selkirk failed to make up any deficiency after 1 year. The price provisions of the Gas Contracts were generally similar, consisting of a two-part demand charge and a commodity charge. The commodity charge also had two parts covering two different tiers of purchase volumes.

The date of Selkirk's first delivery under its current authorization was November 1, 1994, and the authorization under the Orders would thus terminate as of October 31, 2009.

III. Request for Amendment and Submission of Informational Filing

As noted above, Selkirk has recently renegotiated the Gas Contracts that are the subject of the Orders and, accordingly, pursuant to Section 3 of the NGA and

10 C.F.R. § 590.407, requests that OFE amend its current authorization to reflect certain changes made by the renegotiated arrangements that “are contrary to or otherwise not permitted by the existing authorization.” Such changes are described in more detail below and consist of (a) an increase in the amount of gas Selkirk can import, (b) extension of the import authorization to October 31, 2014, and (c) reflection of the fact that the gas supplies provided by PanCanadian and ATCOR are now being supplied by EnCana and CFOL, respectively.

Also, pursuant to 10 C.F.R. § 590.407, Selkirk is informing OFE of other significant changes in the contractual arrangements between Selkirk and the suppliers that are not contrary to, and thus permitted by, its existing import authority. These changes include, e.g., changes to the price terms of the Gas Contracts, which are subject to renegotiation in accordance with the terms of the agreements, and minor contractual changes.

Attached are copies of each of the amended and new agreements and discussed below are the significant terms of each.

1. Imperial Agreement

In the Orders, OFE authorized Selkirk to import up to 19,000 Mcf/day over a 15 year term from Imperial in accordance with the terms of their agreement (“Imperial Agreement”).² Selkirk and Imperial have entered into 2 agreements in recent months that require changes to both the volume of gas Selkirk is authorized to import and the term of its authorization.

First, by letter agreement, dated December 17, 2004 (“Imperial Amendment”), (Attachment A), Selkirk and Imperial agreed to a number of changes in the Imperial Agreement including one which would be inconsistent with the terms of the Orders - i.e., an increase in the volume of natural gas that Selkirk can import under the Imperial Agreement from 19,000 Mcf/day to 20,660 Mcf/day.³ The date upon which the increased

² Amended and Restated Natural Gas Purchase Agreement, dated October 22, 1992, as amended. As the OFE acknowledged in Order No. 756-A, Imperial was formerly known as Esso.

³ The Imperial Amendment measures the delivery quantities in MMBtus (i.e., the MDQ is 20,660 MMBtu/Day), but consistent with OFE’s rules, that number has been converted to Mcf for this application. For purposes of this application, the conversion factor utilized for MMBtu to Mcf is as follows: 1 MMBtu = 1 Mcf.

volumes began to flow under the Imperial Amendment was January 1, 2005. Selkirk accordingly requests that the terms of the import authority under the Orders be revised to permit Selkirk to import up to 20,660 Mcf/day from Imperial, retroactively effective from January 1, 2005.

In addition, Selkirk notes that the Imperial Amendment made the following significant changes to the Imperial Agreement that are not contrary to, and thus permitted by, its existing import authority:

- (a) modified the definition of "Base Gas" in Section 1.1.c of the Imperial Agreement, which included all gas under the agreement *except Fuel Gas*, to include *all* gas under the agreement, thereby including fuel gas;⁴
- (b) modified the definitions of "Maximum Daily Quantity" or "MDQ" in Section 1.1.nn of the Imperial Agreement, which were defined to mean 19 MMcf/Day (19,000 Mcf/day) of Base Gas, to mean 20,660 Mcf/day of Base Gas. The increase in the MDQ to 20,660 Mcf/day reflects the Imperial Amendment's elimination of separate treatment for fuel gas by combining it with the Base Gas quantities;
- (c) revised Section 3.1, which provided that the initial 15 year term of the Imperial Agreement could be extended for an additional 5 years subject to necessary regulatory approvals, by eliminating the option for a 5 year extension, thereby restricting the term to the original 15 year term authorized in the Orders;
- (d) simplified the Contract Price in Article VI of the Imperial Agreement, which was composed of several components (including a Monthly Charge, a Commodity Charge, a Fuel Gas Reference Price, and a Supply Reservation Charge), by replacing those components with a single commodity charge equal to 90% of a monthly index, plus 100% of the Nova delivery charges from the index point to Empress;

⁴ Under the Imperial Agreement, Fuel Gas was considered separate from Base Gas. The Imperial Amendment eliminates the provisions in the Imperial Agreement that addressed Fuel Gas (i.e., Fuel Gas related definitions in Section 1.1, references to Fuel Gas in various contract sections and Article XXIV).

- (e) eliminated the provisions in Article IV of the Imperial Agreement that contained special procedures for gas purchases in circumstances where Selkirk does not purchase the minimum annual quantity or "MAQ" (*i.e.*, 75% of the sum of the MDQ's for each day less certain specified quantities), Tier 2 Commodity Charges are in place, or purchases are made from third party suppliers;
- (f) eliminated Sections 4.10 and 4.11 of the Imperial Agreement, which permitted Imperial to use Selkirk's unutilized transportation rights under certain circumstances;
- (g) eliminated Section 4.14 of the Imperial Agreement, which gave Imperial the right to audit Selkirk's performance of its take obligations and to certain payments if Selkirk failed to take nominated volumes of Base Gas in accordance with its obligations; and
- (h) eliminated a number of other definitions and made other revisions to conform various provisions of the Imperial Agreement with the Imperial Amendment changes discussed above.

Second, Imperial and Selkirk have entered a Base Contract⁵ that, after the amended Imperial Agreement expires on October 31, 2009, and, subject to regulatory approvals, would continue the gas supply arrangement for 20,660 Mcf/day at the same price as under the Imperial Amendment, for an additional 5 year term extending from November 1, 2009 through October 31, 2014 ("Imperial Base Contract") (Attachment B). This 5 year extension of the gas supply arrangements is a change from the current 15 year term authorized in the Orders. Selkirk accordingly requests that the term of the Orders be revised to permit Selkirk to extend the term of its import authorization through October 31, 2014, to import gas for that period pursuant to the Imperial Base Contract.

The Imperial Base Contract also (1) settles several prior billing and contractual issues under the Imperial Agreement, (2) has a lower minimum annual take requirement, and (3) permits Imperial to recover liquidated damages at market prices if

⁵ The term "Base Contract" as used in this application refers to the form base contract developed by the North American Energy Standards Board.

Selkirk fails to meet the minimum annual take requirements.⁶ In addition, a provision of the Imperial Base Contract states that to the extent the approval by the National Energy Board of Canada (“NEB”) for the Imperial Amendment delays the effective date of the Imperial Amendment past November 1, 2004, Selkirk will keep Imperial financially whole as if the Imperial Amendment took effect on November 1, 2004. Selkirk must do so by paying Imperial the positive difference (zero if negative) between the Imperial Agreement gas contract price and the Imperial Amendment gas contract price for all volumes delivered under the Imperial Agreement on and after November 1, 2004.⁷

2. EnCana Agreement

In Order No. 756, OFE authorized Selkirk to import up to 19,000 Mcf/day over a 15 year term from PanCanadian in accordance with the terms of their agreement.⁸ On April 5, 2002, EnCana, the successor in interest to PanCanadian, became the seller under that agreement (hereafter referred to as the “EnCana Agreement”). On that date, EnCana was created as the result of the merger of PanCanadian and Alberta Energy Company Ltd. Selkirk and EnCana have entered into an amendment to the EnCana Agreement in the form of an amended and restated agreement that commenced on January 1, 2005 and continues through the EnCana Agreement’s existing term of October 31, 2009 (“EnCana Amended Agreement”) (Attachment C).⁹ Under the EnCana Amended Agreement, Selkirk reduced the amount of natural gas it buys from EnCana from up to 19,000 Mcf/day to up to 17,000 Mcf/day.¹⁰ Selkirk requests that its current import authorization under the Orders be amended to reflect the name change from PanCanadian to EnCana as the gas

⁶ In contrast, under the Imperial Agreement, if Selkirk does not meet the annual minimum take requirement, and has not made-up the deficient volumes in the time allowed, Imperial may seek to reduce the contract quantity.

⁷ The NEB issued a letter order on May 26, 2005, approving the Imperial Amendment (the “NEB Order”). In the joint application for approval of the Imperial Amendment that resulted in the NEB Order, Selkirk and Imperial also requested approval of the “prior period adjustment agreement” in the Imperial Base Contract.

⁸ Amended and Restated Natural Gas Purchase Agreement, dated October 22, 1992.

⁹ The Second Amended and Restated Natural Gas Purchase Agreement, dated January 1, 2005.

¹⁰ The EnCana Amended Agreement measures the delivery quantities in MMBtus (i.e., the daily contract quantity is 17,000 MMBtu/Day), but consistent with OFE’s rules, that number has been converted to Mcf for this application.

supplier under the EnCana Agreement and the Amended Gas Agreement effective retroactively from April 5, 2002.

Selkirk also notes that the EnCana Amended Agreement made the following significant changes to the EnCana Agreement that are consistent with its existing import authorization under the Orders:

- (a) modified the definition of "Base Gas" in the EnCana Agreement, which included all gas under the agreement *except Fuel Gas*, to include *all* gas under the agreement, thereby including fuel gas;¹¹
- (b) eliminated the Maximum Daily Quantity or MDQ definitions in the EnCana Agreement, which was 19,000 Mcf/day, and instead requires Selkirk to take 17,000 Mcf/day (the "DCQ"), subject to reduction for operational reasons in Selkirk's sole discretion on any date, with 20 days written notice to EnCana ("Reduced DCQ").¹² The DCQ volume reflects the EnCana Amended Agreement's elimination of separate treatment for fuel gas by combining it with the Base Gas quantities;
- (c) eliminated the minimum annual take requirement and MDQ reduction provisions in Article IV of the EnCana Agreement, which required Selkirk to purchase a minimum annual quantity ("MAQ") equal to 75% of the sum of the MDQ and provided for a proportionate reduction in the MDQ if it failed to make up any deficiency after a two-year period;
- (d) eliminated the negotiated price volumes in Article IV of the EnCana Agreement, which permitted the parties to negotiate prices for the purchase of Base Gas under the agreement and provided for an annual reconciliation of prices related to any MAQ deficiency and negotiated price volumes;

¹¹ Under the EnCana Agreement, Fuel Gas was considered separate from Base Gas. The EnCana Amended Agreement eliminates the provisions in the EnCana Agreement that addressed Fuel Gas (i.e., Fuel Gas related definitions in Section 1.1, references to Fuel Gas in various contract sections and Article XXIV).

¹² See Sections 1.1(w), 1.1(bbb) and 4.1 of the EnCana Amended Agreement.

- (e) changed the delivery point within Canada, which was Empress, Alberta in the EnCana Agreement, to Burstall, Saskatchewan or in the alternative Empress, Alberta;
- (f) eliminated provisions in Article IV of the EnCana Agreement that permitted EnCana to use Selkirk's unutilized transportation rights under certain circumstances;
- (g) modified the pricing provisions in Article VI of the EnCana Agreement by maintaining a Monthly Charge and a Commodity Charge but modifying the definitions of those components. The EnCana Amended Agreement provides for a Monthly Charge that is defined as the sum of (1) the Nova FT-D Demand Rate and (2) the daily contract quantities each month multiplied by a fixed price per MMBtu.¹³ The Commodity Charge is still calculated using a "basket of fuels" price less the same fixed price per MMBtu as in the EnCana Agreement plus an adjustment factor. However, the regional fuels weighting for the "basket of fuels" has been changed to fixed percentages for fuel oil and gas and the indices used to determine the price for regional fuels have been changed;
- (h) modified the termination provision in Section 3.2 of the EnCana Agreement, which did not allow termination other than as permitted in the agreement, by providing Selkirk the right to terminate the contract upon 90 days prior notice, if it is no longer a party to a power sale agreement with Consolidated Edison Company of New York, Inc. ("ConEd PPA"); and
- (i) eliminated a number of other definitions and made other revisions to conform various provisions of the agreement with the changes discussed above.

In connection with the EnCana Amended Agreement, Selkirk and EnCana Gas entered into a new gas supply agreement reflected in a Base Contract, dated January 1, 2005 ("EnCana Base Contract") ("Attachment D"). After the expiration of the EnCana Amended Agreement on October 31, 2009, the EnCana Base Contract would,

¹³ If Selkirk fails to take its full daily quantity under the EnCana Amended Agreement, it is still responsible on a monthly basis for the Nova transportation charges and fixed charge.

subject to regulatory approvals, continue the EnCana gas supply volume arrangement for up to 17,000 Mcf/day¹⁴ for an additional 5 year term extending from November 1, 2009 through October 31, 2014. The 5 year extension of the gas supply arrangements is a change from the current 15 year term authorized in the Orders. Selkirk accordingly requests that the term of the Orders be revised to permit Selkirk to (i) extend the term of its import authorization for the 17,000 Mcf/day EnCana Gas volumes through October 31, 2014 and (ii) reflect that EnCana Gas, not EnCana, will be the gas supplier of those volumes during the extended term of the import authorization from November 1, 2009 to October 31, 2014.

The price structure under the EnCana Base Contract will be a monthly spot price plus Nova FT-D transportation costs. If Selkirk does not take the annual minimum take requirement under the EnCana Base Contract, EnCana Gas may seek liquidated damages at the market price. The EnCana Base Contract also permits either Selkirk or EnCana Gas to terminate the EnCana Base Contract after June 26, 2012, upon 90 days prior notice, if Selkirk is no longer a party to the ConEd PPA.

3. Canadian Forest Oil Agreement

In Order No. 756, OFE authorized Selkirk to import up to 17,000 Mcf/day over a 15 year term from ATCOR in accordance with the terms of their gas purchase agreement.¹⁵ On January 31, 1996, CFOL became the seller under that agreement ("CFOL Agreement").¹⁶ On that date, Forest Oil Corporation acquired ATCOR as a subsidiary and ATCOR's name was changed to CFOL. Selkirk and CFOL have entered into a Base Contract, dated November 1, 2004 ("CFOL Base Contract") (Attachment E"), which supplements the CFOL Agreement. Subject to receipt of necessary regulatory authorizations, the CFOL Base Contract makes several changes to the gas supply arrangement that require amendments to the terms of Selkirk's current OFE authorization. Specifically, consistent with the terms of the CFOL Base Contract, Selkirk requests OFE to amend the import authorization under the Orders, as they relate to CFOL supplies, to (i) extend the term to October 31, 2014, (ii) increase the amount of gas Selkirk is authorized to import from CFOL from up to 17,000 Mcf/day to up to

¹⁴ The EnCana Base Contract measures the delivery quantities in GJ/day (i.e., the daily contract quantity is 17,936 GJ/Day), but consistent with OFE's rules, that number has been converted to Mcf for this application, which is the equivalent of 17,000 Mcf/Day.

¹⁵ Amended and Restated Natural Gas Purchase Agreement, dated January 21, 1993, as amended.

¹⁶ The CFOL Agreement expires on October 31, 2009.

23,000 Mcf/day, retroactively effective as of November 1, 2004, and (iii) change the name of the supplier from ATCOR to CFOL, retroactively effective as of January 31, 1996.

The principle terms of the CFOL Base Contract are as follows, most of which are consistent with Selkirk's existing import authorization under the Orders because they do not extend the term or increase volumes:

- a) there is an Initial Term and a Subsequent Term. The Initial Term extends from November 1, 2004 through October 31, 2009 and is concurrent with the term of the existing Orders. The Subsequent Term extends from November 1, 2009 through October 31, 2014;
- b) during the Initial Term, the volume of gas supplied under the CFOL Base Contract would be 21,000 Mcf/day less the volumes purchased by Selkirk under the CFOL Agreement ("Additional Daily Quantity"), plus up to an additional 2,000 Mcf/day ("Optional Daily Quantity") if Selkirk elects to exercise the option to buy more gas. During the Subsequent Term (i.e., after the CFOL Agreement terminates), the volume of gas supplied would be 21,000 Mcf/day ("Subsequent Daily Quantity") plus any Optional Daily Quantity if Selkirk elects to exercise that option;¹⁷
- c) it does not impose any minimum take provisions on the Additional Daily Quantity, Optional Daily Quantity and Subsequent Daily Quantity. CFOL is required either to (i) waive any applicable minimum take provisions or pro rate take provisions under the CFOL Agreement, subject to CFOL obtaining any needed approvals from the CFOL netback pool members or (ii) purchase from Selkirk any quantities under the CFOL Agreement that Selkirk does not wish to retain for the same price that it pays under the CFOL Agreement;
- d) the delivery point is at Empress, Alberta, but provides Selkirk with a one-time option to permanently assign from 50% to 100% of its

¹⁷ The CFOL Base Contract measures the delivery quantities in MMBtus (i.e., the Additional Daily Quantity is 21,000 MMBtu less volumes under the CFOL Agreement, the Optional Daily Quantity is 2,000 MMBtu and the Subsequent Daily Quantity is 21,000 MMBtu), but consistent with OFE's rules, that number has been converted to Mcf for this application.

capacity on TransCanada to CFOL, which would involve changing the delivery point for those volumes to Waddington, New York;

- e) the price for the Additional Daily Quantity, the Optional Quantity and Subsequent Daily Quantity is based on a gas index price, less a transportation deduction of a fixed price per MMBtu if the Delivery Point is Empress;¹⁸ and
- f) provides for a potential price redetermination as of November 1, 2008 and November 1, 2011, upon agreement of the parties or through arbitration.

Selkirk and CFOL also entered into a letter agreement, effective on November 1, 2004, that amended the CFOL Agreement (the "CFOL Amendment") (Attachment F). The CFOL Amendment replaced the no longer published No. 2 fuel index that was previously used in the CFOL Agreement as part of the basket of fuels pricing structure with a new No. 2 fuel index. Such change is consistent with Selkirk's existing import authorization under the Orders.

Conclusion

As a result of the amendments and new agreements described above, Selkirk requests that the import authorization granted Selkirk by the Orders be amended as stated in Section I above. Because this request for amendment of Selkirk's current

¹⁸ If Selkirk has exercised the option to assign some or all of its capacity on TransCanada to CFOL, then the price structure under the CFOL Base Contract is the arithmetical average of a specified index's prices for receipts at Waddington, or a mutually agreed upon value from Henry Hub. A reservation fee is also included during the Initial Term, but this charge is simply a mechanism to allocate Selkirk's charges among CFOL's supplier pool and does not affect the overall level of the prices paid by Selkirk.

Manager, Natural Gas Regulation

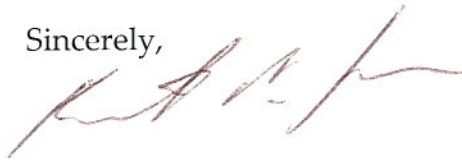
July 5, 2005

Page 13

import authorization involves gas produced in Canada, a nation with which a free trade agreement is in effect, this request for an amendment meets the criterion of Sections 3(c) and must be approved as consistent with the public interest.

Thank you for your attention to this matter. If you have any questions about this matter, please contact me.

Sincerely,

A handwritten signature in dark ink, appearing to read 'K. M. Simon', written in a cursive style.

Kenneth M. Simon

Counsel to Selkirk Cogen Partners, L.P.

Enclosures

Attachment A

05-48-NG

Imperial Amendment

Imperial Oil Resources
237 - 4th Avenue SW
Calgary, Alberta T2P 0H6
Canada

D.C. Griffiths
Gas, Power & NGL Marketing Manager

Tel: (403) 237-3552
Fax: (403) 232-5870

December 15, 2004

Selkirk Cogen Partners, L.P.
24 Power Park Drive
Selkirk, NY 12158-2299
Attention: Mr. Steve Kamppila

Dear Mr. Kamppila:

Subject: Amended and Restated Natural Gas Purchase Agreement dated October 22, 1992 between Selkirk Cogen Partners, L.P. ("Selkirk") (as successor in interest to Makowski Selkirk Inc.) and Imperial Oil Resources ("Imperial") herein referred to as the "Agreement"

This letter sets forth the agreement of Selkirk and Imperial to amend the Agreement as follows, with such amendment to become effective on the first day of the month following date that the National Energy Board of Canada approves the amendment:

1. Delete Section 1.1.c and replace with new Section 1.1.c " "Base Gas" shall mean all gas under this Agreement."
2. Delete Section 1.1.nn and replace with new Section 1.1.nn " "Maximum Daily Quantity" or "MDQ" shall mean 20,660 MMBtu/Day of Base Gas."
3. Delete the second, third and fourth sentences from Section 3.1(a).
4. In Sections 4.1, 5.2, 8.1 and 14.1(c), delete in each place where they appear the phrases "except as provided in Article XXIV,";"and the Fuel Gas Nomination"; and, "and the Fuel Gas MDQ".
5. Delete the phrase " and the Fuel Gas MDQ (to the extent the Fuel Gas MDQ has also been reduced)" from the first sentence in Section 4.8.
6. In Section 4.9, delete (a) the fourth sentence, (b) the term " , 4.14" in the fifth sentence, and (c) the phrase " , except as specifically provided for in Section 4.14" from the last sentence.

7. Delete section 6.1 and replace with following new Section 6.1:

"6.1 Contract Price

During the term of this Agreement, Buyer shall pay Seller each Month the contract price for all Base Gas volumes nominated by Buyer and delivered to Buyer at the Delivery Point for such Month, which shall be equal to 90% of the AMI plus 100% of the NDC, where AMI and NDC are defined as follows:

AMI = Alberta Monthly Index, equal to the AECO "C" & N.I.T. One Month Spot as reported in the Canadian Gas Price Reporter , "Avg" column in units of \$/GJ, for the applicable Month.

Imperial Oil Resources

NDC = Nova Delivery Charges at Empress, equal to the sum of, as applicable from time to time, the delivery demand charges, the delivery variable commodity charges, and the delivery fuel charges, all for the applicable Month and subject to a cap of 0.30 US\$/MMBtu.

No other charges, surcharges, reservation fees or other fees shall apply. Responsibility for taxes will remain as specified in Article XIII of the Agreement.

The contract price shall be converted to units of US\$/MMBTU using the conversion factors contained in Sections 21.2 and 21.3 of the Agreement.”

8. Delete the text and/or headings in sections 1.1(b), 1.1(m), 1.1(w), 1.1(x), 1.1(y), 1.1(z), 1.1(aa), 1.1(bb), 1.1(cc), 1.1(qq), 1.1(yy), 1.1(zz), 1.1(ddd), 1.1(iii), 1.1(jjj), 1.1(III), 1.3, 4.2, 4.3, 4.4, 4.5, 4.10, 4.11, 4.14, 6.2, 6.3, 6.4, 6.5, 6.6, 6.7, 6.8, 6.9, 6.10 in their entirety and replace with “Intentionally Left Blank”.

9. Delete the last sentence in Section 13.2(c).

10. In the first sentence of Section 15.1, delete the phrase “notwithstanding Section 6.2,” and delete the phrase “any Montly Charge” and replace with “the monthly contract price”.

11. Section 20.1(b), Article XXIV, and Appendix A are deleted in their entirety.

17. The following phrases are deleted from Section 20.2 in each place in which they appear: “and any Fuel Indemnity Amount”; and, “and/or Fuel Indemnity Amount”.

18. In the last sentence of Section 23.6, (a) delete the “s” at the end of the word “Sections” in each place the word appears; (b) delete the phrase “and 4.14”; and (c) delete “4.10, 4.11”.

Yours truly,

/s/ ADOLPH COKES

Adolph Cokes, Marketing Specialist Eastern Region

AGREED to this 23rd day of December, 2004

BUYER: Selkirk Cogen Partners, L.P.

**By: JMC Selkirk, Inc., Managing
General Partner**

/s/ P. CHRISMAN IRIBE
(Signature)

AGREED to this 17th day of December, 2004

SELLER: Imperial Oil Resources

per: Manager Gas, Power & NGT Marketing

/s/ D.C. GRIFFITHS
(Signature)

Attachment B

Imperial Base Contract

Base Contract for Sale and Purchase of Natural Gas

This Base Contract is entered into as of the following date: December 15, 2004. The parties to this Base Contract are the following:

Imperial Oil Resources, an Alberta limited partnership
 237- 4th Avenue S.W.
 P.O. Box 2480, Station M, Calgary, Alberta, Canada T2P 3M9
 Duns Number:
 U.S. Federal Tax ID Number:

and Selkirk Cogen Partners, L.P.
 24 Power Park Drive
 Selkirk, NY 12158
 Duns Number: 78-732-7881
 U.S. Federal Tax ID Number: 04-3126542

Notices:

See Attachment 3

See Attachment 3

Confirmations:

Attn: See Attachment 3

See Attachment 3

Invoices and Payments:

See Attachment 3

See Attachment 3

Canadian GST #: R121491815

Canadian GST

Wire Transfer or ACH Numbers (if applicable):

BANK: See Attachment 3

BANK: See Attachment 3

ABA: See Attachment 3

ABA: See Attachment 3

ACCT: See Attachment 3

ACCT: See Attachment 3

This Base Contract incorporates by reference for all purposes the General Terms and Conditions for Sale and Purchase of Natural Gas published by the North American Energy Standards Board. The parties hereby agree to the following provisions offered in said General Terms and Conditions. In the event the parties fail to check a box, the specified default provision shall apply. Select only one box from each section:

Section 1.2 Transaction Procedure <input type="checkbox"/> Oral (default) <input checked="" type="checkbox"/> Written	Section 7.2 Payment Date <input checked="" type="checkbox"/> 25 th Day of Month following Month of delivery (default) <input type="checkbox"/> _____ Day of Month following Month of delivery
Section 2.5 Confirm Deadline <input checked="" type="checkbox"/> 2 Business Days after receipt (default) <input type="checkbox"/> _____ Business Days after receipt	Section 7.2 Method of Payment <input checked="" type="checkbox"/> Wire transfer (default) <input type="checkbox"/> Automated Clearinghouse Credit (ACH) <input type="checkbox"/> Check
Section 2.6 Confirming Party <input type="checkbox"/> Seller (default) <input type="checkbox"/> Buyer <input checked="" type="checkbox"/> Imperial Oil Resources	Section 7.7 Netting <input checked="" type="checkbox"/> Netting applies (default) <input type="checkbox"/> Netting does not apply
Section 3.2 Performance Obligation <input type="checkbox"/> Cover Standard (default) <input checked="" type="checkbox"/> Spot Price Standard <i>Note: The following Spot Price Publication applies to both of the immediately preceding.</i> Section 2.26 Spot Price Publication <input checked="" type="checkbox"/> Gas Daily Midpoint (default) OR <input checked="" type="checkbox"/> Canadian Gas Price Reporter _____	Section 10.3.1 Early Termination Damages <input checked="" type="checkbox"/> Early Termination Damages Apply (default) <input type="checkbox"/> Early Termination Damages Do Not Apply Section 10.3.2 Other Agreement Setoffs <input checked="" type="checkbox"/> Other Agreement Setoffs Apply (default) <input type="checkbox"/> Other Agreement Setoffs Do Not Apply Section 14.5 Choice Of Law Alberta
Section 6 Taxes <input checked="" type="checkbox"/> Buyer Pays At and After Delivery Point (default) <input type="checkbox"/> Seller Pays Before and At Delivery Point	Section 14.10 Confidentiality <input type="checkbox"/> Confidentiality applies (default) <input checked="" type="checkbox"/> Confidentiality does not apply
X Special Conditions number of sheets attached: 2. THIS CONTRACT IS SUBJECT TO THE CONDITIONS OF ATTACHMENT 1. X Special Provisions Number of sheets attached: 3. THIS CONTRACT IS SUBJECT TO THE PROVISIONS OF ATTACHMENT 2. X Addendum(s): CANADIAN ADDENDUM: THIS CONTRACT IS SUBJECT TO THE PROVISIONS OF THE CANADIAN ADDENDUM DATED APRIL 19,2002 (UNAMENDED), AS AMENDED BY SPECIAL PROVISIONS ATTACHED.	

IN WITNESS WHEREOF, the parties hereto have executed this Base Contract in duplicate.

Imperial Oil Resources, an Alberta limited partnership

Selkirk Cogen Partners, L.P.
 By: JMC Selkirk, Inc., Managing General Partner

By /s/ DAVE GRIFFITHS

By /s/ P. CHRISMAN IRIBE

Name: Dave Griffiths

Name: P. Chrisman Iribe

Title: Manager Gas, NGL, Power Marketing

Title: President

General Terms and Conditions

Base Contract for Sale and Purchase of Natural Gas

SECTION 1. PURPOSE AND PROCEDURES

1.1. These General Terms and Conditions are intended to facilitate purchase and sale transactions of Gas on a Firm or Interruptible basis. "Buyer" refers to the party receiving Gas and "Seller" refers to the party delivering Gas. The entire agreement between the parties shall be the Contract as defined in Section 2.7.

The parties have selected either the "Oral Transaction Procedure" or the "Written Transaction Procedure" as indicated on the Base Contract.

Oral Transaction Procedure:

1.2. The parties will use the following Transaction Confirmation procedure. Any Gas purchase and sale transaction may be effectuated in an EDI transmission or telephone conversation with the offer and acceptance constituting the agreement of the parties. The parties shall be legally bound from the time they so agree to transaction terms and may each rely thereon. Any such transaction shall be considered a "writing" and to have been "signed". Notwithstanding the foregoing sentence, the parties agree that Confirming Party shall, and the other party may, confirm a telephonic transaction by sending the other party a Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means within three Business Days of a transaction covered by this Section 1.2 (Oral Transaction Procedure) provided that the failure to send a Transaction Confirmation shall not invalidate the oral agreement of the parties. Confirming Party adopts its confirming letterhead, or the like, as its signature on any Transaction Confirmation as the identification and authentication of Confirming Party. If the Transaction Confirmation contains any provisions other than those relating to the commercial terms of the transaction (i.e., price, quantity, performance obligation, delivery point, period of delivery and/or transportation conditions), which modify or supplement the Base Contract or General Terms and Conditions of this Contract (e.g., arbitration or additional representations and warranties), such provisions shall not be deemed to be accepted pursuant to Section 1.3 but must be expressly agreed to by both parties; provided that the foregoing shall not invalidate any transaction agreed to by the parties.

Written Transaction Procedure:

1.2. The parties will use the following Transaction Confirmation procedure. Should the parties come to an agreement regarding a Gas purchase and sale transaction for a particular Delivery Period, the Confirming Party shall, and the other party may, record that agreement on a Transaction Confirmation and communicate such Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means, to the other party by the close of the Business Day following the date of agreement. The parties acknowledge that their agreement will not be binding until the exchange of nonconflicting Transaction Confirmations or the passage of the Confirm deadline without objection from the receiving party, as provided in Section 1.3.

1.3. If a sending party's Transaction Confirmation is materially different from the receiving party's understanding of the agreement referred to in Section 1.2, such receiving party shall notify the sending party via facsimile, EDI or mutually agreeable electronic means by the Confirm Deadline, unless such receiving party has previously sent a Transaction Confirmation to the sending party. The failure of the receiving party to so notify the sending party in writing by the Confirm Deadline constitutes the receiving party's agreement to the terms of the transaction described in the sending party's Transaction Confirmation. If there are any material differences between timely sent Transaction Confirmations governing the same transaction, then neither Transaction Confirmation shall be binding until or unless such differences are resolved including the use of any evidence that clearly resolves the differences in the Transaction Confirmations. In the event of a conflict among the terms of (i) a binding Transaction Confirmation pursuant to Section 1.2, (ii) the oral agreement of the parties which may be evidenced by a recorded conversation, where the parties have selected the Oral Transaction Procedure of the Base Contract, (iii) the Base Contract, and (iv) these General Terms and Conditions, the terms of the documents shall govern in the priority listed in this sentence.

1.4. The parties agree that each party may electronically record all telephone conversations with respect to this Contract between their respective employees, without any special or further notice to the other party. Each party shall obtain any necessary consent of its agents and employees to such recording. Where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, the parties agree not to contest the validity or enforceability of telephonic recordings entered into in accordance with the requirements of this Base Contract. However, nothing herein shall be construed as a waiver of any objection to the admissibility of such evidence.

SECTION 2. DEFINITIONS

The terms set forth below shall have the meaning ascribed to them below. Other terms are also defined elsewhere in the Contract and shall have the meanings ascribed to them herein.

2.1. "Alternative Damages" shall mean such damages, expressed in dollars or dollars per MMBtu, as the parties shall agree upon in the Transaction Confirmation, in the event either Seller or Buyer fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer.

2.2. "Base Contract" shall mean a contract executed by the parties that incorporates these General Terms and Conditions by reference; that specifies the agreed selections of provisions contained herein; and that sets forth other information required herein and any Special Provisions and addendum(s) as identified on page one.

2.3. "British thermal unit" or "Btu" shall mean the International BTU, which is also called the Btu (IT).

2.4. "Business Day" shall mean any day except Saturday, Sunday or Federal Reserve Bank holidays.

- 2.5. "Confirm Deadline" shall mean 5:00 p.m. in the receiving party's time zone on the second Business Day following the Day a Transaction Confirmation is received or, if applicable, on the Business Day agreed to by the parties in the Base Contract; provided, if the Transaction Confirmation is time stamped after 5:00 p.m. in the receiving party's time zone, it shall be deemed received at the opening of the next Business Day.
- 2.6. "Confirming Party" shall mean the party designated in the Base Contract to prepare and forward Transaction Confirmations to the other party.
- 2.7. "Contract" shall mean the legally-binding relationship established by (i) the Base Contract, (ii) any and all binding Transaction Confirmations and (iii) where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, any and all transactions that the parties have entered into through an EDI transmission or by telephone, but that have not been confirmed in a binding Transaction Confirmation.
- 2.8. "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.
- 2.9. "Contract Quantity" shall mean the quantity of Gas to be delivered and taken as agreed to by the parties in a transaction.
- 2.10. "Cover Standard", as referred to in Section 3.2, shall mean that if there is an unexcused failure to take or deliver any quantity of Gas pursuant to this Contract, then the performing party shall use commercially reasonable efforts to (i) if Buyer is the performing party, obtain Gas, (or an alternate fuel if elected by Buyer and replacement Gas is not available), or (ii) if Seller is the performing party, sell Gas, in either case, at a price reasonable for the delivery or production area, as applicable, consistent with: the amount of notice provided by the nonperforming party; the immediacy of the Buyer's Gas consumption needs or Seller's Gas sales requirements, as applicable; the quantities involved; and the anticipated length of failure by the nonperforming party.
- 2.11. "Credit Support Obligation(s)" shall mean any obligation(s) to provide or establish credit support for, or on behalf of, a party to this Contract such as an irrevocable standby letter of credit, a margin agreement, a prepayment, a security interest in an asset, a performance bond, guaranty, or other good and sufficient security of a continuing nature.
- 2.12. "Day" shall mean a period of 24 consecutive hours, coextensive with a "day" as defined by the Receiving Transporter in a particular transaction.
- 2.13. "Delivery Period" shall be the period during which deliveries are to be made as agreed to by the parties in a transaction.
- 2.14. "Delivery Point(s)" shall mean such point(s) as are agreed to by the parties in a transaction.
- 2.15. "EDI" shall mean an electronic data interchange pursuant to an agreement entered into by the parties, specifically relating to the communication of Transaction Confirmations under this Contract.
- 2.16. "EFP" shall mean the purchase, sale or exchange of natural Gas as the "physical" side of an exchange for physical transaction involving gas futures contracts. EFP shall incorporate the meaning and remedies of "Firm", provided that a party's excuse for nonperformance of its obligations to deliver or receive Gas will be governed by the rules of the relevant futures exchange regulated under the Commodity Exchange Act.
- 2.17. "Firm" shall mean that either party may interrupt its performance without liability only to the extent that such performance is prevented for reasons of Force Majeure; provided, however, that during Force Majeure interruptions, the party invoking Force Majeure may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by the Transporter.
- 2.18. "Gas" shall mean any mixture of hydrocarbons and noncombustible gases in a gaseous state consisting primarily of methane.
- 2.19. "Imbalance Charges" shall mean any fees, penalties, costs or charges (in cash or in kind) assessed by a Transporter for failure to satisfy the Transporter's balance and/or nomination requirements.
- 2.20. "Interruptible" shall mean that either party may interrupt its performance at any time for any reason, whether or not caused by an event of Force Majeure, with no liability, except such interrupting party may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by Transporter.
- 2.21. "MMBtu" shall mean one million British thermal units, which is equivalent to one dekatherm.
- 2.22. "Month" shall mean the period beginning on the first Day of the calendar month and ending immediately prior to the commencement of the first Day of the next calendar month.
- 2.23. "Payment Date" shall mean a date, as indicated on the Base Contract, on or before which payment is due Seller for Gas received by Buyer in the previous Month.
- 2.24. "Receiving Transporter" shall mean the Transporter receiving Gas at a Delivery Point, or absent such receiving Transporter, the Transporter delivering Gas at a Delivery Point.
- 2.25. "Scheduled Gas" shall mean the quantity of Gas confirmed by Transporter(s) for movement, transportation or management.
- 2.26. "Spot Price" as referred to in Section 3.2 shall mean the price listed in the publication indicated on the Base Contract, under the listing applicable to the geographic location closest in proximity to the Delivery Point(s) for the relevant Day; provided, if there is no single price published for such location for such Day, but there is published a range of prices, then the Spot Price shall be the average of such high and low prices. If no price or range of prices is published for such Day, then the Spot Price shall be the average of the following: (i) the price (determined as stated above) for the first Day for which a price or range of prices is published that next precedes

the relevant Day; and (ii) the price (determined as stated above) for the first Day for which a price or range of prices is published that next follows the relevant Day.

2.27. "Transaction Confirmation" shall mean a document, similar to the form of Exhibit A, setting forth the terms of a transaction formed pursuant to Section 1 for a particular Delivery Period.

2.28. "Termination Option" shall mean the option of either party to terminate a transaction in the event that the other party fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer for a designated number of days during a period as specified on the applicable Transaction Confirmation.

2.29. "Transporter(s)" shall mean all Gas gathering or pipeline companies, or local distribution companies, acting in the capacity of a transporter, transporting Gas for Seller or Buyer upstream or downstream, respectively, of the Delivery Point pursuant to a particular transaction.

SECTION 3. PERFORMANCE OBLIGATION

3.1. Seller agrees to sell and deliver, and Buyer agrees to receive and purchase, the Contract Quantity for a particular transaction in accordance with the terms of the Contract. Sales and purchases will be on a Firm or Interruptible basis, as agreed to by the parties in a transaction.

The parties have selected either the "Cover Standard" or the "Spot Price Standard" as indicated on the Base Contract.

Cover Standard:

3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the positive difference, if any, between the purchase price paid by Buyer utilizing the Cover Standard and the Contract Price, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually delivered by Seller for such Day(s); or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in the amount equal to the positive difference, if any, between the Contract Price and the price received by Seller utilizing the Cover Standard for the resale of such Gas, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually taken by Buyer for such Day(s); or (iii) in the event that Buyer has used commercially reasonable efforts to replace the Gas or Seller has used commercially reasonable efforts to sell the Gas to a third party, and no such replacement or sale is available, then the sole and exclusive remedy of the performing party shall be any unfavorable difference between the Contract Price and the Spot Price, adjusted for such transportation to the applicable Delivery Point, multiplied by the difference between the Contract Quantity and the quantity actually delivered by Seller and received by Buyer for such Day(s). Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.

Spot Price Standard:

3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the Contract Price from the Spot Price; or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the applicable Spot Price from the Contract Price. Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.

3.3. Notwithstanding Section 3.2, the parties may agree to Alternative Damages in a Transaction Confirmation executed in writing by both parties.

3.4. In addition to Sections 3.2 and 3.3, the parties may provide for a Termination Option in a Transaction Confirmation executed in writing by both parties. The Transaction Confirmation containing the Termination Option will designate the length of nonperformance triggering the Termination Option and the procedures for exercise thereof, how damages for nonperformance will be compensated, and how liquidation costs will be calculated.

SECTION 4. TRANSPORTATION, NOMINATIONS, AND IMBALANCES

4.1. Seller shall have the sole responsibility for transporting the Gas to the Delivery Point(s). Buyer shall have the sole responsibility for transporting the Gas from the Delivery Point(s).

4.2. The parties shall coordinate their nomination activities, giving sufficient time to meet the deadlines of the affected Transporter(s). Each party shall give the other party timely prior Notice, sufficient to meet the requirements of all Transporter(s) involved in the transaction, of the quantities of Gas to be delivered and purchased each Day. Should either party become aware that actual deliveries at the Delivery Point(s) are greater or lesser than the Scheduled Gas, such party shall promptly notify the other party.

4.3. The parties shall use commercially reasonable efforts to avoid imposition of any Imbalance Charges. If Buyer or Seller receives an invoice from a Transporter that includes Imbalance Charges, the parties shall determine the validity as well as the cause of such Imbalance Charges. If the Imbalance Charges were incurred as a result of Buyer's receipt of quantities of Gas greater than or less than the Scheduled Gas,

then Buyer shall pay for such Imbalance Charges or reimburse Seller for such Imbalance Charges paid by Seller. If the Imbalance Charges were incurred as a result of Seller's delivery of quantities of Gas greater than or less than the Scheduled Gas, then Seller shall pay for such Imbalance Charges or reimburse Buyer for such Imbalance Charges paid by Buyer.

SECTION 5. QUALITY AND MEASUREMENT

All Gas delivered by Seller shall meet the pressure, quality and heat content requirements of the Receiving Transporter. The unit of quantity measurement for purposes of this Contract shall be one MMBtu dry. Measurement of Gas quantities hereunder shall be in accordance with the established procedures of the Receiving Transporter.

SECTION 6. TAXES

The parties have selected either "Buyer Pays At and After Delivery Point" or "Seller Pays Before and At Delivery Point" as indicated on the Base Contract.

Buyer Pays At and After Delivery Point:

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas at the Delivery Point(s) and all Taxes after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

Seller Pays Before and At Delivery Point:

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s) and all Taxes at the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

SECTION 7. BILLING, PAYMENT, AND AUDIT

7.1. Seller shall invoice Buyer for Gas delivered and received in the preceding Month and for any other applicable charges, providing supporting documentation acceptable in industry practice to support the amount charged. If the actual quantity delivered is not known by the billing date, billing will be prepared based on the quantity of Scheduled Gas. The invoiced quantity will then be adjusted to the actual quantity on the following Month's billing or as soon thereafter as actual delivery information is available.

7.2. Buyer shall remit the amount due under Section 7.1 in the manner specified in the Base Contract, in immediately available funds, on or before the later of the Payment Date or 10 Days after receipt of the invoice by Buyer; provided that if the Payment Date is not a Business Day, payment is due on the next Business Day following that date. In the event any payments are due Buyer hereunder, payment to Buyer shall be made in accordance with this Section 7.2.

7.3. In the event payments become due pursuant to Sections 3.2 or 3.3, the performing party may submit an invoice to the nonperforming party for an accelerated payment setting forth the basis upon which the invoiced amount was calculated. Payment from the nonperforming party will be due five Business Days after receipt of invoice.

7.4. If the invoiced party, in good faith, disputes the amount of any such invoice or any part thereof, such invoiced party will pay such amount as it concedes to be correct; provided, however, if the invoiced party disputes the amount due, it must provide supporting documentation acceptable in industry practice to support the amount paid or disputed. In the event the parties are unable to resolve such dispute, either party may pursue any remedy available at law or in equity to enforce its rights pursuant to this Section.

7.5. If the invoiced party fails to remit the full amount payable when due, interest on the unpaid portion shall accrue from the date due until the date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

7.6. A party shall have the right, at its own expense, upon reasonable Notice and at reasonable times, to examine and audit and to obtain copies of the relevant portion of the books, records, and telephone recordings of the other party only to the extent reasonably necessary to verify the accuracy of any statement, charge, payment, or computation made under the Contract. This right to examine, audit, and to obtain copies shall not be available with respect to proprietary information not directly relevant to transactions under this Contract. All invoices and billings shall be conclusively presumed final and accurate and all associated claims for under- or overpayments shall be deemed waived unless such invoices or billings are objected to in writing, with adequate explanation and/or documentation, within two years after the Month of Gas delivery. All retroactive adjustments under Section 7 shall be paid in full by the party owing payment within 30 Days of Notice and substantiation of such inaccuracy.

7.7. Unless the parties have elected on the Base Contract not to make this Section 7.7 applicable to this Contract, the parties shall net all undisputed amounts due and owing, and/or past due, arising under the Contract such that the party owing the greater amount shall make a single payment of the net amount to the other party in accordance with Section 7; provided that no payment required to be made pursuant to the terms of any Credit Support Obligation or pursuant to Section 7.3 shall be subject to netting under this Section. If the parties have executed a separate netting agreement, the terms and conditions therein shall prevail to the extent inconsistent herewith.

SECTION 8. TITLE, WARRANTY, AND INDEMNITY

8.1. Unless otherwise specifically agreed, title to the Gas shall pass from Seller to Buyer at the Delivery Point(s). Seller shall have responsibility for and assume any liability with respect to the Gas prior to its delivery to Buyer at the specified Delivery Point(s). Buyer shall have responsibility for and any liability with respect to said Gas after its delivery to Buyer at the Delivery Point(s).

8.2. Seller warrants that it will have the right to convey and will transfer good and merchantable title to all Gas sold hereunder and delivered by it to Buyer, free and clear of all liens, encumbrances, and claims. EXCEPT AS PROVIDED IN THIS SECTION 8.2 AND IN SECTION 14.8, ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY PARTICULAR PURPOSE, ARE DISCLAIMED.

8.3. Seller agrees to indemnify Buyer and save it harmless from all losses, liabilities or claims including reasonable attorneys' fees and costs of court ("Claims"), from any and all persons, arising from or out of claims of title, personal injury or property damage from said Gas or other charges thereon which attach before title passes to Buyer. Buyer agrees to indemnify Seller and save it harmless from all Claims, from any and all persons, arising from or out of claims regarding payment, personal injury or property damage from said Gas or other charges thereon which attach after title passes to Buyer.

8.4. Notwithstanding the other provisions of this Section 8, as between Seller and Buyer, Seller will be liable for all Claims to the extent that such arise from the failure of Gas delivered by Seller to meet the quality requirements of Section 5.

SECTION 9. NOTICES

9.1. All Transaction Confirmations, invoices, payments and other communications made pursuant to the Base Contract ("Notices") shall be made to the addresses specified in writing by the respective parties from time to time.

9.2. All Notices required hereunder may be sent by facsimile or mutually acceptable electronic means, a nationally recognized overnight courier service, first class mail or hand delivered.

9.3. Notice shall be given when received on a Business Day by the addressee. In the absence of proof of the actual receipt date, the following presumptions will apply. Notices sent by facsimile shall be deemed to have been received upon the sending party's receipt of its facsimile machine's confirmation of successful transmission. If the day on which such facsimile is received is not a Business Day or is after five p.m. on a Business Day, then such facsimile shall be deemed to have been received on the next following Business Day. Notice by overnight mail or courier shall be deemed to have been received on the next Business Day after it was sent or such earlier time as is confirmed by the receiving party. Notice via first class mail shall be considered delivered five Business Days after mailing.

SECTION 10. FINANCIAL RESPONSIBILITY

10.1. If either party ("X") has reasonable grounds for insecurity regarding the performance of any obligation under this Contract whether or not then due) by the other party ("Y") (including, without limitation, the occurrence of a material change in the creditworthiness of Y), X may demand Adequate Assurance of Performance. "Adequate Assurance of Performance" shall mean sufficient security in the form, amount and for the term reasonably acceptable to X, including, but not limited to, a standby irrevocable letter of credit, a prepayment, a security interest in an asset or a performance bond or guaranty (including the issuer of any such security).

10.2. In the event (each an "Event of Default") either party (the "Defaulting Party") or its guarantor shall: (i) make an assignment or any general arrangement for the benefit of creditors; (ii) file a petition or otherwise commence, authorize, or acquiesce in the commencement of a proceeding or case under any bankruptcy or similar law for the protection of creditors or have such petition filed or proceeding commenced against it; (iii) otherwise become bankrupt or insolvent (however evidenced); (iv) be unable to pay its debts as they fall due; (v) have a receiver, provisional liquidator, conservator, custodian, trustee or other similar official appointed with respect to it or substantially all of its assets; (vi) fail to perform any obligation to the other party with respect to any Credit Support Obligations relating to the Contract; (vii) fail to give Adequate Assurance of Performance under Section 10.1 within 48 hours but at least one Business Day of a written request by the other party; or (viii) not have paid any amount due the other party hereunder on or before the second Business Day following written Notice that such payment is due; then the other party (the "Non-Defaulting Party") shall have the right, at its sole election, to immediately withhold and/or suspend deliveries or payments upon Notice and/or to terminate and liquidate the transactions under the Contract, in the manner provided in Section 10.3, in addition to any and all other remedies available hereunder.

10.3. If an Event of Default has occurred and is continuing, the Non-Defaulting Party shall have the right, by Notice to the Defaulting Party, to designate a Day, no earlier than the Day such Notice is given and no later than 20 Days after such Notice is given, as an early termination date (the "Early Termination Date") for the liquidation and termination pursuant to Section 10.3.1 of all transactions under the Contract, each a "Terminated Transaction". On the Early Termination Date, all transactions will terminate, other than those transactions, if any, that may not be liquidated and terminated under applicable law or that are, in the reasonable opinion of the Non-Defaulting Party, commercially impracticable to liquidate and terminate ("Excluded Transactions"), which Excluded Transactions must be liquidated and terminated as soon thereafter as is reasonably practicable, and upon termination shall be a Terminated Transaction and be valued consistent with Section 10.3.1 below. With respect to each Excluded Transaction, its actual termination date shall be the Early Termination Date for purposes of Section 10.3.1.

The parties have selected either "Early Termination Damages Apply" or "Early Termination Damages Do Not Apply" as indicated on the Base Contract.

Early Termination Damages Apply:

10.3.1. As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, (i) the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract and (ii) the Market Value, as defined below, of each Terminated Transaction. The Non-Defaulting Party shall (x) liquidate and accelerate each Terminated Transaction at its Market Value, so that each amount equal to the difference between such Market Value and the Contract Value, as defined below, of such Terminated Transaction(s) shall be due to the Buyer under the Terminated Transaction(s) if such Market Value exceeds the Contract Value and to the Seller if the opposite is the case; and (y) where appropriate, discount each amount then due under clause (x) above to present value in a commercially reasonable manner as of the Early Termination Date (to take account of the period between the date of liquidation and the date on which such amount would have otherwise been due pursuant to the relevant Terminated Transactions).

For purposes of this Section 10.3.1, "Contract Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the Contract Price, and "Market Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the market price for a similar transaction at the Delivery Point determined by the Non-Defaulting Party in a commercially reasonable manner. To ascertain the Market Value, the Non-Defaulting Party may consider, among other valuations, any or all of the settlement prices of NYMEX Gas futures contracts, quotations from leading dealers in energy swap contracts or physical gas trading markets, similar sales or purchases and any other bona fide third-party offers, all adjusted for the length of the term and differences in transportation costs. A party shall not be required to enter into a replacement transaction(s) in order to determine the Market Value. Any extension(s) of the term of a transaction to which parties are not bound as of the Early Termination Date (including but not limited to "evergreen provisions") shall not be considered in determining Contract Values and Market Values. For the avoidance of doubt, any option pursuant to which one party has the right to extend the term of a transaction shall be considered in determining Contract Values and Market Values. The rate of interest used in calculating net present value shall be determined by the Non-Defaulting Party in a commercially reasonable manner.

Early Termination Damages Do Not Apply:

10.3.1. As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract.

The parties have selected either "Other Agreement Setoffs Apply" or "Other Agreement Setoffs Do Not Apply" as indicated on the Base Contract.

Other Agreement Setoffs Apply:

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the Defaulting Party, the Non-Defaulting Party may setoff (i) any Net Settlement Amount owed to the Non-Defaulting Party against any margin or other collateral held by it in connection with any Credit Support Obligation relating to the Contract; or (ii) any Net Settlement Amount payable to the Defaulting Party against any amount(s) payable by the Defaulting Party to the Non-Defaulting Party under any other agreement or arrangement between the parties.

Other Agreement Setoffs Do Not Apply:

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the Defaulting Party, the Non-Defaulting Party may setoff any Net Settlement Amount owed to the Non-Defaulting Party against any margin or other collateral held by it in connection with any Credit Support Obligation relating to the Contract.

10.3.3. If any obligation that is to be included in any netting, aggregation or setoff pursuant to Section 10.3.2 is unascertained, the Non-Defaulting Party may in good faith estimate that obligation and net, aggregate or setoff, as applicable, in respect of the estimate, subject to the Non-Defaulting Party accounting to the Defaulting Party when the obligation is ascertained. Any amount not then due which is included in any netting, aggregation or setoff pursuant to Section 10.3.2 shall be discounted to net present value in a commercially reasonable manner determined by the Non-Defaulting Party.

10.4. As soon as practicable after a liquidation, Notice shall be given by the Non-Defaulting Party to the Defaulting Party of the Net Settlement Amount, and whether the Net Settlement Amount is due to or due from the Non-Defaulting Party. The Notice shall include a written statement explaining in reasonable detail the calculation of such amount, provided that failure to give such Notice shall not affect the validity or enforceability of the liquidation or give rise to any claim by the Defaulting Party against the Non-Defaulting Party. The Net Settlement Amount shall be paid by the close of business on the second Business Day following such Notice, which date shall not be earlier than the Early Termination Date. Interest on any unpaid portion of the Net Settlement Amount shall accrue from the date due until the

date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

10.5. The parties agree that the transactions hereunder constitute a "forward contract" within the meaning of the United States Bankruptcy Code and that Buyer and Seller are each "forward contract merchants" within the meaning of the United States Bankruptcy Code.

10.6. The Non-Defaulting Party's remedies under this Section 10 are the sole and exclusive remedies of the Non-Defaulting Party with respect to the occurrence of any Early Termination Date. Each party reserves to itself all other rights, setoffs, counterclaims and other defenses that it is or may be entitled to arising from the Contract.

10.7. With respect to this Section 10, if the parties have executed a separate netting agreement with close-out netting provisions, the terms and conditions therein shall prevail to the extent inconsistent herewith.

SECTION 11. FORCE MAJEURE

11.1. Except with regard to a party's obligation to make payment(s) due under Section 7, Section 10.4, and Imbalance Charges under Section 4, neither party shall be liable to the other for failure to perform a Firm obligation, to the extent such failure was caused by Force Majeure. The term "Force Majeure" as employed herein means any cause not reasonably within the control of the party claiming suspension, as further defined in Section 11.2.

11.2. Force Majeure shall include, but not be limited to, the following: (i) physical events such as acts of God, landslides, lightning, earthquakes, fires, storms or storm warnings, such as hurricanes, which result in evacuation of the affected area, floods, washouts, explosions, breakage or accident or necessity of repairs to machinery or equipment or lines of pipe; (ii) weather related events affecting an entire geographic region, such as low temperatures which cause freezing or failure of wells or lines of pipe; (iii) interruption and/or curtailment of Firm transportation and/or storage by Transporters; (iv) acts of others such as strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections or wars; and (v) governmental actions such as necessity for compliance with any court order, law, statute, ordinance, regulation, or policy having the effect of law promulgated by a governmental authority having jurisdiction. Seller and Buyer shall make reasonable efforts to avoid the adverse impacts of a Force Majeure and to resolve the event or occurrence once it has occurred in order to resume performance.

11.3. Neither party shall be entitled to the benefit of the provisions of Force Majeure to the extent performance is affected by any or all of the following circumstances: (i) the curtailment of interruptible or secondary Firm transportation unless primary, in-path, Firm transportation is also curtailed; (ii) the party claiming excuse failed to remedy the condition and to resume the performance of such covenants or obligations with reasonable dispatch; or (iii) economic hardship, to include, without limitation, Seller's ability to sell Gas at a higher or more advantageous price than the Contract Price, Buyer's ability to purchase Gas at a lower or more advantageous price than the Contract Price, or a regulatory agency disallowing, in whole or in part, the pass through of costs resulting from this Agreement; (iv) the loss of Buyer's market(s) or Buyer's inability to use or resell Gas purchased hereunder, except, in either case, as provided in Section 11.2; or (v) the loss or failure of Seller's gas supply or depletion of reserves, except, in either case, as provided in Section 11.2. The party claiming Force Majeure shall not be excused from its responsibility for Imbalance Charges.

11.4. Notwithstanding anything to the contrary herein, the parties agree that the settlement of strikes, lockouts or other industrial disturbances shall be within the sole discretion of the party experiencing such disturbance.

11.5. The party whose performance is prevented by Force Majeure must provide Notice to the other party. Initial Notice may be given orally; however, written Notice with reasonably full particulars of the event or occurrence is required as soon as reasonably possible. Upon providing written Notice of Force Majeure to the other party, the affected party will be relieved of its obligation, from the onset of the Force Majeure event, to make or accept delivery of Gas, as applicable, to the extent and for the duration of Force Majeure, and neither party shall be deemed to have failed in such obligations to the other during such occurrence or event.

11.6. Notwithstanding Sections 11.2 and 11.3, the parties may agree to alternative Force Majeure provisions in a Transaction Confirmation executed in writing by both parties.

SECTION 12. TERM

This Contract may be terminated on 30 Day's written Notice, but shall remain in effect until the expiration of the latest Delivery Period of any transaction(s). The rights of either party pursuant to Section 7.6 and Section 10, the obligations to make payment hereunder, and the obligation of either party to indemnify the other, pursuant hereto shall survive the termination of the Base Contract or any transaction.

SECTION 13. LIMITATIONS

FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY. A PARTY'S LIABILITY HEREUNDER SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN OR IN A TRANSACTION, A PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY. SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE.

TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

SECTION 14. MISCELLANEOUS

14.1. This Contract shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, and heirs of the respective parties hereto, and the covenants, conditions, rights and obligations of this Contract shall run for the full term of this Contract. No assignment of this Contract, in whole or in part, will be made without the prior written consent of the non-assigning party (and shall not relieve the assigning party from liability hereunder), which consent will not be unreasonably withheld or delayed; provided, either party may (i) transfer, sell, pledge, encumber, or assign this Contract or the accounts, revenues, or proceeds hereof in connection with any financing or other financial arrangements, or (ii) transfer its interest to any parent or affiliate by assignment, merger or otherwise without the prior approval of the other party. Upon any such assignment, transfer and assumption, the transferor shall remain principally liable for and shall not be relieved of or discharged from any obligations hereunder.

14.2. If any provision in this Contract is determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Contract.

14.3. No waiver of any breach of this Contract shall be held to be a waiver of any other or subsequent breach.

14.4. This Contract sets forth all understandings between the parties respecting each transaction subject hereto, and any prior contracts, understandings and representations, whether oral or written, relating to such transactions are merged into and superseded by this Contract and any effective transaction(s). This Contract may be amended only by a writing executed by both parties.

14.5. The interpretation and performance of this Contract shall be governed by the laws of the jurisdiction as indicated on the Base Contract, excluding, however, any conflict of laws rule which would apply the law of another jurisdiction.

14.6. This Contract and all provisions herein will be subject to all applicable and valid statutes, rules, orders and regulations of any governmental authority having jurisdiction over the parties, their facilities, or Gas supply, this Contract or transaction or any provisions thereof.

14.7. There is no third party beneficiary to this Contract.

14.8. Each party to this Contract represents and warrants that it has full and complete authority to enter into and perform this Contract. Each person who executes this Contract on behalf of either party represents and warrants that it has full and complete authority to do so and that such party will be bound thereby.

14.9. The headings and subheadings contained in this Contract are used solely for convenience and do not constitute a part of this Contract between the parties and shall not be used to construe or interpret the provisions of this Contract.

14.10. Unless the parties have elected on the Base Contract not to make this Section 14.10 applicable to this Contract, neither party shall disclose directly or indirectly without the prior written consent of the other party the terms of any transaction to a third party (other than the employees, lenders, royalty owners, counsel, accountants and other agents of the party, or prospective purchasers of all or substantially all of a party's assets or of any rights under this Contract, provided such persons shall have agreed to keep such terms confidential) except (i) in order to comply with any applicable law, order, regulation, or exchange rule, (ii) to the extent necessary for the enforcement of this Contract, (iii) to the extent necessary to implement any transaction, or (iv) to the extent such information is delivered to such third party for the sole purpose of calculating a published index. Each party shall notify the other party of any proceeding of which it is aware which may result in disclosure of the terms of any transaction (other than as permitted hereunder) and use reasonable efforts to prevent or limit the disclosure. The existence of this Contract is not subject to this confidentiality obligation. Subject to Section 13, the parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with this confidentiality obligation. The terms of any transaction hereunder shall be kept confidential by the parties hereto for one year from the expiration of the transaction.

In the event that disclosure is required by a governmental body or applicable law, the party subject to such requirement may disclose the material terms of this Contract to the extent so required, but shall promptly notify the other party, prior to disclosure, and shall cooperate (consistent with the disclosing party's legal obligations) with the other party's efforts to obtain protective orders or similar restraints with respect to such disclosure at the expense of the other party.

14.11 The parties may agree to dispute resolution procedures in Special Provisions attached to the Base Contract or in a Transaction Confirmation executed in writing by both parties.

DISCLAIMER: The purposes of this Contract are to facilitate trade, avoid misunderstandings and make more definite the terms of contracts of purchase and sale of natural gas. Further, NAESB does not mandate the use of this Contract by any party. NAESB DISCLAIMS AND EXCLUDES, AND ANY USER OF THIS CONTRACT ACKNOWLEDGES AND AGREES TO NAESB'S DISCLAIMER OF, ANY AND ALL WARRANTIES, CONDITIONS OR REPRESENTATIONS, EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THIS CONTRACT OR ANY PART THEREOF, INCLUDING ANY AND ALL IMPLIED WARRANTIES OR CONDITIONS OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY, OR FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE (WHETHER OR NOT NAESB KNOWS, HAS REASON TO KNOW, HAS BEEN ADVISED, OR IS OTHERWISE IN FACT AWARE OF ANY SUCH PURPOSE), WHETHER ALLEGED TO ARISE BY LAW, BY REASON OF CUSTOM OR USAGE IN THE TRADE, OR BY COURSE OF DEALING. EACH USER OF THIS CONTRACT ALSO AGREES THAT UNDER NO CIRCUMSTANCES WILL NAESB BE LIABLE FOR ANY DIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES ARISING OUT OF ANY USE OF THIS CONTRACT.

Base Contract for Sale and Purchase of Natural Gas

Canadian Addendum

This Canadian Addendum ("Canadian Addendum") is entered into as of the following dated December 15, 2004

The parties to this Canadian Addendum are the following:

Imperial Oil Resources, an Alberta limited partnership
237- 4th Avenue S.W.
P.O. Box 2480, Station M, Calgary, Alberta, Canada T2P 3M9
Duns Number:
U.S. Federal Tax ID Number:

and Selkirk Cogen Partners, L.P.
24 Power Park Drive
Selkirk, NY 12158
Duns Number: 78-732-7881
U.S. Federal Tax ID Number: 04-3126542

Notices:

Attn: See Attachment 3

Phone:

Fax:

Attn: See Attachment 3

Phone:

Fax:

IN WITNESS WHEREOF, the parties hereto agree to the terms and conditions set forth herein and have executed this Canadian Addendum in duplicate.

Imperial Oil Resources, an Alberta limited partnership

Selkirk Cogen Partners, L.P.
By: JMC Selkirk, Inc., Managing General Partner

By /s/ DAVE GRIFFITHS

Name: Dave Griffiths

Title: Manager Gas, NGL, Power Marketing

By /s/ P. CHRISMAN IRIBE

Name: P. Chrisman Iribe

Title: President

Addendum: This Canadian Addendum constitutes an Addendum to that certain Base Contract for Sale and Purchase of Natural Gas, as identified above, between the parties ("Base Contract"), and supplements and amends the Base Contract affecting transactions thereunder. Unless amended herein, the Base Contract continues to apply. Capitalized terms used in this Canadian Addendum which are not herein defined will have the meanings ascribed to them in the Base Contract. In the event of a conflict between the terms of this Canadian Addendum and the Base Contract, the terms of this Canadian Addendum shall apply.

Term: This Canadian Addendum shall be effective from and after the date on which it is entered into and continue in effect until terminated by either party upon 30 Days' written Notice to the other party; provided, however, that this Canadian Addendum may not be terminated prior to the expiration of the latest Delivery Period of any transactions previously agreed to by the parties which are subject to this Canadian Addendum. The obligation to make payment hereunder, including any related adjustments, shall survive the termination of this Canadian Addendum.

The parties hereby agree to the following provisions. In the event the parties fail to check a box, the default provision for each section shall apply. **Select only 1 box from each section:**

Section 2.26: Spot Price Publication: Delete the selection made on the cover page of the Base Contract and replace it with the following:

- Canadian Gas Price Reporter (default if the Delivery Point is in Canada)
 Gas Daily Midpoint (default if the Delivery Point is in the United States)

Section 10.4: Termination Currency

- U. S. Dollars (default)
 Canadian Dollars

Section 14.5: Choice of Law: If a selection is made herein, delete the selection made on the cover page of the Base Contract and replace it with the following:

Delete Section 2.1 and replace it with the following:

2.1 "Alternative Damages" shall mean such damages, expressed in United States dollars or United States dollars per MMBtu, or Canadian dollars or Canadian dollars per GJ, as the parties shall agree upon in the Transaction Confirmation, in the event either Seller or Buyer fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer.

Delete Section 2.4 and replace it with the following:

2.4 "Business Day" shall mean any day except Saturday, Sunday, or a statutory or banking holiday observed in the jurisdiction specified pursuant to Section 14.5. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time for the relevant party's principal place of business. The relevant party, in each instance unless otherwise specified, shall be the party to whom the Notice is being sent and by whom the Notice is to be received.

Delete Section 2.8 and replace it with the following:

2.8 "Contract Price" shall mean, if the Delivery Point is in the United States, the amount expressed in U.S. Dollars per MMBtu or, if the Delivery Point is in Canada, the amount expressed in Canadian Dollars per GJ, unless specified otherwise in a transaction, to be paid by Buyer to Seller for the purchase of Gas as agreed to by the parties in a transaction.

Add the following as Section 2.30:

2.30 "GJ" shall mean 1 gigajoule; 1 gigajoule = 1,000,000,000 Joules. The standard conversion factor between Dekatherms and GJ's is 1.055056 GJ's per Dekatherm.

Add the following as Section 2.31:

2.31 "Joule" shall mean the joule specified in the SI system of units.

Add the following as Section 2.32:

2.32 "Termination Currency Equivalent" shall mean, in respect of any amount denominated in a currency other than the Termination Currency (the "Other Currency"), the amount in the Termination Currency that the Non-Defaulting Party would be required to pay, on the Early Termination Date, to purchase such amount of Other Currency for spot delivery, as determined by the Non-Defaulting Party in a commercially reasonable manner.

Delete Section 5 and replace it with the following:

All Gas delivered by Seller shall meet the pressure, quality and heat content requirements of the Receiving Transporter. The unit of quantity measurement for purposes of this Contract shall be one MMBtu dry or one GJ, as agreed to by the parties in a transaction. Measurement of Gas quantities hereunder shall be in accordance with the established procedures of the Receiving Transporter.

Add the following to Section 6:

Sections 6.2, 6.3 and 6.4 apply if the Delivery Point is in Canada.

6.2 The Contract Price does not include any amounts payable by Buyer for the goods and services tax ("GST") imposed pursuant to the Excise Tax Act (Canada) ("ETA") or any similar or replacement value added or sales or use tax enacted under successor legislation. Notwithstanding whether the parties have selected "Buyer Pays At and After Delivery Point" or "Seller Pays Before and At Delivery Point" as indicated on the Base Contract, Buyer will pay to Seller the amount of GST payable for the purchase of Gas in addition to all other amounts payable under the Contract. Seller will hold the GST paid by Buyer and will remit such GST as required by law. Buyer and Seller will provide each other with the information required to make such GST remittance or claim any corresponding input tax credits, including GST registration numbers.

6.3 Where Buyer indicates to Seller that Gas will be exported from Canada, the following shall apply:

6.3.1 Where Buyer is not registered for GST under the ETA and Buyer indicates to Seller that Gas will be exported from Canada, Buyer may request Seller treat such Gas as "zero-rated" Gas for export within the meaning of the ETA for billing purposes. If Seller, in its sole discretion, agrees to so treat such Gas, then Buyer hereby declares, represents and warrants to Seller that Buyer will: (i) export such Gas as soon as is reasonably possible after Seller delivers such Gas to Buyer (or after such Gas is delivered to Buyer after a zero-rated storage service under the ETA) having regard to the circumstances surrounding the export and, where applicable, normal business practice; (ii) not acquire such Gas for consumption or use in Canada (other than as fuel or compressor gas to transport such Gas by pipeline) or for supply in Canada (other than to supply natural gas liquids or ethane the consideration for which is deemed by the ETA to be nil) before export of such Gas; (iii) ensure that, after such Gas is delivered and before export, such Gas is not further processed, transformed or altered in Canada (except to the extent reasonably necessary or incidental to its transportation and other than to recover natural gas liquids or ethane from such Gas at a straddle plant); (iv) maintain on file, and provide to Seller, if required, or to the Canada Customs and Revenue Agency, evidence satisfactory to the Minister of National Revenue of the export of such Gas by Buyer; and/or (v) comply with all other requirements prescribed by the ETA for a zero-rated export of such Gas.

6.3.2 Where Buyer is registered for GST under the ETA and Buyer indicates to Seller that Gas will be exported from Canada, Buyer may request Seller treat such Gas as "zero-rated" Gas for export within the meaning of the ETA for billing purposes, and Buyer hereby declares, represents and warrants to Seller that Buyer intends to export such Gas by means of pipeline or other conduit in circumstances described in Section 6.3.1 (i) to (iii).

6.3.3 Without limiting the generality of Section 8.3, Buyer indemnifies Seller for any GST, penalties and interest and all other

damages and costs of any nature arising from breach of the declarations, representations and warranties contained in Section 6.3.1 or 6.3.2, or otherwise from application of GST to Gas declared, represented and warranted by Buyer to be acquired for export from Canada.

3.4 In the event that any amount becomes payable pursuant to the Contract as a result of a breach, modification or termination of the Contract, the amount payable shall be increased by any applicable Taxes or GST remittable by the recipient in respect of that amount.

Delete Section 7.5 and replace it with the following:

7.5 If the invoiced party fails to remit the full amount payable when due, interest on the unpaid portion shall accrue from the date due until the date of payment at a rate equal to the lower of: (i) if the amount payable is in United States currency, the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or, if the amount payable is in Canadian currency, the per annum rate of interest identified from time to time as the prime lending rate charged to its most credit worthy customers for Canadian currency commercial loans by The Toronto Dominion Bank, Main Branch, Calgary, Alberta, Canada, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

Delete Section 7.7 and replace it with the following:

7.7 Unless the parties have elected on the Base Contract not to make this Section 7.7 applicable to this Contract, the parties shall net all undisputed amounts due and owing, and/or past due, in the same currency, arising under the Contract such that the party owing the greater amount shall make a single payment of the net amount to the other party in accordance with Section 7; provided that no payment required to be made pursuant to the terms of any Credit Support Obligation or pursuant to Section 7.3 shall be subject to netting under this Section. If the parties have executed a separate netting agreement, the terms and conditions therein shall prevail to the extent inconsistent herewith.

Add the following as Section 7.8:

7.8 For each transaction, all associated payments shall be made in the currency of the Contract Price for such transaction.

Add the following as Section 10.3.4:

10.3.4 The Non-Defaulting Party shall use the Termination Currency Equivalent of any amount denominated in a currency other than the Termination Currency in performing any netting, aggregation or setoff required or permitted by Section 10.3.1 or 10.3.2.

Delete Section 10.4 and replace it with the following:

10.4. As soon as practicable after a liquidation, Notice shall be given by the Non-Defaulting Party to the Defaulting Party of the Net Settlement Amount, and whether the Net Settlement Amount is due to or due from the Non-Defaulting Party. The Notice shall include a written statement explaining in reasonable detail the calculation of such amount, provided that failure to give such Notice shall not affect the validity or enforceability of the liquidation or give rise to any claim by the Defaulting Party against the Non-Defaulting Party. The Net Settlement Amount shall be paid, in the Termination Currency, by the close of business on the second Business Day following such Notice, which date shall not be earlier than the Early Termination Date. Interest on any unpaid portion of the Net Settlement Amount shall accrue from the date due until the date of payment at a rate equal to the lower of: (i) if the amount payable is in United States currency, the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or, if the amount payable is in Canadian currency, the per annum rate of interest identified from time to time as the prime lending rate charged to its most credit worthy customers for Canadian currency commercial loans by The Toronto Dominion Bank, Main Branch, Calgary, Alberta, Canada, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

Delete Section 10.5 and replace it with the following:

10.5 The parties agree that the transactions hereunder constitute a "forward contract" within the meaning of the United States Bankruptcy Code and that Buyer and Seller are each "forward contract merchants" within the meaning of the United States Bankruptcy Code. The parties also agree that the transactions hereunder constitute an "eligible financial contract" within the meaning of the Bankruptcy and Insolvency Act (Canada) and the Companies Creditors Arrangements Act (Canada), and similar Canadian legislation.

Delete Exhibit A ("Transaction Confirmation") and replace it with the following:

Attachment 1- Special Conditions

- (i) **Conditions Precedent:** This Transaction Confirmation is subject to the condition precedent of the execution of an amending agreement concerning the pricing for all volumes delivered under the Gas Sale and Purchase Contract between Buyer and Seller dated October 22, 1992, as amended ("Existing Agreement").
- (ii) **Prior Period Agreement:** To the extent that any National Energy Board approval requirements, under the current long term export license, for the amending agreement referred to in (i) above delays the effective date such amending agreement past November 1, 2004, then Buyer agrees to keep Seller financially whole as if the amending agreement took effect November 1, 2004 by paying Seller the positive difference (zero if negative) between the contract price under the Existing Agreement and the contract price under the amending agreement for all volumes delivered under the Existing Agreement.
- (iii) **Annual Minimum Take Obligation of Buyer:** The Buyer's obligation to take under this Transaction Confirmation is subject to a minimum annual take obligation during each Contract Year, as defined below, of 69% of the maximum daily quantity times 365 days, provided that Buyer provides Seller with 2 Business Days notice whenever volume to be taken on any day is less than the maximum contract quantity of 20,660 MMBTu/d. "Contract Year" means November 1 through October 31.
- (iv) **Liquidated Damages:** Seller agrees to pay liquidated damages under section 3.2 if Buyer is unable to export gas from Canada due to suspension, if applicable, of Seller's short or long term removal permit by the Alberta Energy Resources Conservation Board or Buyer's short or long term export permit by the National Energy Board.
- (v) **Replacement Oil Index:** Buyer agrees to apply a replacement No. 2 fuel oil index for October 2004 deliveries defined as follows: "the US Wholesale Posted Price for PAD1, MetroNY (Eth) Diesel No.2 Fuel".
- (vi) **Settlement of Outstanding Accounts and Release and Discharge:** Buyer will pay Seller \$US 500,000 to settle all outstanding billing and/or other contractual issues under or relating to the Existing Agreement (whether known or unknown, liquidated or unliquidated, actual or contingent ("Disputes"). Buyer and Seller agree that such payment resolves all Disputes, that the other party has satisfied its payment, supply and all other obligations related to the Existing Agreement outstanding as of October 31, 2004 and for the period November 1, 1994 through December 31, 2004 and each party releases and forever discharges the other from any and all further payment, obligation, debt or liability whatsoever with respect to the Disputes through December 31, 2004. Seller agrees to receive payment for these adjustments in accordance with the following schedule: 100,000 US\$ in December, 2004 and then 80,000 US\$ in each month over period January 2005 to May 2005.
- (vii) **No Restriction on Gas Use:** Seller acknowledges that there is no restriction on Buyer's use or utilization of Contract Quantities under this Agreement.
- (viii) **Termination by Buyer:** Should Seller be unable to secure the extension of its existing Alberta Energy and Utilities Board ("AEUB") removal permit or obtain a new AEUB removal permits to allow deliveries of Gas hereunder through October 31, 2014, Buyer may, at its sole option, waive its right to liquidated damages as described in Section IV of these Special Conditions and instead terminate this transaction. Additionally, should Buyer no longer be a party to the power purchase agreement defined in Section 1.1(h) of the Existing Agreement, Buyer may, at its sole option, terminate this transaction upon 90 days advance written notice to Seller. In the case of any termination by Buyer under this Section X, neither party shall have any liability to the other for the payment of any amounts pursuant to Section 10.3 of this Contract.
- (ix) For this transaction only, Section 14.6 is amended by adding at the end of the Section, the following:

"For greater clarity, the parties agree:

- (a) Seller covenants that:
 - (i) Seller has obtained or will obtain a removal permit pursuant to the Alberta Gas Resources Preservation Act for Gas delivered and sold under this transaction by the time deliveries are to commence hereunder; and

(ii) Seller shall commit such reserves and deliverability for the term of this transaction as necessary for Seller to maintain such removal permit, and if required, for Buyer to obtain and maintain its export licence to export Gas to the United States under this transaction.

(b) Buyer covenants that

Buyer shall use all commercially reasonable efforts to obtain and maintain consents and approvals required for the effectiveness of this Transaction, including each federal, state and local governmental agency or other authority in Canada and the United States which has jurisdiction over the export from Canada, sale, import into the United States, transportation on facilities of Transporters, including, without limitation, the National Energy Board of Canada, the federal Governor-in-Council, and the Office of Fossil Energy of the United States Department of Energy."

END OF SPECIAL CONDITIONS

**Attachment 2 - Special Provisions to
NAESB Base Contract with Canadian Addendum**

These Special Provisions amend and supplement the Base Contract for Sale and Purchase of Natural Gas ("Base Contract") and the Canadian Addendum. In the event of a conflict among the terms of these Special Provisions, the Base Contract and the Canadian Addendum, the terms of these Special Provisions shall apply.

Amendments to Base Contract

1. Section 2- Definitions

(a) Add the following at the end of Section 2.8:

"Contract Price does not include any sales, use, gross receipt, value-added, production, severance or other such taxes imposed on the Gas or Buyer (or Seller for the account of Buyer) at or after the Delivery Point."

(b) Delete Section 2.14 in its entirety and replace with the following:

"Delivery Point(s)" shall mean such point(s) as agreed to by the parties in a transaction, subject to the condition that such delivery point(s) must be in Canada."

(c) Delete Section 2.26 in its entirety and replace with the following:

"2.26 "Spot Price" as referred to in Section 3.2 shall mean AMI plus NDC, where AMI and NDC are defined as follows: AMI = the "AECO "C" & N.I.T. One Month Spot as reported in the Canadian Gas Price Reporter, "Avg" column in units of \$/GJ and NDC = Nova delivery charges at Empress, including, as applicable, demand charges, variable commodity charges and fuel charges, subject to a cap of 0.30 US\$/mmBTU."

2. Section 3- Performance Obligation

(a) Add the following at the end of Section 3.1:

"Seller shall have the right, but not the obligation, to deliver all, or any part, of the Contract Quantity, as set forth under any Transaction Confirmation, from alternate sources of production at no additional cost to Buyer. Such Gas shall be delivered to Buyer at the Delivery Point(s) or at "Alternate Delivery Point(s)", where said term shall mean any mutually agreeable point(s) of delivery, other than the Delivery Point(s) set forth in the Transaction Confirmation(s)."

(b) Add the following paragraph as a new Section 3.5:

"3.5. Seller, at no additional cost to Buyer, reserves the right to process Gas sold under any Transaction Confirmation either upstream or downstream of the Delivery Point(s) and retain title to the gas liquids. In the event such processing occurs downstream of the Delivery Point(s), the volume measured at the Delivery Point(s) shall be increased to adjust for processing plant fuel and shrinkage. Seller shall bear all the costs of transportation attributable to plant fuel and shrinkage."

3. Section 4. Transportation, Nominations, and Imbalances

(a) Add the following sentence to the end of Section 4.3:

"Under no circumstances shall a party be responsible for Imbalance Charges related to excess or unauthorized takes, violations of Operational Flow Orders, or similar penalties, related to the other party's receipt or delivery of quantities of Gas greater than or less than the Scheduled Gas, as such Scheduled Gas may be adjusted from time to time."

4. Section 7. Billing, Payment, and Audit

(a) Insert the following at the end of the second sentence of Section 7.6:

"and to the extent that any proprietary information is made available, Section 14.10 shall apply to such proprietary information, notwithstanding the parties' election that Section 14.10 shall not otherwise apply to this Contract."

5. Section 10. Financial Responsibility

(a) Delete section 10.1 in its entirety and replace with:

" If either party ("X") has its credit ratings for its long-term debt obligations reduced below both BBB-("triple B, minus") as rated by Standard and Poor's Rating Group (a division of McGraw-Hill, Inc.), or its successor, and Baa3 ("B, double-a, three") as rated by Moody's Investors Services, Inc., or its successor, then the other party ("Y") may demand Adequate Assurance of Performance. "Adequate Assurance of Performance" shall mean sufficient security in the form, amount and for the term reasonably acceptable to party Y including, but not limited to, a standby irrevocable letter of credit, a prepayment, or a performance bond or guaranty, subject to a maximum aggregate amount of 3,500,000 US\$."

(b) In section 10.2 (vii), replace the words "48 hours but at least one Business Day" with the words "7 Days".

6. Section 11. Force Majeure

(a) The first sentence of Section 11.1 is amended by adding after the phrase "Except with regard to a party's obligation to make payment(s) due under Section 7" the following phrase, "for Gas delivered by Seller and received by Buyer".

(b) In Section 11.2 (ii), delete the words "an entire" and replace with "a".

(c) Section 11.3 is amended by adding subsection (vi) as follows:

"(vi) such party's failure to obtain or maintain any permit, consent or approval of any governmental authority which such party is obligated to obtain and maintain under this Contract (other than as a result of a change of law or regulation)."

(d) Also, in Section 11.3, add the following sentence at the end of Section 11.3:

"The party claiming Force Majeure shall not be required to buy Gas (if a Seller) or sell Gas (if a Buyer) to avoid the adverse impacts of a Force Majeure event. If a party's performance is excused by a Force Majeure event, the other party may sell Gas to a third party (if a Seller) or buy Gas from a third party (if a Buyer) to the extent that the claiming party's performance has been excused. No Force Majeure event shall extend the term of the Contract or the Delivery Period of any Transaction Confirmation."

(e) Add the following at the end of Section 11.4, "and that the repair or replacement of plants, equipment, wells or other facilities is only required if commercially reasonable."

(f) Add a new Section 11.7 as follows:

"If the Force Majeure is caused by a single event lasting a minimum of six (6) consecutive Months, upon Notice, either party may terminate the Transaction(s) affected by the Force Majeure; provided, however, that such Notice is received prior to the cessation of the Force Majeure."

7. Section 14. Miscellaneous.

(a) The second sentence of Section 14.1 is amended by adding a new subsection (iii) as follows:

"(iii) assign this Contract to a purchaser of all or substantially all of its assets, or in consequence of any merger or amalgamation of such party with another person."

(b) Section 14.1 is further amended by the addition of the following language:

"(a) Seller specifically acknowledges that Buyer has assigned all of its right, title and interest in and to the Contract and the accounts, revenues and proceeds hereof to Deutsche Bank Trust Company Americas, as Collateral Agent for the trustee under Buyer's Trust Indenture dated as of May 1, 1994 (the "Indenture") and certain other lenders and lenders' agents or trustees (together with its

successors and assigns, the "Collateral Agent"), pursuant to the Amended and Restated Security Agreement and Assignment of Contracts dated as of May 1, 1994 made by Buyer in favor of the Collateral Agent, and Seller consents to such assignment.

- (b) Seller agrees to execute and deliver, at Buyer's request, such documents (including, but not limited to, a consent and legal opinion) as may be reasonably necessary to satisfy the requirements of Section 6.20(c) of the Indenture with respect to such assignment,
- (i) such consent to contain the following provisions, and other provisions reasonably requested: (A) Seller's agreement not to terminate or suspend the performance of its obligations under this Contract unless it gives the Collateral Agent notice of the default under this Contract by Buyer and the opportunity to cure the default; and (B) Seller's agreement, if this Contract is terminated by any bankruptcy or insolvency proceeding of Buyer and the Collateral Agent or its proposed assignee certifies its intention to assume the future liabilities and obligations of Buyer, to enter in any new additional contract with the Collateral Agent or its assignee for the remaining term of, and on the same terms and conditions as, the terminated Contract; and
- (ii) such legal opinion to be delivered by counsel reasonably acceptable to the Collateral Agent, in form and substance reasonably acceptable to the Collateral Agent, and covering the following matters: (1) Seller has the power, authority and legal right to execute, deliver and perform this Contract; (2) the execution and delivery of this Contract by Seller and the performance of its obligations thereunder have been duly authorized by all necessary corporate or partnership action and do not (A) require any consent or approval of any shareholder or partner, except those consents and approvals which have already been obtained, (B) violate any provision of any applicable law, (C) result in a breach or constitute a default under any indenture, loans, credit agreement or any other agreement, lease or instrument of Seller; (3) this Contract has been duly executed and delivered, is in full force and effect and constitutes the legal, valid and binding obligation of Seller, enforceable in accordance with its terms, except for standard bankruptcy exclusions; and (4) all government approvals required with respect to the execution and delivery of this Contract and the performance of Seller's obligations under this Contract (other than National Energy Board permits for which Buyer is responsible) have been obtained; provided that the parties recognize that (a) Seller must advise the Alberta Energy and Utilities Board of this Contract (under the terms of its existing Removal Permit(s)), and (b) Seller will eventually need to extend the term of its existing AEUB Removal Permit or obtain a new AEUB Removal Permit(s) to allow deliveries hereunder through October 31, 2014.
- (c) Seller represents and warrants, for the benefit of Buyer and the Collateral Agent the following: (1) this Contract is in full force and effect and there are no amendments, modifications or supplements thereto or any substitute therefor; (2) Seller has not assigned, transferred, pledged or hypothecated this Contract or any interest therein; (3) Seller has no knowledge of any default by Buyer under this Contract; (4) none of Buyer's rights under this Contract have been waived; and (5) the assignment of this Contract to the Collateral Agent as security and the consent to such assignment will not cause or constitute a default under this Contract or an event or condition which would lead to a default under this Contract."
- (c) Section 14.8 is amended by adding at the end of the section the following: "Seller acknowledges and agrees that (a) Buyer is a limited partnership; (b) Seller shall have no recourse against any partner(s) in Buyer with respect to the obligations of Buyer and its sole recourse shall be against the limited partnership assets, irrespective of any failure to comply with applicable law or any provisions of this Contract, (c) no claim shall be made against any partner(s) in Buyer in connection with the obligations of Buyer under this Contract, (d) Seller shall have no right to any claim in respect of Buyer not yet due and owing except as specifically provided for in this Contract, and (e) this representation is made expressly for the benefit of the partner(s) in Buyer."
- (d) In Section 14.10, add the word "affiliates" after the word "employees" in the 3rd line, delete the word "or" before "(iv)" in the 6th line and add the following words after the words published index" in the 7th line: "or, (v) as may be required in submissions to regulatory agencies"
- (e) Delete Section 14.11 and replace it with the following: "14.11 Any controversy or claim arising out of or relating to the Contract shall be determined by arbitration in accordance with the then current National Arbitration Rules of the ADR Institute of Canada, Inc. The place of arbitration shall be Toronto, Ontario, or another location

mutually agreed by the parties and the language of the arbitration shall be English. [The parties also agree that the United Nations Convention on Contracts for the International Sale of Goods is hereby excluded and will not apply to the Contract.]

Amendments to Canadian Addendum

1. Section 2. Definitions

(a) In Section 2.4, delete the definition of "Business Day" and replace it with the following definition:

"Business Day" shall mean any day except Saturday, Sunday, or a statutory or banking holiday observed in either party's jurisdiction for its principal place of business. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time for the relevant party's principal place of business. The relevant party, in each instance unless otherwise specified, shall be the party to whom the notice, payment or delivery is being sent and by whom the notice or payment or delivery is to be received."

2. Section 6. Taxes

(a) In Section 6.2, in the first sentence, after the words "goods and services tax ("GST")", add the words "or any combined or harmonized federal and provincial goods and services tax or sales tax ("HST")", and after the words "pursuant to the ETA", add the words "or any provincial sales tax legislation".

(b) In Section 6.2, in each of the fourth, fifth, sixth and seventh lines, after the word "GST", add the words "or HST".

(c) In the first line of Sections 6.3.1, 6.3.2, 6.3.3, in the third line of Section 6.3.3 and in the second line of Section 6.4, after the word "GST", add the words "or HST".

END OF SPECIAL PROVISIONS

Attachment 3 - Notices and Payment Information

Imperial Oil Resources

Invoices:

Imperial Oil Resources
Attention: Gas Marketing Accounting
P.O. Box 2480, Station M
237-4th Avenue S.W.
Calgary, Alberta
Canada T2P 3M9
Phone: (403) 237-3814
Fax: (403) 232-5870

Invoices:

Selkirk Cogen Partners, L.P.
Attention: Accounting Manager
24 Power Park Drive
Selkirk, NY 12158
Phone: (518) 475-5773 x 143
Fax: (518) 475-5199

Notices/Transaction

Confirmations/Correspondence:

Imperial Oil Resources
Attn: Natural Gas Marketing Manager, 237-4th
Avenue S.W.
Calgary, Alberta
Canada T2P 0H6
Phone: (403) 237-3994
Fax: (403) 232-5870

Notices/Transaction

Confirmations/Correspondence:

Selkirk Cogen Partners, L.P.
Attention: General Manager (Notices &
Correspondence)
Site Business Analyst (Transactions &
Confirmations)
24 Power Park Drive
Selkirk, NY 12159
Phone: (518) 475-5773 x 102
Fax: (518) 475-5199

Payments/Wire Transfer/ACH:

Destination Bank (IBK):

CHASUS33
Chase Manhattan Bank
New York, New York
BA 021000021

Pay to Bank (BBK):

ROYCCAT2
Royal Bank of Canada
255 5th Avenue S.W.
Calgary, Alberta
UID 055253

Beneficiary (BNF):

/023194084430 (US Funds)
/023190000489 (CDN Funds)

Gas Control:

Gas Control
Phone: (403) 237-3897 or (403) 860-1939
Fax: (403) 232-5870

Payments/Wire Transfer/ACH:

Bankers Trust Company
ABA: 021-001-033
ACCT: 01-419-647
Other Details: Project Revenue Fund #12103

Gas Control:

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

DEC 29 2005

10:00 AM

SELKIRK COGEN PARTNERS, L.P.)
_____)

FE DOCKET NO. 05-48-NG

ORDER GRANTING LONG-TERM AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 2163

revised

DECEMBER 28, 2005