

## **OPEN SEASON PROCEDURES**

### **Rockies Express Pipeline LLC**

Rockies Express Pipeline LLC (“Transporter”), a Delaware limited liability company, will conduct a binding Open Season for the remaining unsubscribed capacity on the Rockies Express Pipeline Project beginning at 8:00 a.m. Mountain Time (“MT”) on August 14, 2007 and ending at 3:00 p.m. MT on August 28, 2007. Any Bids executed as a result of this Open Season between each shipper and Transporter shall be binding.

#### Description of the Project

The Rockies Express Pipeline Project is designed to create additional capacity to receive and transport natural gas from Meeker Hub area receipt points located in Rio Blanco County, Colorado north to Wamsutter, Wyoming, east to the Cheyenne Hub, located in Weld County, Colorado, to the Mid Continent area at an interconnect with Panhandle Eastern Pipe Line Company in Audrain County, Missouri, and finally to the Clarington, Ohio area. The Project is currently in partial service from the Meeker Hub to the Cheyenne Hub (Zone 1). Construction of 42-inch pipe from the Cheyenne Hub to delivery points in the Mid Continent area, including interconnects with Northern Natural Gas Company, Natural Gas Pipeline Company of America, ANR Pipeline Company and Panhandle Eastern Pipe Line Company (Zone 2) has recently commenced with a planned in-service date of January 1, 2008 (“REX-West”). Application has been made to the Federal Energy Regulatory Commission (FERC) for construction of 42-inch pipe from the terminus of Zone 2 in Eastern Missouri to the Clarington, Ohio area (Zone 3) with a planned in-service date of December 30, 2008 (“REX-East”).

During this Open Season, any shipper interested in contracting for firm transportation service on the Rockies Express Pipeline Project must execute and return the following documents:

1. A Precedent Agreement, that will constitute the bid in this open season, and will, subject to the conditions described therein, result in the execution of Firm Transportation Service Agreements (FTSAs) for REX West and Rex East.
2. Credit Application and evidence of credit worthiness

These documents (other than evidence of creditworthiness) are provided with this Open Season.

Appendix A to the Precedent Agreement must include the following information:

- Reservation Rate(s). In order for a bid to be considered conforming it must contain an election of either (a) the Maximum Recourse Reservation Rate or (b) a Negotiated Reservation Rate equal to or greater than the minimum acceptable negotiated reservation rates set forth on Appendix A. The Commodity Charge, ACA, FL&U, and any other surcharges authorized in accordance with the FERC Gas Tariff applicable to the Rockies Express Pipeline Project, if any, will be charged in addition to Shipper’s Reservation Rate.
- Requested Maximum Daily Quantity (“MDQ”) exclusive of FL&U. This requested MDQ cannot be less than 1,000 Dth per day.

- Shipper's minimum acceptable MDQ, if any.
- Primary Term. A minimum 10 year primary is required.
- Primary Receipt and Delivery Point(s) selection. See Exhibit 4.

To the extent bids by a shipper or shippers exceed available capacity at any particular point, as an alternative to prorating capacity, Transporter may, in its sole discretion, propose additional facilities to accommodate such request(s), provided the cost of such additional point capacity is acceptable to Transporter at its sole discretion.

If the shipper elects the Maximum Recourse Reservation Rate the shipper shall pay the maximum tariff rates for transportation service from the Primary Point(s) of Receipt to the Primary Point(s) of Delivery as such rate is established pursuant to the FERC Gas Tariff applicable to the Project from time to time.

Bids submitted that are not designated as either Negotiated Reservation Rate or Maximum Recourse Reservation Rate bids will be considered non-conforming. Transporter may consider non-conforming bids for awards of capacity as long as the non-conforming bid is acceptable to Transporter in its sole discretion. This acceptance process will be conducted in a not unduly discriminatory manner.

If the shipper elects the Negotiated Reservation Rate, that rate will be valid through the entire initial term of the contract and will be binding, regardless of any resulting recourse rates that may be applicable to these pipeline facilities from time to time. Transporter will also entertain, as non-conforming bids, variable MDQ's as long as the resultant net present values are acceptable to Transporter in its sole discretion.

In addition to the Maximum Recourse Reservation Rate or the Negotiated Reservation Rate, shippers shall be charged a Commodity Rate based on usage. ACA and any additional authorized surcharges that are in effect, pursuant to the FERC Gas Tariff applicable to the Rockies Express Pipeline Project will also be charged.

Shippers will be responsible for providing FL&U pursuant to a tracking provision contained in the FERC Gas Tariff applicable to the Rockies Express Pipeline Project.

The estimated Maximum Recourse Reservation Rates and the minimum acceptable Negotiated Reservation Rates, as well as the estimated initial FL&U rates and commodity charges are shown on Exhibits 1, 2 and 3. Please direct any questions or requests you may have concerning this Open Season to: Messrs. Max Lawton at (303) 914-4622, Joe Sterrett at (303) 762-3246 or John Boughner at (303) 914-4507.

## CAPACITY FOR SALE

### Starting with the in service date of REX West (tentatively, January 1, 2008)

Total Contract Quantity = 8,000 Dth/d until the in-service date of REX East (tentatively, December 30, 2008) (“Period 1”). During **Period 1** the following receipt point/segment capacity is available for deliveries to Zone 2:

- Zone 1 (Meeker Leg) - Enterprise/Meeker (PIN 42234)(Note 1), or Love Ranch (PIN 42235) Maximum Daily Receipt Quantity (MDRQ) of 4,000 Dth/d. Note that Meeker Hub service is required if a shipper selects the Love Ranch (PIN 42235) Receipt Point and an additional Meeker Hub fee (either maximum recourse or negotiated) must be bid. Further, shippers delivering gas into the Rockies Express Pipeline Project at the Love Ranch (PIN 42235) receipt point will be responsible for providing Meeker Hub Service fuel pursuant to a tracking provision contained in the FERC Gas Tariff applicable to the Rockies Express Pipeline Project in addition to the FL&U for the for the mainline.
- Zone 2 (Cheyenne Hub) – WIC (PIN 42722), Cheyenne Plains (PIN 42718) (Note 2) MDRQ of 4,000 Dth/d. Note that Cheyenne Hub service is required for shipper deliveries into the Rockies Express Pipeline Project from either the WIC (PIN 42722) receipt point or the Cheyenne Plains (PIN 42718) receipt point. An additional Cheyenne Hub fee (either maximum recourse or negotiated) must be bid. Further, shippers delivering gas into the Rockies Express Pipeline Project at the WIC (PIN 42722) receipt point or the Cheyenne Plains (PIN 42718) receipt point will be responsible for providing Cheyenne Hub Service fuel pursuant to a tracking provision contained in the FERC Gas Tariff applicable to the Rockies Express Pipeline Project in addition to the FL&U for the for the mainline.

An example of a possible path for an MDQ of 8,000 Dth/d is as follows:

- TransColorado/REX Love Ranch (PIN 42693) to PEPL/REX Audrain (PIN 43039) for 4,000 Dth/d, and
- WIC/REX Sitting Bull (PIN 42722) to PEPL/REX Audrain (PIN 43039) for 4,000 Dth/d.

### Starting with the in service date of REX East (tentatively, December 30, 2008) (“Period 2”)

Total Contract Quantity = 12,000 Dth/d. During **Period 2** the following receipt point/segment capacity is available for deliveries to REX Zone 3:

- Zone 1 (Meeker Leg) - Enterprise/Meeker (PIN 42234)(Note 3), or Love Ranch (PIN 42235) MDRQ of 12,000 Dth/d. . Note that Meeker Hub service is required if a shipper selects the Love Ranch (PIN 42235) Receipt Point and an additional Meeker Hub fee (either maximum recourse or negotiated) must be bid. Further, shippers delivering gas into the Rockies Express Pipeline Project at the Love Ranch (PIN 42235) receipt point will be responsible for providing Meeker Hub Service fuel pursuant to a tracking provision contained in the FERC Gas Tariff applicable to the Rockies Express Pipeline Project in addition to the FL&U for the for the mainline.

An example of a possible path for an MDQ of 12,000 Dth/d is as follows:

- TransColorado/REX Love Ranch (PIN 42235) to Dominion Transmission, Clarington Hub, Ohio (PIN TBD) for 12,000 Dth/d

Bids will consist of: for **Period 1**, a binding precedent agreement per the REX WEST FERC Gas Tariff and, if applicable a Negotiated Rate Agreement, executed by shipper; and, for **Period 2**, a binding precedent agreement subject to the REX EAST certificate application, executed by shipper. The precedent agreement will, among other things, obligate shipper to enter into a REX-East FTSA having a primary term commencing upon the in-service of REX East and ending not earlier than the bid primary term (10 year minimum) from the in-service of REX West, which will supersede the REX West FTSA. See Attachment 2.

The applicable maximum tariff rate is as stated in REX's FERC Gas Tariff. REX is not required to sell this capacity at less than the applicable maximum tariff rate.

Shippers can bid on any combination of the above options, but REX reserves the right to accept or reject bids in whole or in part, or to reopen bidding after initial bids have been reviewed. REX will review bids with the intent of optimizing value based on rate, term and volume and reserves the right to re-negotiate any component of the terms contained in the bid(s), subject to Section 17.1 H of the General Terms and Conditions (GT&C) of REX's FERC Gas Tariff. REX will consider bids with REX-West and REX-East terms (as contained in the resultant REX-West and REX-East FSAs) of ten years or greater.

If you have any questions about this posting of capacity availability, or an interest in discussing other mainline transportation service opportunities, please contact Max Lawton (303) 914-4622, Joe Sterrett (303) 763-3246, or John Boughner (303)914-4507.

### **Submission of Bid Agreements**

Potential shippers are requested to submit an executed Precedent Agreement and Appendix A with each bid (please submit two complete originals) by registered or certified mail, courier, fax or hand delivery at any time during the Open Season to:

Rockies Express Pipeline LLC  
Attention: Randy Holstlaw  
370 Van Gordon Street  
P.O. Box 281304  
Lakewood, CO 80228-8304  
Fax: (303) 984-3070

Unless sent by facsimile, all material received will be time and date stamped by Transporter. Any executed Bids received (or post-marked, if sent by registered or certified mail) after the close of the Open Season will be considered only at Transporter's election. Transporter may, in its sole discretion, at any time during the Open Season and upon 5 business days notice, extend or shorten the closing date of the Open Season, or modify the terms of the Open Season. Transporter has no obligation to accept bids with terms that deviate from the terms of the form contained in these materials and, in its sole discretion, may accept any such deviation in whole or in part, in a not unduly discriminatory manner.

These Open Season materials are provided for informational purposes to enable shippers to obtain firm transportation service through the Rockies Express Pipeline Project. However, the information contained herein or that is provided in response to questions or a request for information about these procedures or the enclosed materials establishes no contractual or other relationship between Transporter and any party. The fully executed Precedent Agreement will set forth the parties' contractual relationship.

All bid(s) pertaining to this Open Season shall be binding upon the execution of the Precedent Agreement by Transporter. All bidding parties shall submit an executed Precedent Agreement for consideration by Transporter. Transporter's execution of the Precedent Agreement with successful bidders is subject to the methodology described in the Bids, Allocation and Awarding of Capacity section below, and an option to assume all available capacity, which is held by a third party (Third Party Option). All bids will constitute offers to subscribe for capacity effective as of the final day of the Open Season in order for Transporter to be able to clear the Third Party Option in accordance with its terms prior to accepting and bids received.

### **Bids, Allocation and Awarding of Capacity**

Negotiated rate bids will be assigned a Net Present Value ("NPV") based on the rate and term. NPV will be calculated based on the expected in-service date of REX West of January 1, 2008, using a 10 percent discount factor. Bid NPVs will be calculated based solely on the bid terms. No NPV value will be ascribed in the NPV calculation to transportation that may occur beyond the primary bid term. Subject to clearing the Third Party Option, Transporter's award of this capacity shall be based on the highest combined NPV of bids based on rate and term, taking into account any shipper's minimum acceptable MDQ, so as to produce the highest NPV. In order for a bid to be considered conforming the rate bid must not be less than the minimums shown on Exhibit 2 and the term must not be less than ten years. Conforming bids and non-conforming bids acceptable to Transporter, at its sole discretion and in a not unduly discriminatory manner, will be evaluated to determine awards of capacity. Transporter will not entertain bids at rates other than the Maximum Recourse Reservation Rate or at a Negotiated Reservation Rate that is less than the minimums shown on Exhibit 2.

If there are two or more shippers with bids containing equivalent NPV and there is insufficient project capacity to satisfy both bids (including insufficient capacity due to an exercise of the Third Party Option for less than all of the available capacity), Transporter will allocate the available capacity pro rata based on the MDQ requested by those shippers. In the event that the pro rata share falls below a shipper's specified minimum acceptable MDQ, then shipper's bid will be discarded; provided, that Transporter will award capacity based on the highest NPV of any bid or combination of bids received, taking into account shipper's minimum acceptable MDQ before discarding any bid for this reason, and provided further, that before discarding such a bid, Transporter will contact the affected shipper to determine if the shipper agrees to a reduction in the minimum MDQ.

# Exhibit 1

## Estimated Maximum Recourse Reservation Rates

Mainline Transport					
\$ per Dth per Month			\$ per Dth		
Receipt Location	Delivery Location		Receipt Location	Delivery Location	
	Zone 2	Zone 3		Zone 2	Zone 3
<b>ZONE 1</b> Enterprise/Meeker (PIN 42234) Or Love Ranch (PIN 42235) (1)	\$ 23.5546 (3)	\$41.3343 (4)	<b>ZONE 1</b> Enterprise/Meeker (PIN 42234) Or Love Ranch (PIN 42235) (1)	\$0.7744(1)	\$1.3589(2)
<b>ZONE 2</b> WIC (PIN 42722) (2) Or Cheyenne Plains (PIN 42718) (2)	\$ 16.4826 (3)		<b>ZONE2</b> WIC (PIN 42722) (2) Or Cheyenne Plains (PIN 42718) (2)	\$0.5419(1)	

**Note 1: Meeker Hub Service Also Required (See Rates Below)**

**Note 2: Cheyenne Hub Service Also Required (See Rates Below)**

**Note 3: REX-West Transport under FTSA**

**Note 4: REX-East Transport under Precedent Agreement**

Hub Services		
	\$ per Dth per Month	\$ per Dth
<b>Meeker Hub Service</b>	<b>\$1.1921</b>	<b>\$0.0392</b>
<b>Cheyenne Hub Service</b>	<b>\$1.8631</b>	<b>\$0.0613</b>

## Exhibit 2

### Minimum Negotiated Rates

Mainline Transport					
\$ per Dth per Month			\$ per Dth		
Receipt Location	Delivery Location		Delivery Location		
	Zone 2	Zone 3	Receipt Location	Zone 2	Zone 3
<b>ZONE 1</b> Enterprise/Meeker (PIN 42234) Or Love Ranch (PIN 42235) (1)	\$ 23.5546 (3)	\$33.5000 (4)	<b>ZONE 1</b> Enterprise/Meeker (PIN 42234) Or Love Ranch (PIN 42235) (1)	\$0.7744(1)	\$1.1014(2)
<b>ZONE 2</b> WIC (PIN 42722) (2) Or Cheyenne Plains (PIN 42718) (2)	\$ 16.4826 (3)		<b>ZONE 2</b> WIC (PIN 42722) (2) Or Cheyenne Plains (PIN 42718) (2)	\$0.5419(1)	

**Note 1: Meeker Hub Service Also Required (See Rates Below)**

**Note 2: Cheyenne Hub Service Also Required (See Rates Below)**

**Note 3: REX-West Transport under FTSA**

**Note 4: REX-East Transport under Precedent Agreement**

Hub Services		
	\$ per Dth per Month	\$ per Dth
<b>Meeker Hub Service</b>	<b>\$0.9885</b>	<b>\$0.0325</b>
<b>Cheyenne Hub Service</b>	<b>\$0.9885</b>	<b>\$0.0325</b>

### Exhibit 3

## Estimated Recourse Commodity Charges and FL&U

<b>Commodity Charges</b>		
<b>Receipt</b>	<b>REX-West (Zone 2)</b>	<b>Rex-East (Zone 3)</b>
<b>ZONE 1</b>		
Enterprise/Meeker (PIN 42234)		
Or		
Love Ranch (PIN 42235)	\$ 0.0049	\$ 0.0074
<b>ZONE 2</b>		
WIC (PIN 42722)		
Or		
Cheyenne Plains (PIN 42718)	\$ 0.0019	\$ 0.0044
Meeker Hub Service	\$ 0.0024	
Cheyenne Hub Service	\$ 0.0009	

<b>Estimated FL&amp;U Percentage</b>				
<b>Receipt</b>	<b>Meeker Hub/1</b>	<b>Cheyenne Hub/1</b>	<b>REX-West (Zone 2)</b>	<b>Rex- East (Zone 3)</b>
<b>ZONE 1</b>				
Enterprise/Meeker (PIN 42234)			2.49%	3.96%
<b>ZONE 1</b>				
Love Ranch (PIN 42235)	0.47%		2.49%	3.96%
<b>ZONE 2</b>				
WIC (PIN 42722)				
Or				
Cheyenne Plains (PIN 42718)		0.26%	1.64%	3.11%

/1 Hub Service FL&U is additive to mainline FL&U

## Exhibit 4

# Receipt and Delivery Points

Point #	Interconnecting Entity	Location	Availability (1)		REQUIRES HUB SERVICE
			REX-West	REX-East	
<b>RECEIPT POINTS</b>					
1	TransColorado Love Ranch	Rio Blanco County CO	Y	Y	Y
2	Enterprise Meeker	Rio Blanco County CO	Y	Y	N
3	J-W Gathering Great Divide	Moffat County, CO	Y	Y	N
4	Overthrust Wamsutter	Sweetwater County, WY	Y	Y	N
5	Lost Creek	Sweetwater County, WY	Y	Y	N
6	WFS Echo Springs	Sweetwater County, WY	Y	Y	N
7	Cheyenne Plains Crazy Bear	Cheyenne Hub, Weld County, CO	Y	Y	N
8	WIC Sitting Bull	Cheyenne Hub, Weld County, CO	Y	Y	Y
<b>DELIVERY POINTS</b>					
9	Colorado Interstate Gas	Laramie County, WY	Y	N	N
10	Wyoming Interstate Company	Laramie County, WY	Y	N	N
11	Colorado Interstate Gas	Cheyenne Hub, Weld County, CO	Y	N	N
12	Cheyenne Plains Gas Pipeline	Cheyenne Hub, Weld County, CO	Y	N	N
13	Public Service of Colorado	Cheyenne Hub, Weld County, CO	Y	N	N
14	Trailblazer Pipeline	Cheyenne Hub, Weld County, CO	Y	N	N
15	Kinder Morgan Interstate Gas	Franklin County, NE	Y	N	N
16	Natural Gas Pipeline Company of America	Jefferson County, NE	Y	N	N
17	ANR Pipeline Company	Brown County, KS	Y	N	N
18	Panhandle Eastern Pipe Line Company	Audrain County, MO	Y	N	N
19	AmerenEnergy/Illinois Power Co.	Moultrie Co, IL	Y	Y	N
20	Natural Gas Pipeline Company of America	Moultrie Co, IL	Y	Y	N
21	Panhandle Eastern Pipe Line Company	Douglas County, IL	Y	Y	N
22	Trunkline Gas Company	Douglas County, IL	Y	Y	N
23	Midwestern Gas Transmission Company	Edgar County, IL	Y	Y	N
24	Citizens Gas Utility	Morgan Co, IN	Y	Y	N
25	Vectren/Indiana Gas Co.	Morgan Co, IN	Y	Y	N
26	ANR Pipeline Co.	Shelby Co, IN	Y	Y	N
27	Columbia Gas Transmission	Lebanon Hub, Warren Co., OH	Y	Y	N
28	Dominion Transmission, Inc.	Lebanon Hub, Warren Co., OH	Y	Y	N
29	Texas Eastern Transmission Company	Lebanon Hub, Warren Co., OH	Y	Y	N
30	Texas Gas Transmission	Lebanon Hub, Warren Co., OH	Y	Y	N
31	Columbia Gas Transmission Corp.	Fairfield County, OH	Y	Y	N
32	Tennessee Gas Pipeline	Guernsey County, OH	Y	Y	N
33	Dominion Transmission, Inc.	Clarington Hub, Monroe Co., OH	Y	Y	N
34	Dominion East Ohio Gas	Clarington Hub, Monroe Co., OH	Y	Y	N
35	Texas Eastern Transmission Company	Clarington Hub, Monroe Co., OH	Y	Y	N

Note 1: REX-West points are finalized. Negotiations with downstream parties on REX-East are underway

In the event that shipper selects a REX-East delivery point that is not constructed because interconnection terms cannot be reached, as determined in the sole discretion of Rockies Express, then REX will notify shipper of the unavailability of such point(s) and shipper shall re-elect any affected primary MDQ to another point having available capacity.