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
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.
Manager, Natural Gas Regulation  
July 5, 2005  
Page 3  

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

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\(^2\) 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;¹

(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 MMcfd (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;

¹ 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

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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

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\(^6\) 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;\(^\text{11}\)

(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”).\(^\text{12}\) 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;

\(^\text{11}\) 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).

\(^\text{12}\) 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. 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,

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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/day\textsuperscript{14} 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.\textsuperscript{15} On January 31, 1996, CFOL became the seller under that agreement ("CFOL Agreement").\textsuperscript{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

\textsuperscript{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.

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

\textsuperscript{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;\(^\text{17}\)

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 MMBtu (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;

c) 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; 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

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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.
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,

Kenneth M. Simon

Counsel to Selkirk Cogen Partners, L.P.

Enclosures
Attachment E

CFOL Base Contract
Base Contract for Sale and Purchase of Natural Gas

This Base Contract is entered into as of the following date: November 1, 2004. The parties to this Base Contract are the following:

Sellkirk Cogen Partners, LP

and Canadian Forest Oil Ltd.

44 Power Dr., Selkirk, NY 12158
Duns Number: 78-732-7881
Contract Number:
U.S. Federal Tax ID Number: 04-3126542

Canadian Forest Oil Ltd.

Attn: General Manager
Phone: 518-475-5773 x102
Fax: 518-475-5199

600, 800 - 6th Ave., Calgary, Alberta T2P 3G3
Duns Number: 
Contract Number:
U.S. Federal Tax ID Number: N/A

Notices:
Sellkirk Cogen Partners, LP
Attn: General Manager
Phone: 518-475-5773 x102
Fax: 518-475-5199

Canadian Forest Oil Ltd.
Attn: James Good, President
Phone: 403-292-8013
Fax: 403-261-7665

Confirmations:
Sellkirk Cogen Partners, LP
Attn: Site Business Analyst
Phone: 518-475-5773 x136
Fax: 518-475-5199

Canadian Forest Oil Ltd. c/o Forest Oil Corporation
Attn: Blaine Wofford, Vice President Oil & Gas Marketing
Phone: 303-812-1477
Fax: 303-812-1599

Invoices and Payments:
Sellkirk Cogen Partners, LP
Attn: Accounting Manager
24 Power Park Dr., Selkirk, NY 12158
Phone: 518-475-5773 x143
Fax: 518-475-5199

Canadian Forest Oil Ltd.
Attn: James Good, President
600, 800 - 6th Ave., Calgary, Alberta T2P 3G3
Phone: 403-292-8013
Fax: 403-261-7665

Section 1.2

Section 2.5

Section 2.6

Section 3.2

Section 5.2

Section 6

Section 7.2

Section 7.2 Payment Date

Section 7.2 Method of Payment

Section 7.7 Netting

Section 10.3.1 Early Termination Damages

Section 10.3.2 Other Agreement Setoffs

Section 14.5 Choice Of Law

Section 14.10 Confidentiality

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

Party Name - Sellkirk Cogen Partner, LP

By /s/ F. JOSEPH FEYDER
Name: F. Joseph Feyder
Title: Vice President

Addendum(s): Canadian Addendum

Party Name - Canadian Forest Oil Ltd.

By /s/ JAMES R. GOOD
Name: James R. Good

Title: President

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All Rights Reserved
April 19, 2002
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 purchase and sale transaction may be effecuated 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's signature on the confirm cover sheet, or the like, as its signature on any Transaction Confirmation as the identification and authority of the party. Each Transaction Confirmation contains any provisions other than those relating to the commercial terms of the transaction (duration, quantity, performance obligation, delivery point, period of delivery and/or transportation or additional requirements and warranties), such provisions shall be deemed to be accepted pursuant to Section 1.3 provided that the foregoing shall not invalidate any transaction agreed to by the parties.

Written Transaction Procedure:

The parties will use the following Transaction Confirmation procedure. Should the parties come to an agreement regarding a purchase and sale transaction or a price, by the Limit Deadline, the Confirming Party shall, and the other party may, record that agreement in a Transaction Confirmation and communicate such Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means to the other party by the Limit Deadline following the date of agreement. The parties acknowledge that the agreement is binding until the execution of Transaction Confirmations or the passage of the Confirm Limit Deadline, whichever is applicable. In the event of a conflict among the terms of any Transaction Confirmation, the terms of the Base Contract shall govern in the priority listed in this sentence.

The parties agree that the Base Contract is automatically recorded all telephone conversations with respect to this Contract between their respective employees. Each party shall keep written records of all conversations with the other party. Each party shall keep written records of all conversations with the other party. Each party shall keep written records of all conversations with the other party. Each party shall keep written records of all conversations with the other party.

SECTION 2. DEFINITIONS

Terms set forth below have the meanings 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 to 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 a guarantee, letter of credit, a margin agreement, a prepayment, a security interest in an asset, a performance bond, guaranty or other form of credit support of a continuing nature.

2.12. "Day" shall mean the period of 24 consecutive hours, coextensive with a "day" as defined by the Receiving Transporter in a particular transaction.

2.13. "Delivery Period" means the period during which deliveries are to be made as agreed to by the parties in a transaction.

2.14. "Delivery Point(s)" means such delivery points as are agreed to by the parties in a transaction.

2.15. "Effectual Day" means the calendar day in exchange of natural Gas as the "physical" side of an exchange for physical transaction during gas futures contracts. "Effectual Day" shall mean the meaning and remedies of "Firm", provided that a party's excuse for performance as a result of the delivery of a Gas will be governed by the rules of the relevant futures exchange regulated by the Commission.

2.16. "Firm" shall mean and include the ability to 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 shall be responsible for any changes that result forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the period deliveries and/or receipts is confirmed by the Transporter.

2.17. "Gas" shall mean the mixture of hydrocarbons and noncombustible gases in a gaseous state consisting primarily of methane.

2.18. "Immeasurable" shall mean any quantities, penalties, costs or charges (in cash or in kind) assessed by a Transporter for failure to satisfy the Transporter's distance and combination requirements.

2.19. "Imbalance Charge" shall mean any amounts assessed by a Transporter for failure to satisfy the Transporter's distance and combination requirements.

2.20. "Intermittent" shall mean that either party may interrupt its performance at any time for any reason, whether or not caused by a Prevent of Force Majeure, and the responsibility, to the extent of any interruption by either party 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.

2.21. "MMBTU" shall mean million British thermal units, which is equivalent to one dekaliter.

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" means the date indicated on the Base Contract, or 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 entered 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 an amount equal to the positive difference, if any, between the Contract Price and the price received by Buyer utilizing the Cover Standard, adjusted for commercially reasonable differences in transportation costs from or to 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 replace the Gas or Seller has used commercially reasonable efforts to replace the 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 delivered by Seller for such Day(s) and the quantity actually taken by Buyer for such Day(s), and such Day(s), multiplied by the difference between the Contract Price and the Spot Price, adjusted for such transportation costs, and adjusted for commercially reasonable efforts to replace the Gas or Seller has used commercially reasonable efforts to replace the Gas, adjusted for commercially reasonable differences in transportation costs from or to the Delivery Point(s), multiplied by 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, and Balance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for any balance charges, if any, as provided in Section 4.3. The amount of such unfavorable difference shall be payable to the Business Day following the presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.

**Spot Price Standard:**

3.3. Notwithstanding Sections 3.2 and 3.3, the parties agree to Alternative Damages in a Transaction Confirmation executed in writing by both parties. In addition to Sections 3.2 and 3.3, 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, the procedure for exercising thereof, how damages for nonperformance will be compensated, and how liquidated damages 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 MMMBtu 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). 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.

SECTION 7. BILLING, PAYMENT AND AUDIT

1. Seller shall invoice Buyer for Gas delivered and received in the preceding Month and for any other applicable charges, providing supporting documentation adequate to substantiate support for the amount charged. If the actual quantity delivered is not known by the biller, the bill shall be prepared on a pro rata basis. The invoiced quantity will then be adjusted to the actual quantity on the following Billing Month(s) or after such adjustment as delivery information is available.

2. Buyer shall remit the full amount due under Section 7.1 in the manner specified in the Base Contract, immediately available funds, on or before the latest of the date 10 Days following the receipt of invoice by Buyer; provided that if the Payment Date is not a Business Day, it is due on the next Business Day following the date the amount is due. In the event any payments are due Buyer hereunder, payment to Buyer shall be made in accordance with the provisions of Section 7.4.

3. The performing party may submit an invoice to the nonperforming party for any amount outstanding forth the basis upon which the invoiced amount was calculated. Payment from the nonperforming party will be made after receipt of invoice.

4. If the invoiced party disputes a disputed invoice, such amount or any part thereof, such invoiced party will pay such amount or any part thereof, if the invoiced party disputes the amount due, it must provide supporting documentation acceptable in industry practice that the amount is correct or disputed. In the event the parties are unable to resolve such dispute, either party may pursue a remedy available in equity or at law to enforce its rights pursuant to this Section.

5. If the invoiced party disputes the invoice for any reason, the applicable prime rate of interest will be increased by the 0.5
cent portion thereof. The applicable lawful interest rate.

6. A party shall have the right, upon reasonable Notice and at reasonable times, to examine and audit and to obtain copies of the audited party's books and records, including telephone recordings of the other party only to the extent reasonably necessary to verify the accuracy of the statements and payments made under the Contract. This right to examine, audit, and to obtain copies shall be available in such respects as are not directly relevant to transactions under this Contract. All invoices and bills shall be conclusively presumed final and accepted unless and until in writing or by the written objections effectively stated in the written objections or in the written objections, all claims for under- or overpayments shall be deemed waived unless such invoices or payments are objected to in writing. Any such examination or audit shall be completed and 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 not 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 7.7; 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 assume 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 marketable 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 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 addressee specified in writing by the respective parties from time to time.

All Notices to be sent by facsimile or mutually acceptable electronic means, a nationally recognized overnight courier service, or by mail, all of which shall be acknowledged.

Notices shall be given or received on a Business Day by the addressee. In the absence of proof of the actual receipt date, following assumptions shall prevail: Notices sent by facsimile shall be deemed to have been received upon the sending party's receipt of a facsimile message confirming the successful transmission. If the day on which such facsimile is received is not a Business Day, then such facsimile shall be deemed to have been received on the following Business Day. Notices sent by overnight courier shall be deemed to have been received on the next Business Day after it was sent or on the earliest Business Day as is consistent with the receiving party. Notice via first class mail shall be considered delivered five Business Days after mailing.

SECTION 10.  FINANCIAL RESPONSIBILITY

If either party, or both parties ("Jointly") (including, without limitation, the occurrence of a material change in the ownership of the Jointly owned and Agreed Upon Assurance of Performance. "Adequate Assurance of Performance" shall mean security in the form of a letter of credit, a performance bond or guaranty (including the issuer of any such

2. In the event (exclusive of Default) of Default by either party (the "Defaulting Party") or its guarantor shall: (i) make an assignment or any general arrangement with its creditors; (ii) file a petition or otherwise commence, authorize, or acquiesce in the commencement of a proceeding of any nature under bankruptcy or similar law for the protection of creditors or have such petition filed or proceeding commenced against it; (iii) become bankrupt or insolvent (however evidenced); (iv) be unable to pay its debts as they become due; (v) have a receiver, assignee, conservator, custodian, trustee, or other similar official appointed with respect to all or substantially all of its assets; (vi) fail to pay any obligation to the other party with respect to any Credit Support Obligations existing at the contract; (vii) have a Credit Support Obligations of Performance Under Section 10.1 within 48 hours but at least one Business Day prior to the other party's (the "Non-Defaulting Party") failure to pay any such amount due (the "Non-Defaulting Party") shall have the right, at its discretion, to immediately suspend deliveries or payments upon Notice and/or to terminate and liquidate the transactions under the contract in whole or in part, provided in Section 10.3, in addition to any and all other remedies available to the other party.

3. If as a result of Default, Defaulting Party, or continuing, the Non-Defaulting Party shall have the right, by Notice to the Defaulting Party, to designate a Defaulting Party, or terminate 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 not under the contract, each "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 nature of the term and quantity of the Gas transaction(s). A party shall not be required to enter into a replacement transaction(s) in order to determine the Market Value. Any term(s) of a transaction to which parties are not bound as of the Early Termination Date (including any extended "take or pay" provisions) shall not be considered in determining Contract Values and Market Values for the avoidance of doubt, any extension pursuant to which one party has the right to extend the term of a transaction will be considered in determining Contract Values and Market Values. The rate of interest used in calculating net present value shall be determined in 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.

**Parties have selected either "Other Agreement Setoffs Apply" or "Other Agreement Setoffs Do Not Apply" as indicated on the Base Contract:**
data 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) loss of, or destruction of, the Buy-Sell Agreements between Buyer and Seller; (iv) governmental action, change in law, a strike, lockout, or other industrial action, or the voluntary or involuntary suspension of operations, or (v) governmental actions such as necessity for compliance with any court or governmental authority having jurisdiction. Either Seller or Buyer shall make no effort to avoid the adverse impacts of a Force Majeure and to resolve the event or occurrence once it has occurred in order to perform the provisions of the Contract.

11.3. Neither party shall be responsible for the performance of Force Majeure to the extent performance is affected by any or all of the following circumstances: the denial ofinterruptible or secondary Firm transportation unless primary, in-path, Firm transportation is also curtailed by a party and the excuse failed to remedy the condition and to resume the performance of such obligations; (iv) economic hardship, to include, without limitation, Seller's ability to sell Gas at a firm price, Buyer's ability to purchase Gas at a lower or more competitive price than the stated contract price, or both; (v) the loss or destruction of storage facilities; (vi) the failure of any or all of the plant equipment, systems or processes, except as provided in Section 13.2; or (vii) the failure of the party to purchase Gas hereunder, except as provided in Section 13.2. The party claiming Force Majeure shall provide written notice to the other party requesting alternatives or Imbalance Charges.

Notwithstanding the provisions hereof, the parties agree that the settlement of strikes, lockouts or other industrial actions shall be the sole responsibility of the party experiencing such disturbance.

Although the provision of this Section 11 only extends to the performance of this Section 11 by Force Majeure must provide Notice to the other party. Initial Notice may be given only; however, where the party's first notice relates to all particulars of the event or occurrence is required as soon as reasonably possible.

If on written Notice given to the other party, the affected party will be relieved of its obligation, from the onset of the event or occurrence, as applicable, to the extent and for the duration of Force Majeure, and neither party shall be responsible for any obligation to the other during such occurrence or event.

12. Notwithstanding the provisions of Section 11.2 and 13.2, the parties may agree to alternative Force Majeure provisions in a Transaction Confirmation executed in writing by both parties.

SECTION 12. TERMINATION

The Contract may be terminated at any time by either party to the Contract, which notice, shall include a reasonable time for the other party to deliver, as applicable, the Gas to be delivered, or to sell the Gas, as applicable, to the other party. The termination notice shall be given at least 30 days prior to the termination date.

SECTION 13. LIMITATIONS

FOR BREACH OF ANY PROVISION OF THIS AGREEMENT, WHETHER 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 INDIRECT 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.
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.

The interpretation of the provisions of this Contract shall be governed by the laws of the jurisdiction as indicated on the Base Contract, exclusive, however, of the laws which would apply the law of another jurisdiction.

The Contract and any transactions hereunder are subject to all applicable and valid statutes, rules, orders and regulations of governmental bodies having jurisdiction over such matters, their facilities, or Gas supply, this Contract or transaction or any provisions thereof.

There is no third party beneficiary to this Contract.

Each party to this Contract represents and warrants that it has full and complete authority to enter into and perform this Contract.

Every person who executes this Contract on behalf of a party represents and warrants that it has full and complete authority to do so and that such party is bound hereby.

The parties to this Contract are used solely for convenience and do not constitute a part of this Contract, but merely exist to facilitate the recognition of the transactions.

Unless expressly prohibited by law or the Contract not to make this Section 14.10 applicable to this Contract, neither party shall be liable directly or indirectly for any prior actions of the other party or the terms of any transaction to a third party (other than the parties hereto). A party may impose on any third party or parties, or any entities or agents of the party, or prospective purchasers of all or substantially all of the assets or the operations of the party, provided such persons shall have agreed to keep such terms confidential except (i) in compliance with an order of any governmental body, or in fully or partially fulfilling any written request for information, or (ii) to the extent necessary for the enforcement of this Contract, (iii) to the extent necessary, in ordinary course of business, or (iv) to the extent such information is delivered to such other party for the sole purpose of calculating a tax. Each party shall notify the other party of any proceeding of which it is aware which may result in the disclosure of the terms of the transactions (other than its permitted hereunder) and use reasonable efforts to prevent or limit the disclosure.

In the event of the bankruptcy or insolvency, or the liquidation, reorganization or cessation of a party subject to confidentiality obligation. Subject to Section 13, the parties shall be entitled to all remedies available at law or in equity, or the party seeking enforcement of the confidentiality obligation. The terms of any transaction hereunder will be kept confidential by the party receiving the information, and will be subject to the expiration of the transaction.

In the event of a material breach of this Contract, the non-breaching party may terminate this Contract and sue for damages, or seek such other remedies as are available at law or in equity, subject to the expiration of the transaction.

The parties may establish dispute resolution procedures in Special Provisions attached to the Base Contract or in any transaction agreement in writing.

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, NONINFRINGEMENT, 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, INDIRECT, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES ARISING OUT OF ANY USE OF THIS CONTRACT.
TRANSACTION CONFIRMATION
FOR IMMEDIATE DELIVERY

<table>
<thead>
<tr>
<th>Letterhead/Logo</th>
<th>Date: ____________________</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Transaction Confirmation #:</td>
</tr>
</tbody>
</table>

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated ______________. The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of receipt unless otherwise specified in the Base Contract.

<table>
<thead>
<tr>
<th>SELLER:</th>
<th>BUYER:</th>
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<tbody>
<tr>
<td>Attn:</td>
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<td>Phone:</td>
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<td>Fax:</td>
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<tr>
<td>Base Contract No.</td>
<td>Base Contract No.</td>
</tr>
<tr>
<td>Transporter:</td>
<td>Transporter:</td>
</tr>
<tr>
<td>Transporter Contract #:</td>
<td>Transporter Contract #:</td>
</tr>
</tbody>
</table>

Contract Price: $ ________

Delivery Period: Begin: __________ End: __________

Performance Obligation and Contract Quantity: (Select One)

Term (Fixed Quantity): MMBtus/day

Firm (Variable Quantity): MMBtus/day Minimum

Interruptible: Up to _____ MMBtus/day Maximum

Subject to Section 4.2. at election of

☐ Buyer or ☐ Seller

Delivery Point(s): _______________________

(Pooling point is usable for specific generator and pipeline location):

Special Conditions:

________________________

Date: __________

Seller: _______________________

By: _______________________

Title: _______________________

Date: __________

Buyer: _______________________

By: _______________________

Title: _______________________

Date: __________
SPECIAL PROVISIONS

Attached to and forming part of a Base Contract for Sale and Purchase of Natural Gas entered into as of November 1, 2004 between Canadian Forest Oil Ltd. ("CFOL") and Selkirk Cogen Partners, L.P. ("Selkirk"). To the extent of any inconsistency between these Special Provisions and the remainder of the Base Contract, these Special Provisions shall control in all instances.

1. Definitions

Capitalized terms in these Special Provisions shall have the meaning attributed to them in the General Terms and Conditions. In addition, the terms set forth below shall have the meanings ascribed to them below:

(a) “Additional Daily Quantity” means 21,000 MMBtu/day less the Existing Daily Quantity.

(b) “Empress Delivery Point” means the delivery point set forth in the Selkirk/NBP Contract.

(c) “Existing Daily Quantity” means the quantity of gas to be delivered pursuant to the Selkirk/NBP Contract.

(d) “Iroquois Delivery Point” means that delivery point on the Canada/United States international border, which is the point of interconnection between the pipeline facilities of TCPL and Iroquois Gas Transmission System, L.P. at or near Iroquois, Ontario.

(e) “Optional Daily Quantity” means 2,000 MMBtu/day.

(f) “Reservation Fee” has the meaning ascribed to that term in section 5.

(g) “Selkirk/NBP Contract” means the Amended and Restated Natural Gas Purchase Agreement between CFOL and Selkirk (originally between Selkirk Cogen Partners, LP and ATCOR Ltd.) dated effective January 21, 1993, as amended from time to time.

(h) “TCPL” means TransCanada Pipelines Limited.

(i) "TCPL Capacity Assignment" has the meaning ascribed to it in Section 8(a).

2. Term

This Contract shall have a term of ten (10) years (the "Term"). The Term shall be comprised of an initial term commencing November 1, 2004 and ending October 31, 2009 (the “Initial Term”), and a subsequent term commencing November 1, 2009 and ending October 31, 2014 (the “Subsequent Term”).
3. Quantities

Subject to section 7 of these Special Provisions, CFOL agrees to sell and deliver and Selkirk agrees to purchase and receive each day:

(a) during the Initial Term the Additional Daily Quantity and, upon Selkirk's election from and after the first day of the month specified by Selkirk providing at least 10 days prior notice to CFOL, a further quantity equal to the Optional Daily Quantity. The above election may be exercised in writing by Selkirk at any time during the Term and, once exercised, shall remain in effect for the remainder of the Term; and

(b) during the Subsequent Term a daily quantity (the "Subsequent Daily Quantity") equal to 21,000 MMBtu/day or, if the election in (a) above has been made by Selkirk, a daily quantity equal to 23,000 MMBtu/day.

If the Delivery Point is the Empress Delivery Point, the quantities specified in the definitions of Additional Daily Quantity, Optional Daily Quantity and Subsequent Daily Quantity are inclusive of fuel gas. If the Delivery Point is the Iroquois Delivery Point following a TCPL Capacity Assignment, the quantities specified in such definitions shall be reduced in accordance with section 8(b)(iii).

4. Price

The price for the Additional Daily Quantity, the Optional Daily Quantity (if applicable) and the Subsequent Daily Quantity paid by Selkirk to CFOL shall be equal to the price set forth in Inside FERC First of Month Index (Henry Hub), subject to the following:

(a) a transportation deduction of US$1.49 per MMBtu if the Delivery Point is the Empress Delivery Point;

(b) a floor price (after applying all applicable deductions set forth in this section 4) of US$1.00 per MMBtu if the Delivery Point is the Empress Delivery Point;

(c) any price (as reported in Inside FERC First of Month Index (Henry Hub)) in excess of US$6.50 per MMBtu shall be reduced by 50% of the amount by which such price exceeds:

(i) US$6.50 per MMBtu if the Optional Daily Quantity election has not been made; or

(ii) US$7.00 per MMBtu from and after the effective date of CFOL providing the Optional Daily Quantity;

however, this price reduction shall not apply to a price redetermined under section 4(d) below (unless the parties agree otherwise at the time of the redetermination) or paid pursuant to section 4(e) below;

(d) the price (but not the formula for computing the Reservation Fee) shall be redetermined at the election of either party, effective as of November 1, 2008 and
as of November 1, 2011, if notice of price re-determination is given on or before September 1 of the same year prior to each such date. This re-determined price shall be based on a mutually acceptable market price that is determined on data, indexes and methodologies that are comparable in all material respects to the existing price determination, and as mutually agreed by the parties on or before October 1 of the same year prior to each such date or, failing agreement, by arbitration pursuant to section 13 of these Special Provisions; and

(e) with respect to quantities of gas that are subject to a TCPL Capacity Assignment agreement, Selkirk shall select, by providing CFOL written notice at least sixty (60) days prior to the start of each of any November through March season and any April through October season during the Term, to use a price equal to either (i) the arithmetical average, for the applicable month of delivery, of daily prices quoted in Gas Daily for receipts at the Iroquois Delivery Point, or (ii) another basis to Henry Hub as mutually agreed by the parties. For clarity the price reduction referenced in section 4(e) shall not apply with respect to quantities of gas that are subject to a TCPL Capacity Assignment agreement. The pricing change pursuant to this section 4(e) shall only apply to the season referenced in an election notice. This section 4(e) shall not be subject to the price re-determination set forth in section 4(d).

(f) In the event that the Inside FERC First of Month Index (Henry Hub) or the Gas Daily index for receipts at the Iroquois Delivery Point is no longer available, the parties shall use their best efforts to agree on substitute data or a substitute index that most closely reflect those indexes. If the parties fail to agree, the matter shall be referred to arbitration pursuant to section 13 of these Special Provisions.

5. Reservation Fee

In addition to the price in section 4 paid for gas delivered, a monthly reservation fee (the “Reservation Fee”) will be determined under this Contract during the Initial Term. The Reservation Fee shall equal the total quantity of gas delivered in the relevant month under the Selkirk/NBP Contract multiplied by the difference between (i) the monthly average of the price determined pursuant to section 4 and (ii) the monthly average of the price paid under the Selkirk/NBP Contract, inclusive of any and all charges. A Reservation Fee resulting in a positive value shall represent a payment from Selkirk to CFOL while a Reservation Fee resulting in a negative value shall represent a payment from CFOL to Selkirk.

6. Delivery Point

Subject to the terms of the agreement providing for the TCPL Capacity Assignment, the Delivery Point for all quantities of gas delivered under this Contract shall be the Empress Delivery Point.

7. Conditions

The obligations of the parties to commence the sale, purchase and delivery of the Additional Daily Quantity, the Optional Daily Quantity or the Subsequent Daily Quantity pursuant to section 3 shall be subject to the following conditions:
(a) receipt by each Party of their respective regulatory permits, licenses, orders or approvals required for the purchase, sale, resale, provincial removal, export and import of such gas quantities; and

(b) securing any necessary additional firm transportation service to the Delivery Point by CFOL and from the Delivery Point to Selkirk's facilities by Selkirk.

Each party covenants to use all reasonable commercial efforts within its control to satisfy the above conditions in an expeditious and prompt manner.

8. TCPL Capacity Assignment Agreement

(a) Selkirk shall have a one time election to make, and cause CFOL to accept, a permanent assignment to CFOL of an amount, to be specified by Selkirk, of between 50% and 100% of that portion of the TCPL firm transportation service:

(i) held by Selkirk specifically for the Selkirk/NBP Contract daily quantities; and

(ii) held or to be acquired by Selkirk for the Additional Daily Quantity and, if relevant, the Optional Daily Quantity (the "TCPL Capacity Assignment").

(b) With respect to any quantities of gas delivered following a TCPL Capacity Assignment,

(i) the price paid to CFOL for quantities of gas that are subject to a TCPL Capacity Assignment shall not contain the deduction for gas transportation referred to in section 4(a);

(ii) the delivery point for such quantities shall be the Iroquois Delivery Point;

(iii) the quantities of gas required to be delivered to Selkirk shall be reduced by the amount of any fuel, shrinkage and line loss that is charged in kind by TCPL in respect of such assigned capacity; and

(iv) as of the effective date of such TCPL Capacity Assignment, CFOL shall become responsible for all liabilities and obligations, including demand and commodity charges and entitled to all rights and benefits including any overrun service and renewal rights, in respect of the assigned capacity.

(c) Selkirk may elect to implement the TCPL Capacity Assignment at any time during the Term by providing not less than 60 days notice to CFOL. Upon such notice, the parties shall promptly finalize and enter into an agreement reflecting the terms of this section 8 and seek TCPL's consent to such assignment.

(d) With respect to any gas to be delivered to Selkirk under the Selkirk/NBP Contract after the effective date of a TCPL Capacity Assignment, CFOL and Selkirk shall, without additional consideration from either party, enter into an agreement to
transport the Existing Daily Quantity (or the portion thereof that is subject to the TCPL Capacity Assignment) from the Empress Delivery Point to the Iroquois Delivery Point.

9. **No Minimum Take Obligation**

With respect to the Additional Daily Quantity, the Optional Daily Quantity and the Subsequent Daily Quantity, Selkirk shall have no obligations with respect to minimum takes or pro rata takes of firm quantities (except for firm quantities nominated in any Transaction Confirmation). During the Initial Term any monthly nomination shortfall below 21,000 MMBtu/day (or 23,000 MMBtu/day as the case may be) shall be applied first to the Additional Daily Quantity (and Optional Daily Quantity if applicable) and second to the delivery quantities under the Selkirk/NBP Contract. With respect to the Selkirk/NBP Contract, CFOL will either (a) subject to CFOL’s obtaining any needed approvals from the members of the CFOL netback pool under the Selkirk/NBP Contract, waive any applicable minimum annual quantity provisions or pro rata take of firm quantities provision, or (b) purchase from Selkirk any quantities purchased under the Selkirk/NBP Contract that Selkirk does not wish to retain for the same price that Selkirk paid for such quantities under the Selkirk/NBP Contract.

10. **Transaction Confirmations**

No later than ten days before the end of each calendar month during the Term, Selkirk shall nominate through a Transaction Confirmation the firm quantity of gas to be delivered hereunder for the following calendar month. Such Transaction Confirmations shall be in writing and executed by both parties and shall be consistent with the terms and conditions of this Contract.

11. **FMC Refunds Waiver**

Selkirk hereby agrees to waive, and fully releases CFOL from, any and all FMC (as defined in the Selkirk/NBP Contract) refund charges that may be claimed by Selkirk under the Selkirk/NBP Contract, whether such refund charges apply to past, current or future periods, and whether such refund charges are based on claims that are outstanding or not, or have accrued or not.

12. **Release and Discharge**

Each party agrees that the other party has satisfied its payment, supply and all other obligations under the Selkirk/NBP Contract for the period November 1, 1994 through October 31, 2004 and each party releases and forever discharges the other from any and all further payment, obligation, debt or liability whatsoever under said Selkirk/NBP Contract through said dates.

13. **Arbitration**

(a) In the event that either party has the right to require a matter to be submitted to arbitration pursuant to this Contract, the arbitration shall be conducted in accordance with the Rules of the British Columbia International Commercial Arbitration Centre (the "BCICAC Rules") as may be amended from time to time,
and shall be governed by the *British Columbia International Arbitration Act* of British Columbia.

(b) The arbitrators selected to act hereunder shall be qualified by education and training to pass upon the particular question in dispute, and shall be disinterested persons. Therefore, it is agreed that if an engineering question is involved, qualified engineers shall be appointed, and similar procedure will be followed in connection with other questions.

(c) The arbitrators so chosen (the "Board") shall proceed immediately to hear and determine the question or questions in dispute. The decision of the arbitrators, or a majority of them, shall be made within forty-five (45) Days after appointment of the single arbitrator or third arbitrator, as the case may be, subject to any reasonable delay due to unforeseen circumstances.

(d) The decision of the arbitrator or arbitrators shall be in writing and signed by the arbitrator or arbitrators and shall be final and binding upon the parties as to the question or questions submitted for determination. No action or legal proceedings shall be commenced or prosecuted by either party against the other party, touching any of the matters which may be arbitrated, unless the party to be made defendant to such action or proceeding shall have refused or neglected to submit to arbitration such matters pursuant to the provisions contained in this Contract. It is the intention of the parties that such decision shall not be subject to court review; however, such decision shall be enforceable through judicial proceedings. The written decision of the Board or a majority thereof may be issued with or without an opinion. If any party requests a written opinion with regard to a decision, one shall be issued expeditiously, but its issuance shall not delay compliance with and implementation of the Board's or majority's decision.

(e) Pending the outcome of any such arbitration, the terms in effect immediately prior to such arbitration shall remain in effect. Any modification approved by the Board shall be effective prospectively only, and such modification shall become effective on the First Day of the Month following the decision of the arbitrator or arbitrators, provided, however that actions taken pursuant to this section 13 shall be subject to the receipt of all governmental and regulatory approvals required to make such actions effective without modifications (unless such modifications are acceptable to both parties) and the parties shall promptly apply for such approvals.

(f) Each party shall bear the cost of the arbitrator appointed by it and both parties agree to share equally all costs and expenses of the third arbitrator and all common costs.

14. **Attornment**

Subject to section 13 of these Special Provisions, the parties agree that the Base Contract shall be governed by and interpreted in accordance with the laws of the Province of Alberta notwithstanding any choice-of-law or conflicts of law provisions that would require application of the laws of a different jurisdiction. Also subject to section 13, the
parties agree to submit to the sole jurisdiction of the federal court in Chicago, Illinois, for purposes of resolving all justiciable disputes arising hereunder.

15. Other Agreement Setoffs

In the event of default under this contract by one party, the non-defaulting party may apply amounts, if any, owed by it under this contract to the defaulting party against damages suffered as a result of such default.

16. Lender Assignment

(a) CFOL acknowledges that, consistent with Section 14.1 of the Base Contract, Selkirk may assign the Contract to Selkirk's lenders, or such lenders' agents, as security under Selkirk's financing arrangements. CFOL specifically acknowledges that Selkirk 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 Selkirk'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 Selkirk in favor of the Collateral Agent, and CFOL consents to such assignment. Selkirk acknowledges that, consistent with Section 14.1 of the Base Contract, this assignment shall not relieve Selkirk of any of its obligations under the Contract.

(b) CFOL agrees to execute and deliver, at Selkirk'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) CFOL's agreement not to terminate or suspend the performance of its obligations under the Contract unless it gives the Collateral Agent notice of the default under the Contract by Selkirk and the opportunity to cure the default; and (B) CFOL's agreement, if the Contract is terminated by any bankruptcy or insolvency proceeding of Selkirk and the Collateral Agent or its proposed assignee certifies its intention to assume the future liabilities and obligations of Selkirk, 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 matters set forth in Schedule 1 attached hereto.

17. Representations

CFOL represents and warrants, for the benefit of Selkirk and the Collateral Agent, the following:

(a) The Contract is in full force and effect and there are no amendments, modifications or supplements thereto or any substitute therefor.

(b) CFOL has not assigned, transferred, pledged or hypothecated the Contract or any interest therein.

(c) CFOL has no knowledge of any default by Selkirk under the Contract.

(d) None of Selkirk’s rights under the Contract have been waived.

(e) The assignment of the Contract to the Collateral Agent as security and the consent to such assignment will not cause or constitute a default under the Contract or an event or condition which would lead to a default under the Contract.
Schedule 1
Form of Legal Opinion

1. CFOL has the power, authority and legal right to execute, deliver and perform the Contract.

2. The execution and delivery of the Contract by CFOL and the performance of its obligations thereunder have been duly authorized by all necessary corporate or partnership action and do not (1) required any consent or approval of any shareholder or partner, except those consents and approvals which have been already obtained, (2) violate any provision of any applicable law, (3) result in a breach or constitute a default under any indenture, loans, credit agreement or any other agreement, lease or instrument of CFOL.

3. The Contract has been duly executed and delivered, is in full force and effect and constitutes the legal, valid and binding obligation of CFOL, enforceable in accordance with its terms, except for standard bankruptcy exclusions.

4. All governmental approvals required with respect to the execution and delivery of the Contract and the performance of CFOL’s obligations under the Contract (other than National Energy Board permits for which Selkirk is responsible) have been obtained; provided, however, that the parties recognize that (a) CFOL must advise the Alberta Energy and Utilities Board of this Contract (under the terms of CFOL’s existing AEUB Removal Permit), and (b) CFOL will eventually need to extend the term of its existing AEUB Removal Permit (which currently expires on October 31, 2011) or obtain a new AEUB Removal Permit(s) to allow deliveries hereunder to October 31, 2014.
Attachment F

CFOL Amendment
Stephen Kampaila  
General Manager  
Selkirk Cogen Partners, L.P.  
24 Power Park Drive  
Selkirk, New York 12158-2299

Re: Replacement No. 2 Fuel Oil Index

Dear Steve:

The No. 2 Fuel Oil Index (Index), as defined in Article 6.5.h.(i) of the Contract between Selkirk Cogen Partners, L.P. (Selkirk) and Atcor Ltd. (succeeded by Canadian Forest Oil Ltd. – CFOL) (effective January 21, 1993) is no longer published. Selkirk and CFOL desire to replace this Index with an Index that reflects the value of the original agreement.

Commencing on November 1, 2004 the No. 2 Fuel Oil Index shall be replaced with the arithmetic average of each day’s midpoint, for the month prior to delivery of gas, of the “Diesel No. 2 Fuel in MetroNY (E)” as posted under “US Wholesale Posted Prices”, “PAD” as published by Oilgram Price Report.

Please indicate Selkirk’s acceptance of the foregoing by executing this letter in the space provided below and returning a fully-executed copy to me.

Sincerely,

James R. Good  
President Canadian Forest Oil Ltd.

ACKNOWLEDGED AND AGREED  
THIS ___ DAY OF ___, 2004  
Selkirk Cogen Partners, L.P.

By

ACKNOWLEDGED AND AGREED  
THIS ___ DAY OF ___, 2004  
Canadian Forest Oil Ltd.

By