Re: Application of Puget Sound Energy, Inc., for Long-Term Authorization to Import and Export Natural Gas from and to Canada

FE Docket No. CE-97-A

To Whom It May Concern:

Pursuant to Section 3 of the Natural Gas Act of 1938 (15 U.S.C. § 717b), DOE Delegation Order Nos. 0304-11 and 2404-127, and the Regulations of the Department of Energy set forth in 10 C.F.R. Part 390, Puget Sound Energy, Inc. ("PSE") hereby submits for filing an original and fifteen (15) copies of its Amended Application for Long Term Authorization to Import and Export Natural Gas from and to Canada, in connection with this submittal, also enclosed is a check in the amount of $50.00.

Based upon the foregoing, I am of the opinion that the Application of PSE for Authorization to Import Natural Gas from and to Canada is legal, proper and within the corporate powers and authority of PSE.

Respectfully submitted,

Robert E. Neate
Assistant General Counsel
Puget Sound Energy, Inc.

cc: Mr. Wayne R. Gould (w/encl.)

RENS/sm
In support of this request, PSE shows the following:

are requested under PSE's existing blanket Authorization FE 04-03-NG. On February 1, 2006, and ending on October 31, 2008, currently, these Canadian gas supplies a combined total of up to 20,000 MMBtu per day from beginning and Export Natural Gas to and from Canada. PSE requests authorization to import and export a combined total of up to 20,000 MMBtu units of natural gas per day from beginning

Pursuant to Section 3 of the Natural Gas Act of 1938 (15 U.S.C. §717d), DOE

In the Matter of

Office of Fossil Energy
Department of Energy

Before the

United States of America

PUGET SOUND ENERGY, INC.

Application for Long-Term Authorization to Import Natural Gas from Canada in FE 05-107-X-NG

Docket No. 05-107-X-NG was granted on January 30, 2004.

PUGET SOUND ENERGY, INC.

Application for Blanket Authorization to Import Natural Gas from Canada in FE 04-03-NG.
import and export natural gas from
for long-term authorization to
application of Puget Sound Energy Inc.

has exported short-term supplies of natural gas since 2002. PsE desires to continue the
interruptible short-term supplies of Canadian gas at the U.S.-Canadian border since 1991 and
No. 40-03-NG (and previous Blanket authorizations). PsE has purchased and imported
utilize the Blanket Authorization issued in order No. 1936, issued in FE Docket

Authorization requested

III

from storage service from Northwest.
Northwest Pipeline Corporation ("Northwest"), PsE also receives significant quantities of
customers. PbE transports firm supply natural gas for distribution operations on
electric service to approximately 1 million electric customers and 67,200 natural gas
the Puget Sound region of western Washington. As of December 31, 2004, PsE provided
transmitting electric and natural gas service within a 6,000 square mile territory, principally in
Washington and is a subsidiary of Puget Energy Inc. PsE is a public service company
Energy, Inc., "PsE" is a corporation organized and existing under the laws of the State of
The exact legal name of the applicant is Puget Sound Energy Inc. Puget Sound

Background

II

Telephone: (425) 462-3429
Bellevue, WA 98004-9734
P.O. Box 97034
Director Natural Gas Resources
Attn: Wayne R. Gould
Puget Sound Energy, Inc.

Telephone: (425) 456-2444
Bellevue, WA 98004-9734
P.O. Box 97034
Assistant General Counsel
Attn: Robert E. Neale
Puget Sound Energy, Inc.

Communications in regard to this application are to be addressed at
The name, titles and mailing addresses of the persons to whom correspondence and

General

I
AND TO CANADA - 3
IMPORT AND EXPORT NATURAL GAS FOR LONG-TERM AUTHORIZATION TO
APPLICATION OF PROJECT SOUND ENERGY, INC.

The Energy Policy Act provides that the importation and exportation of natural gas within the public interest, and that applications for such importation and exportation shall be from or to a nation with which there is in effect a free trade agreement shall be deemed to be

PUBLIC INTEREST

Yet arrangements approved by DOE,

or U.S. purchasers. The subject application is similar to other blanket import and export
its own account as well as for the account of Canadian or U.S. suppliers and its Canadian
intends to use its long-term authorization to purchase and import and sell and export gas for
activities beyond its existing distribution territories. Therefore, if the opportunity exists, PSF
activities beyond its existing distribution territories. Accordingly, PSF can engage in natural gas marketing
in an open, competitive environment. Accordingly, PSF can engage in natural gas marketing
create a nationalistic natural gas market, composed of many suppliers and purchasers operating

The Commission's policies and directives in restructuring the natural gas industry

The gas to PSF or, for its account, to others, will be required to receive the gas at the point of delivery and deliver the gas to the pipeline or PSF's market, no new
utilize existing pipeline capacity to receive the gas at the point of importation to deliver the
competitive market prices. Any imports and exports under the required authorization will
export transaction will be established in the contract and/or determined by prevailing
following the approval issued by the Department of Energy. The price for each import and
PSF will report purchases and sales under this contract effective the first of the month
this contract as part of its blanket authorizations.

opportunities to meet its business needs. Historically, PSF has reported its transactions under
authorized to export natural gas to Canada because of enhanced storage and market

AND TO CANADA -

IMPORT AND EXPORT NATURAL GAS FROM FOR LONG-TERM AUTHORIZATION TO
APPLICATION OF PuGET SOUND ENERGY, INC.

per day of natural gas from and to Canada, and

2. That PSE be authorized to import a total quantity of 20,000 MMBTU units

inconsistent with the public interest.

Natural gas from and to Canada pursuant to Section 2 of the Natural Gas Act is not
issuance of a Long-Term Authorization as requested in this Application to import and Export

that the Assistant Secretary of Fossil Energy of his delegate and that the

respectfully requests:

WHEREFORE, in consideration of the foregoing premises, Puget Sound Energy, Inc.

extension of Authorization requested in this Application

PSE agrees to the quarterly reports of its import and export activities pursuant to the

REPORTING REQUIREMENTS

VI

Impact Statement or Environmental assessment is not required.

National Environmental Policy Act, 42 U.S.C. § 4371, et seq. Therefore, an environmental

action significantly affecting the quality of the human environment within the meaning of the

and exportation of natural gas. Consequently, granting this Application will not be a federal

No new facilities will be constructed in the United States for the proposed importation

ENVIRONMENTAL IMPACT

V

Free trade agreement, PSE submits that the Application is within the public interest.

exportation of natural gas from and to Canada, a nation with which the United States has a

granted without modification or delay. Because PSE's application is for the importation and

3. That such other and further authority be granted to Puget Sound Energy, Inc.
as may be necessary to authorize importation and exportation of natural gas from and to
Canada as proposed in this application.

DATED: November 7, 2005.

Respectfully submitted,

By

Robert E. Neate
Assistant General Counsel
Puget Sound Energy, Inc.
P.O. Box 97034
Bellevue, WA 98009-9734

APPLICATION OF PUGET SOUND ENERGY, INC.
FOR LONG-TERM AUTHORIZATION TO
IMPORT AND EXPORT NATURAL GAS FROM
AND TO CANADA - 5
3. That such other and further authority be granted to Puget Sound Energy, Inc. as may be necessary to authorize importation and exportation of natural gas from and to
Canada as proposed in this application.

DATED: November 7, 2005.

Respectfully submitted,

By

Robert F. Neate
Assistant General Counsel
Puget Sound Energy, Inc.
P.O. Box 97034
Bellevue, WA 98009-9734

APPLICATION OF PUGET SOUND ENERGY, INC.
FOR LONG-TERM AUTHORIZATION TO IMPORT AND EXPORT NATURAL GAS FROM
AND TO CANADA - 5
My commission expires: 7-5-05
Residing at: " "
Notary Public in and for the State of Washington
Print Name: Michele D. Bugnay

Sworn and sworn to before me this 7th day of November, 2005.

S. E. Neal

The same with the Department of Energy

the best of his information, knowledge and belief that he is authorized to execute and the
concerns thereof that all the statements and matters contained therein are true and correct to
Authority to Import and Export Natural Gas from and to Canada and is familiar with the
Commission of Public Power Energy, Inc.; that he has read the foregoing Application for
Robert E. Neal, being first sworn, deposes and says that he is Assistant General

COUNTY OF KING

s

STATE OF WASHINGTON

VERIFICATION
The Transaction Confirmation is subject to the most recent Master Purchase and Sale Agreement entered into between the Buyer and Seller. The terms of the Transaction Confirmation are binding unless disputed in writing within 2 business days of receipt.

<table>
<thead>
<tr>
<th>Legal Entity</th>
<th>Address</th>
<th>Phone</th>
<th>Fax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anadarko Energy, Inc.</td>
<td>414 10th Avenue NE, Suite 600, Calgary, Alberta, Canada</td>
<td>(403) 221-5655</td>
<td>(403) 221-5655</td>
</tr>
<tr>
<td>Attention: Trade Administration</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Memb Mark</td>
<td>$xxx</td>
<td>$xxx</td>
<td>$xxx</td>
<td>$xxx</td>
<td>$xxx</td>
<td>$xxx</td>
</tr>
</tbody>
</table>

---

<table>
<thead>
<tr>
<th>Price</th>
<th>Price Index</th>
<th>Units</th>
<th>MMBtu</th>
</tr>
</thead>
<tbody>
<tr>
<td>$xxx</td>
<td>$xxx</td>
<td>xxx</td>
<td>xxx</td>
</tr>
</tbody>
</table>

---

Signed by: [Signature]
Date: [12/18/03]
PUGET SOUND ENERGY, Inc.

and

Anadarko Canada Corporation

between

Master Purchase and Sales Agreement
Contents

ARTICLE 1. DEFINITIONS

1.1

ARTICLE 2. TERMS

2.1

ARTICLE 3. REPRESENTATIONS AND WARRANTIES

3.1

ARTICLE 4. SCOPE OF AGREEMENT

4.1

ARTICLE 5. TRANSACTIONAL LENDER PROCEDURE

5.1

ARTICLE 6. QUANTITY OBLIGATIONS

6.1

ARTICLE 7. OPERATIONS AND DELIVERY

7.1

TRANSACTIONS

8.1

ARTICLE 8. SCOPE OF AGREEMENT

9.1

ARTICLE 9. FINANCIAL INFORMATION

10.1

ARTICLE 10. REGULATORY MATTERS

11.1

ARTICLE 11. WAIVER

12.1

ARTICLE 12. REPRESENTATIONS

13.1

ARTICLE 13. SCOPE OF AGREEMENT

14.1

ARTICLE 14. TRANSACTIONAL LENDER PROCEDURE

15.1

ARTICLE 15. QUANTITY OBLIGATIONS

16.1

ARTICLE 16. OPERATIONS AND DELIVERY
<table>
<thead>
<tr>
<th>ARTICLE 14.</th>
<th>TAXES</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.1</td>
<td>Allocation of Indemnity for Taxes</td>
</tr>
<tr>
<td>14.2</td>
<td>New Taxes</td>
</tr>
<tr>
<td>14.3</td>
<td>Cooperation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ARTICLE 15.</th>
<th>TRANSPORTATION AND BALANCING</th>
</tr>
</thead>
<tbody>
<tr>
<td>15.1</td>
<td>Correction of Imbalance</td>
</tr>
<tr>
<td>15.2</td>
<td>Penalties or Cashouts</td>
</tr>
<tr>
<td>15.3</td>
<td>Taking Transportation Capacity</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ARTICLE 16.</th>
<th>MISCELLANEOUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>16.1</td>
<td>Limitation of Liability and Damages</td>
</tr>
<tr>
<td>16.2</td>
<td>Winding Up Arrangements</td>
</tr>
<tr>
<td>16.3</td>
<td>Effect of Waiver or Consent</td>
</tr>
<tr>
<td>16.4</td>
<td>Applicable Law</td>
</tr>
<tr>
<td>16.5</td>
<td>No Implied Warranties</td>
</tr>
<tr>
<td>16.6</td>
<td>Merged Document</td>
</tr>
<tr>
<td>16.7</td>
<td>Exclusion of Third Party Rights</td>
</tr>
<tr>
<td>16.8</td>
<td>Severability</td>
</tr>
<tr>
<td>16.9</td>
<td>Healing and Exhibits</td>
</tr>
<tr>
<td>16.10</td>
<td>Audit Rights</td>
</tr>
<tr>
<td>16.11</td>
<td>Preparation</td>
</tr>
<tr>
<td>16.12</td>
<td>Counterparts</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ARTICLE 17.</th>
<th>ALTERNATE DISPUTE RESOLUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>17.1</td>
<td>Mediation</td>
</tr>
</tbody>
</table>
be purchased or sold at the price set forth in the Confirmation Letter for such Transaction.

"Daily Contract Quantity" means, with respect to any Transaction, the daily quantity of Gas to
be purchased or sold at the price set forth in the Confirmation Letter for such Transaction.

"Confidentiality Letter" has the meaning set forth in Section 5.1.

"Customer" means the buy of Gas for the purchase or sale of Gas at the price set forth in Section 6.1.

"Customer's Drawdown Quantity" has the meaning set forth in Section 6.2.

"Delivery Period" means the term of the Agreement that is applicable to purchase Gas during
the applicable Period of Delivery.

"Default Day" means any day which both of the Parties agree as a Working Day.

"Default Rate" means the rate of interest to be applied to any payment or performance made
in accordance with this Agreement.

"Default Rate" means the rate of interest to be applied to any payment or performance made
in accordance with this Agreement.

"Effective Party" means the meaning set forth in Section 10.3.

"Effective Party" means the meaning set forth in Section 10.3.

"Effective Party" means the meaning set forth in Section 10.3.

"Effective Party" means the meaning set forth in Section 10.3.

"Effective Party" means the meaning set forth in Section 10.3.

"Effective Party" means the meaning set forth in Section 10.3.

I.1. Article 1: Definitions

The Parties agree as follows:

"Agreement" means (i) all of the agreements, contracts, leases, licenses, and agreements
that are referred to in this Agreement and any and all agreements, contracts, leases, licenses,
and agreements that have been or shall be made or entered into in connection with or pursuant
to the Agreement.

"Agreement" means (i) all of the agreements, contracts, leases, licenses, and agreements
that are referred to in this Agreement and any and all agreements, contracts, leases, licenses,
and agreements that have been or shall be made or entered into in connection with or pursuant
to the Agreement.

"Agreement" means (i) all of the agreements, contracts, leases, licenses, and agreements
that are referred to in this Agreement and any and all agreements, contracts, leases, licenses,
and agreements that have been or shall be made or entered into in connection with or pursuant
to the Agreement.

"Agreement" means (i) all of the agreements, contracts, leases, licenses, and agreements
that are referred to in this Agreement and any and all agreements, contracts, leases, licenses,
and agreements that have been or shall be made or entered into in connection with or pursuant
to the Agreement.

"Agreement" means (i) all of the agreements, contracts, leases, licenses, and agreements
that are referred to in this Agreement and any and all agreements, contracts, leases, licenses,
and agreements that have been or shall be made or entered into in connection with or pursuant
to the Agreement.

"Agreement" means (i) all of the agreements, contracts, leases, licenses, and agreements
that are referred to in this Agreement and any and all agreements, contracts, leases, licenses,
and agreements that have been or shall be made or entered into in connection with or pursuant
to the Agreement.

"Agreement" means (i) all of the agreements, contracts, leases, licenses, and agreements
that are referred to in this Agreement and any and all agreements, contracts, leases, licenses,
and agreements that have been or shall be made or entered into in connection with or pursuant
to the Agreement.

"Agreement" means (i) all of the agreements, contracts, leases, licenses, and agreements
that are referred to in this Agreement and any and all agreements, contracts, leases, licenses,
and agreements that have been or shall be made or entered into in connection with or pursuant
to the Agreement.

"Agreement" means (i) all of the agreements, contracts, leases, licenses, and agreements
that are referred to in this Agreement and any and all agreements, contracts, leases, licenses,
and agreements that have been or shall be made or entered into in connection with or pursuant
to the Agreement.

"Agreement" means (i) all of the agreements, contracts, leases, licenses, and agreements
that are referred to in this Agreement and any and all agreements, contracts, leases, licenses,
and agreements that have been or shall be made or entered into in connection with or pursuant
to the Agreement.

"Agreement" means (i) all of the agreements, contracts, leases, licenses, and agreements
that are referred to in this Agreement and any and all agreements, contracts, leases, licenses,
and agreements that have been or shall be made or entered into in connection with or pursuant
to the Agreement.

"Agreement" means (i) all of the agreements, contracts, leases, licenses, and agreements
that are referred to in this Agreement and any and all agreements, contracts, leases, licenses,
and agreements that have been or shall be made or entered into in connection with or pursuant
to the Agreement.

"Agreement" means (i) all of the agreements, contracts, leases, licenses, and agreements
that are referred to in this Agreement and any and all agreements, contracts, leases, licenses,
and agreements that have been or shall be made or entered into in connection with or pursuant
to the Agreement.

"Agreement" means (i) all of the agreements, contracts, leases, licenses, and agreements
that are referred to in this Agreement and any and all agreements, contracts, leases, licenses,
and agreements that have been or shall be made or entered into in connection with or pursuant
to the Agreement.

"Agreement" means (i) all of the agreements, contracts, leases, licenses, and agreements
that are referred to in this Agreement and any and all agreements, contracts, leases, licenses,
and agreements that have been or shall be made or entered into in connection with or pursuant
to the Agreement.

"Agreement" means (i) all of the agreements, contracts, leases, licenses, and agreements
that are referred to in this Agreement and any and all agreements, contracts, leases, licenses,
and agreements that have been or shall be made or entered into in connection with or pursuant
to the Agreement.

"Agreement" means (i) all of the agreements, contracts, leases, licenses, and agreements
that are referred to in this Agreement and any and all agreements, contracts, leases, licenses,
and agreements that have been or shall be made or entered into in connection with or pursuant
to the Agreement.

"Agreement" means (i) all of the agreements, contracts, leases, licenses, and agreements
that are referred to in this Agreement and any and all agreements, contracts, leases, licenses,
and agreements that have been or shall be made or entered into in connection with or pursuant
to the Agreement.

"Agreement" means (i) all of the agreements, contracts, leases, licenses, and agreements
that are referred to in this Agreement and any and all agreements, contracts, leases, licenses,
and agreements that have been or shall be made or entered into in connection with or pursuant
to the Agreement.

"Agreement" means (i) all of the agreements, contracts, leases, licenses, and agreements
that are referred to in this Agreement and any and all agreements, contracts, leases, licenses,
and agreements that have been or shall be made or entered into in connection with or pursuant
to the Agreement.

"Agreement" means (i) all of the agreements, contracts, leases, licenses, and agreements
that are referred to in this Agreement and any and all agreements, contracts, leases, licenses,
Material Adverse Change means (a) with respect to PF, that PF shall have long-term debt and (b) with respect to the Party, any event, condition or change that, individually or in the aggregate, has or would reasonably be expected to have a material adverse effect on the business, results of operations, financial condition, properties or assets of such Party or any subsidiary of such Party.

Transaction means the closing of the sale and purchase contract, which may consist of one or more closings.

Contract means a portion of twenty-four (24) consecutive hours beginning at 7:00 a.m. Pacific Time on any scheduled day and ending at 7:00 a.m. Pacific Time on the following scheduled day.

Confirmation Letter for each Transaction means (a) the letter of confirmation, each of the parties is executed and delivered by each of the parties.

Effective Date means the date of this Agreement is executed and delivered by each of the Parties.

Failure to Deliver means the failure to and/or any condition that may, individually or in the aggregate, has or would reasonably be expected to have a material adverse effect on the business, results of operations, financial condition, properties or assets of such Party or any subsidiary of such Party.

Pennex Transfer means the publication of the following daily by Pennex Publications, Inc. or any successor publication:

Successor Publication means any publication, any successor to the Pennsylvania Daily Peace.

“TEN” means ten and other general accounting principles.

Balance Sheet Date means the balance sheet of the United States of America as of December 31.

“SAV” means generally accepted accounting principles.

“Effective Date” means the date on which this Agreement is executed and delivered by each of the Parties.

“Failure to Deliver” means the failure to and/or any condition that may, individually or in the aggregate, has or would reasonably be expected to have a material adverse effect on the business, results of operations, financial condition, properties or assets of such Party or any subsidiary of such Party.

“Territory” means the geographic area in the United States of America as of December 31.

“Balance Sheet Date” means the balance sheet of the United States of America as of December 31.

“TEN” means ten and other general accounting principles.

“Confirmation Letter for each Transaction” means (a) the letter of confirmation, each of the parties is executed and delivered by each of the Parties.

“Confirmation Letter for each Transaction” means (a) the letter of confirmation, each of the parties is executed and delivered by each of the Parties.
"MMQ" means the minimum quantity of Gas (if any) that Seller is required to make available per Day as set forth in the Confirmation Letter for such Transaction.

"Maximum Daily Delivery Point Quantity" or "MDDQ" has the meaning set forth in Section 7.5.

"MMBtu" means one million Btu.

"New York Mercantile Exchange and any successor thereto.

"New York Mercantile Exchange" or "NYMEX" means the New York Mercantile Exchange.

"Non-notify Party" means the party not the Party under the Confirmation Letter for such Transaction.

"Notification Party" has the meaning set forth in Section 10.1.

"NYMEX Contract" means, with respect to any Month, the NYMEX natural gas futures contract for such Month.

"NYMEX Natural Gas futures contract for such Month."
MASTER PURCHASE AND SALE AGREEMENT

Transaction " means any transaction for the purpose of sale of any or all of the property; occupation, severance, production, gross production, and all other matters as stipulated in the agreement. In addition, the parties agree that this agreement is subject to the terms and conditions contained herein. Transact means to come into being, to enter into any transaction; to bargain, to contract, to deal, to engage, or to agree, or to do any business, whether for goods, services, or otherwise. Transact means any transaction for the purpose of sale of any or all of the property; occupation, severance, production, gross production, and all other matters as stipulated in the agreement. In addition, the parties agree that this agreement is subject to the terms and conditions contained herein. Transact means to come into being, to enter into any transaction; to bargain, to contract, to deal, to engage, or to agree, or to do any business, whether for goods, services, or otherwise. Transact means any transaction for the purpose of sale of any or all of the property; occupation, severance, production, gross production, and all other matters as stipulated in the agreement. In addition, the parties agree that this agreement is subject to the terms and conditions contained herein. Transact means to come into being, to enter into any transaction; to bargain, to contract, to deal, to engage, or to agree, or to do any business, whether for goods, services, or otherwise. Transact means any transaction for the purpose of sale of any or all of the property; occupation, severance, production, gross production, and all other matters as stipulated in the agreement. In addition, the parties agree that this agreement is subject to the terms and conditions contained herein. Transact means to come into being, to enter into any transaction; to bargain, to contract, to deal, to engage, or to agree, or to do any business, whether for goods, services, or otherwise. Transact means any transaction for the purpose of sale of any or all of the property; occupation, severance, production, gross production, and all other matters as stipulated in the agreement. In addition, the parties agree that this agreement is subject to the terms and conditions contained herein. Transact means to come into being, to enter into any transaction; to bargain, to contract, to deal, to engage, or to agree, or to do any business, whether for goods, services, or otherwise. Transact means any transaction for the purpose of sale of any or all of the property; occupation, severance, production, gross production, and all other matters as stipulated in the agreement. In addition, the parties agree that this agreement is subject to the terms and conditions contained herein. Transact means to come into being, to enter into any transaction; to bargain, to contract, to deal, to engage, or to agree, or to do any business, whether for goods, services, or otherwise. Transact means any transaction for the purpose of sale of any or all of the property; occupation, severance, production, gross production, and all other matters as stipulated in the agreement. In addition, the parties agree that this agreement is subject to the terms and conditions contained herein. Transact means to come into being, to enter into any transaction; to bargain, to contract, to deal, to engage, or to agree, or to do any business, whether for goods, services, or otherwise. Transact means any transaction for the purpose of sale of any or all of the property; occupation, severance, production, gross production, and all other matters as stipulated in the agreement. In addition, the parties agree that this agreement is subject to the terms and conditions contained herein. Transact means to come into being, to enter into any transaction; to bargain, to contract, to deal, to engage, or to agree, or to do any business, whether for goods, services, or otherwise. Transact means any transaction for the purpose of sale of any or all of the property; occupation, severance, production, gross production, and all other matters as stipulated in the agreement. In addition, the parties agree that this agreement is subject to the terms and conditions contained herein. Transact means to come into being, to enter into any transaction; to bargain, to contract, to deal, to engage, or to agree, or to do any business, whether for goods, services, or otherwise. Transact means any transaction for the purpose of sale of any or all of the property; occupation, severance, production, gross production, and all other matters as stipulated in the agreement. In addition, the parties agree that this agreement is subject to the terms and conditions contained herein. Transact means to come into being, to enter into any transaction; to bargain, to contract, to deal, to engage, or to agree, or to do any business, whether for goods, services, or otherwise. Transact means any transaction for the purpose of sale of any or all of the property; occupation, severance, production, gross production, and all other matters as stipulated in the agreement. In addition, the parties agree that this agreement is subject to the terms and conditions contained herein. Transact means to come into being, to enter into any transaction; to bargain, to contract, to deal, to engage, or to agree, or to do any business, whether for goods, services, or otherwise. Transact means any transaction for the purpose of sale of any or all of the property; occupation, severance, production, gross production, and all other matters as stipulated in the agreement. In addition, the parties agree that this agreement is subject to the terms and conditions contained herein. Transact means to come into being, to enter into any transaction; to bargain, to contract, to deal, to engage, or to agree, or to do any business, whether for goods, services, or otherwise. Transact means any transaction for the purpose of sale of any or all of the property; occupation, severance, production, gross production, and all other matters as stipulated in the agreement. In addition, the parties agree that this agreement is subject to the terms and conditions contained herein. Transact means to come into being, to enter into any transaction; to bargain, to contract, to deal, to engage, or to agree, or to do any business, whether for goods, services, or otherwise. Transact means any transaction for the purpose of sale of any or all of the property; occupation, severance, production, gross production, and all other matters as stipulated in the agreement. In addition, the parties agree that this agreement is subject to the terms and conditions contained herein. Transact means to come into being, to enter into any transaction; to bargain, to contract, to deal, to engage, or to agree, or to do any business, whether for goods, services, or otherwise. Transact means any transaction for the purpose of sale of any or all of the property; occupation, severance, production, gross production, and all other matters as stipulated in the agreement. In addition, the parties agree that this agreement is subject to the terms and conditions contained herein. Transact means to come into being, to enter into any transaction; to bargain, to contract, to deal, to engage, or to agree, or to do any business, whether for goods, service...
3.1 Representations

ARTICLE 3. REPRESENTATIONS AND WARRANTIES

Provisions of Section 16.2 are incorporated by reference. Each Party, with respect to itself, hereby represents and warrants to the other Party that as of the Effective Date and at any time thereafter, the Agreement shall become effective on the Effective Date and shall, unless earlier terminated pursuant to this Agreement, remain in full force and effect for a term of five (5) years, following the Effective Date (the "Primary Term").
ARTICLE 5

TRANSACTIONS

Any such proposed Transaction denoted in such Confirmation Letter shall be subject to the terms of any Agreement entered into in respect of such proposed Transaction. Any such Agreement entered into in respect of any Transaction denoted in any such Confirmation Letter shall be subject to the terms of any Agreement entered into in respect of such proposed Transaction, unless such Agreement denoted in any such Confirmation Letter shall be subject to the terms of any Agreement entered into in respect of such proposed Transaction. Any such Agreement entered into in respect of any Transaction denoted in any such Confirmation Letter shall be subject to the terms of any Agreement entered into in respect of such proposed Transaction, unless such Agreement denoted in any such Confirmation Letter shall be subject to the terms of any Agreement entered into in respect of such proposed Transaction.

ARTICLE 4

SCOPE OF AGREEMENT

S.1 Confirmation Letter Procedure

ARTICLE 3

FINANCIAL INFORMATION

S.4 Regulatory Matters

3.3

In the ordinary course of the business of Lender as Principal, Processor, Purchaser or Consumer, the confirmation information, reports of Appraiser, and PSW warranties contained in this agreement, is subject to Section 10.5 of the agreement and all provisions of the agreement are subject to Section 10.5 of the agreement.
ARTICLE 6

QUANTITY OBLIGATIONS

In the case of any other applicable definitions and provisions contained in this Master Purchase and Sales Agreement, where the transaction is based upon DCG Quantity Obligations, the following provisions shall apply:

1. If a Party is deemed to have signed and returned the Communication Letter to Seller, the transaction is deemed to have been entered into as of the date of such return.

2. Any other definitions and provisions contained in the Agreement shall apply to the transaction as if such provisions were added to the Agreement.

3. Any other applicable definitions and provisions contained in this Agreement shall apply to the transaction as if such provisions were added to the Agreement.

4. Any other applicable definitions and provisions contained in this Agreement shall apply to the transaction as if such provisions were added to the Agreement.
Accept to the extent that Buyer's obligation to Schedule is exceeded or reduced by another provision of this

6.7 Buyer's Failure to Schedule

Under this Agreement shall respect any such reduction.

6.6 Quantity Reduction/Buyer

the delivery point(s) on the basis of the amount of Gas delivered to the Point(s).

6.5 Buyer's Purchase Obligation

From the date of Overpayment

subject to the terms and conditions of this Agreement. Buyer shall dedicate all in gas at the earliest

Sections 3.2 and 6.6, Buyer's obligations under this Agreement are subject to the terms and conditions of this Agreement.

6.4 Seller's Payment

These agreements are subject to the terms and conditions of Section 6.6, Buyer's obligations under this Agreement are subject to the terms and conditions of this Agreement.
ARTICLE 7

OPERATIONS AND DELIVERY

7.2

Transportation

The Seller shall, at its own risk and expense, transport the Goods to the Buyer’s place of business and load the Goods onto the Buyer’s transportation facilities at the Seller’s expense. The Goods shall be delivered to the Buyer at the Buyer’s place of business. The Buyer shall notify the Seller of the date of delivery and the place of delivery at least 10 days in advance. The Seller shall be responsible for the Goods from the time they are delivered to the Buyer’s transportation facilities until they are stored at the Buyer’s place of business.

Alternate Spot Price Index

The Alternate Spot Price Index shall be determined by subtracting the difference between the minimum and maximum spot prices for each month from the prevailing spot price, multiplied by the fraction of the month in question.

Payment

6.8

The Buyer’s Payment Order shall be submitted to the Seller in accordance with Section 5.7. The Buyer shall ensure that the Payment Order is transmitted to the Seller in a timely manner, and the Seller shall be responsible for delivering the Goods in accordance with the Payment Order.
ARTICLE 6. TITLES, POSSESSION AND TITLE

7.5 Multiple Delivery Point Utilization

Including but not limited to, embracing multiple delivery points, the written agreement shall make the requirements of Delivery Points.

7.4 Gas Quality, Temperature and Pressure

is Schedule Request's Pressure to Seller's Pressure number in each case as set forth in Exhibit A.

ARTICLE 9. INVOICE, CHARGES, BILLING AND PAYMENT

8.2 Risk of Loss

Defective Product. The Defective Product is defined as any component or part or product that fails to meet the specifications and/or does not perform as intended or is defective in any manner.

ARTICLE 8. POSSESSION AND TITLE

7.5 Multiple Delivery Point Utilization

Including but not limited to, embracing multiple delivery points, the written agreement shall make the requirements of Delivery Points.

7.4 Gas Quality, Temperature and Pressure

is Schedule Request's Pressure to Seller's Pressure number in each case as set forth in Exhibit A.

ARTICLE 9. INVOICE, CHARGES, BILLING AND PAYMENT

8.2 Risk of Loss

Defective Product. The Defective Product is defined as any component or part or product that fails to meet the specifications and/or does not perform as intended or is defective in any manner.
ARTICLE 10. DEFAULTS AND REMEDIES

10.1 Early Termination

Address provided for the collection of past due billed statements of invoice in Appendix A. Such billing statement and invoice provided under this Agreement shall be sent to the original billing address for such final payment to be made. Each of the parties under this Agreement shall be made without otherwise immediately agreed by the parties.

Billed Payment Address

9.5

accord to the Interest Rate from the date of overpayment. The cost of overpayment interest shall be added to the original balance. Any accrued interest from the date of the last payment to the date of the settlement resulting in the final payment due. Interest shall be calculated on the amount of each installment. Interest on the installment due after the settlement date shall be calculated on the amount due. Interest on the installment due before the settlement date shall be calculated on the amount due. Interest on the installment due after the settlement date shall be calculated on the amount due. Interest on the installment due before the settlement date shall be calculated on the amount due.

Suspension of Performance

9.4

amounts not paid when due and otherwise required under this Agreement shall be deemed to be past due. Any default under the terms of this Agreement shall be deemed to be a material breach. All rights and remedies under the terms of this Agreement shall be deemed to be immediately exercisable by the original party. The party shall have the right to take any action necessary to enforce the terms of this Agreement. Any failure to settle the account shall result in the termination of this Agreement.

Late Payment

9.3

Period

In the event the 30th (30th) day of each month, the due date for payment, payment shall be extended for an additional 15 days. Payments shall be due on the 15th (15th) day of each month thereafter. If payment is not received on the 15th (15th) day of each month, the original party shall have the right to take any action necessary to enforce the terms of this Agreement.

Payment Date

9.2

accordance with Article 15. In accordance with Article 15, the parties shall be deemed to have agreed to the terms of this Agreement. Any modification or amendment to this Agreement shall be deemed to have been agreed to in accordance with Article 15. In accordance with Article 15, the parties shall be deemed to have agreed to the terms of this Agreement.
If an Event of Default occurs as provided in this Agreement, the Non-Purchasing Party shall in good faith

10.2 Liquidated Damages

This Agreement, the Exhibits hereto, the negotiation and formulation thereof, the performance hereunder, and any breach thereof, and any other transaction related thereto, shall be governed by the laws of the State of New York, and the parties hereby consent to the exclusive jurisdiction of the courts of such state and waive any objection to venue therein. The Non-Purchasing Party acknowledges and agrees that good faith does not deprive it of any rights under this Agreement, and that any breach thereof shall be deemed to be a material breach of this Agreement.

10.3 Termination Event

The Non-Purchasing Party may terminate this Agreement immediately and in full, with or without cause, or for any reason, or without notice, effective as of the date of delivery of written notice of termination to the Non-Purchasing Party (the "Termination Date").
10.5

Regulatory Change

If or as a result of any other change occurring after the date hereof to any law (other than any law of New York), to the extent to which this Agreement (or any event, transaction or service performed under, or any term or condition of, any such Agreement) is not capable of being performed by any party to this Agreement, or any party to this Agreement (or any event, transaction or service performed under, or any term or condition of, any such Agreement) is not capable of being performed by any party to this Agreement, the rights and obligations of each governmental and regulatory authority having jurisdiction over this Agreement, the parties to each Agreement, the parties to this Agreement, and any other party, are hereby amended to reflect any such change occurring after the date hereof to any law (other than any law of New York).
FORCE MAJEURE

ARTICLE 13.

Suspension for Force Majeure

Pursue purchase and sales agreement

ARTICLE 12.

Transfer or Assignment

SUCCESSION AND ASSIGNMENT

Articles in the AEC

ARTICLE 11.

Notices

NOTICES
ARTICLE 14. TAXES

Section 14.1 Allocation of and Indemnity for Taxes

Disputes between such course is irrevocable with jurisdiction and damages that may arise out of or in connection with any accusation, exhibition, enforcement, or interpretation of any provision of the Agreement shall be finally settled by arbitration in accordance with the applicable laws of the place of arbitration. If the Disputes are referred to arbitration, each party hereby irrevocably submits to the exclusive jurisdiction of the courts of the place of arbitration for the enforcement of any award. The parties agree that any action or proceeding arising out of or relating to the Agreement shall be brought in the courts in the place of arbitration as defined in Section 14.2. The terms "Force Majeure" shall also include any Force Majeure as defined in Section 14.2.

Section 14.2 Third-Party Force Majeure

"Force Majeure" means any event or circumstance beyond the control of either party which prevents or hinders or delays performance of any obligation or performance of the Agreement.

Section 14.3 Meanings of Force Majeure

"Force Majeure" shall be understood to mean an event or circumstance beyond the control of either party, whether due to cause of God, strikes, lockouts, or other industrial disputes, differences, or accidents or acts of nature that could not have been avoided by the party affected by the Force Majeure event.

Section 14.4 Application of the Agreement

The provisions of the Agreement shall be interpreted to enable Seller to deliver or Buyer to receive, quantities of the Agreement. Any dispute between the Buyer, Seller, and any party related to the Agreement shall be referred to arbitration in accordance with the applicable laws of the place of arbitration.
Cooperation

Calculation of damages under this Agreement shall be subject to mediation as provided in Article 7.2, and the

Party having the loss, or legal right to the damages, shall be responsible for paying the damages under this Agreement. The Party shall be entitled to recovery of any damages sustained by them from the excluded Party.

The calculation of damages under this Agreement shall be subject to mediation as provided in Article 7.2, and the

Party having the loss, or legal right to the damages, shall be responsible for paying the damages under this Agreement. The Party shall be entitled to recovery of any damages sustained by them from the excluded Party.

Termination

In the event that both Parties agree to terminate this Agreement, the Parties shall do so in accordance with the provisions of this Agreement. If the Parties agree to terminate this Agreement, the non-terminated Party shall have the right to rescind the Agreement, and the terminated Party shall have the right to pursue all remedies available to it under this Agreement.

In the event that both Parties agree to terminate this Agreement, the Parties shall do so in accordance with the provisions of this Agreement. If the Parties agree to terminate this Agreement, the non-terminated Party shall have the right to rescind the Agreement, and the terminated Party shall have the right to pursue all remedies available to it under this Agreement.

New Taxes

In the event of any dispute relating to the calculation of damages under this Agreement, the Parties shall use reasonable efforts to mediate the dispute and implement the provisions in this Agreement. In the event of any dispute relating to the calculation of damages under this Agreement, the Parties shall use reasonable efforts to mediate the dispute and implement the provisions in this Agreement.
MATTER PURCHASE AND SALES AGREEMENT

Upon the day of termination of expiration of the Purchaser, Respective delivery and purchase obligations under this Agreement, for breach of any provision for which an express remedy of measure of damages is provided herein, such measure shall be the sole and exclusive remedy under this Agreement and the express remedies of damages shall be the sole and exclusive remedy under this Agreement.

ARTICLE 15. TRANSPORTATION AND BALANCING

In the event of any dispute by Seller to perform any of its obligations or delivery under this Agreement. Any correction of imbalance will be corrected or adjusted in every transaction in accordance with applicable transportation unit provisions except to the extent that the Purchaser is required to correct or adjust imbalances in any connection with applicable transportation charges hereunder. Any correction of imbalance will be corrected or adjusted in every transaction in accordance with applicable transportation unit provisions except to the extent that the Purchaser is required to correct or adjust imbalances in any connection with applicable transportation unit provisions.
**Exclusion of Third Party Rights**

The provisions of this Agreement shall not impart rights enforceable by any person (other than any Person) against any Person.

---

**Non-Implied Warranties**

**Washington, without regard to choice of law principles**

Applicable Law

No matter of consent by either Party, express or implied, or any other denial or objection to the effectiveness of any part of the provisions of this Agreement shall apply to or be construed as a waiver of any of the provisions of the Agreement, and any such provision shall be deemed to be effective and enforceable as of the date of execution in accordance with any applicable law.

Effect of Waiver or Consent

Objections under this section have been upheld.

The provisions of this Agreement shall remain in effect solely for the purpose of compliance with this section until the following circumstances occur:

1. The date of execution of and expiration of the previously provided notice of expiration, if any, or
2. The date on which the consent is not obtained.

The parties to this Agreement shall comply with any applicable law, so far as is reasonably possible, and in case hereafter any day (60) days past the day of such commencement or the occurrence of any event shall be declared and any terms due hereunder shall be deemed final, and any terms due hereunder shall be deemed final, and any terms due hereunder shall be deemed final.
Article 17. Alternative Dispute Resolution

This Agreement may be executed in several counterparts, each of which, when so executed and delivered, will be deemed to be an original, and all of which taken together shall constitute one and the same instrument.

Conterparts

16.12

Any modification, amendment or waiver of any provision of this Agreement shall be in writing and signed by both Parties.

Preparation

16.11

Seminars, training sessions, or any other educational or training program related to the operation of the Agreement shall be prepared by the Manufacturer and delivered to the Purchaser, or any other Person designated by them.

Other Rights

16.10

Any legal action or proceeding arising under or in connection with this Agreement shall be brought in the courts of the State of New York, and any Person who breaches this Agreement shall be liable for all costs and expenses incurred by the other Person, including reasonable attorneys' fees and costs of litigation.

Headings and Exhibits

16.9

The headings and subheadings herein are for convenience of reference only and shall not affect the interpretation of any provision of this Agreement.

Severability

16.8

No waiver by either party of any breach of any provision of this Agreement shall be deemed a waiver of any other or subsequent breach.

This Agreement is comprised of several Exhibits, annexed to and a part of this Agreement, all of which are hereby incorporated into this Agreement, and shall be deemed to be a part hereof.

In the event of any conflict between the provisions of this Agreement and the Exhibits, the provisions of this Agreement shall control.

This Agreement may be amended, supplemented, or modified by a written instrument signed by both parties.

In the event of any conflict between the provisions of this Agreement and the Exhibits, the provisions of this Agreement shall control.

This Agreement is comprised of several Exhibits, annexed to and a part of this Agreement, all of which are hereby incorporated into this Agreement, and shall be deemed to be a part hereof.
Master Purchase/Sale Agreement between Anadarko and PSE

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed in multiple counterparts on the 5th day of November, 2001.

By: ___________________________
   Title: _________________________
   Date: __________________________

ANADARKO CANADA CORPORATION

By: ___________________________
   Title: _________________________
   Date: __________________________

PUGET SOUND ENERGY, INC.

By: ___________________________
   Title: _________________________
   Date: __________________________

[Signature]

William A. Gaines
Vice President, Energy Supply

[Signature]

[Signature]
NOTICES TO PSE
OFFICE LOCATION:
Puget Sound Energy, Inc.
One Bellevue Center N.E., OBC-14E
Bellevue, WA 98004-5515

MAIL:
Puget Sound Energy, Inc.
P.O. Box 97034
Bellevue, WA 98009-9734

ATTN: Gas Trading
Fax: (425) 462-3836
Voice: (425) 462-3103

AFTER HOURS OREmergencies:
Operations Dispatch
Voice: (206) 024-5440

PAYMENTS BY WIRE TRANSFER:
Bank: Bank of America, N.A.
Account: 5111414
BNF: Puget Sound Energy, Inc.
OBI: Gas Sales

PAYMENTS BY CHECK:
Puget Sound Energy, Inc.
Energy Supply Department
P.O. Box 97034
Bellevue, WA 98009-9734

Please reference the invoice number on your check.

NOTICES TO Anadarko
OFFICE LOCATION:

ATTN: Gas Trading
Fax: Voice:

AFTER HOURS OR Emergencies:

PAYMENTS BY WIRE TRANSFER:
Bank: Account: BNF: OBI:

PAYMENTS BY CHECK:

NOTICES AND COMMUNICATIONS
EXHIBIT A
ADNARDO CANADA CORPORATION

PROJECT SOUNDFORM ENERGY, INC.

The transactions with respect to the sale of gas under the following terms and conditions of the proposed agreement reached on October 1, 2000, between PSE and Anadarko, and containing all the terms and provisions of such agreement, is subject to all the terms and provisions of such agreement.

This confirmation letter is provided pursuant to and in accordance with the Master Purchase and Sales Agreement between PSE and Anadarko.

OTHER CONDITIONS (if applicable):

SPOT PRICE INDEX (location):

CONTRACT PRICE:

PERIOD OF DELIVERY:

DELIVERY POINT(S) and ADDRESS:

VOLUME (if applicable):

LOAD FACTOR PERCENTAGE (if applicable):

MAXIMO (if applicable):

DAILY CONTRACT QUANTITY (PCG):

[Signature]

[Name]

[Title]

[Company]

[Address]

[City, State, Zip]

[Phone]

[Email]

VIA FACSIMILE:

---

CONFIRMATION LETTER
EXHIBIT B

[Master Purchase/Sales Agreement between Anadarko and PSE]