

**ROCKIES EXPRESS PIPELINE LLC
PROCEDURES FOR OPEN SEASON – JUNE 20, 2006
OAKFORD EXTENSION PROJECT**

Rockies Express Pipeline LLC (“Rockies Express” or “Transporter”), a Delaware limited liability company jointly developed and owned by Kinder Morgan Energy Partners, L.P. (“KMP”) and Sempra Pipelines & Storage (“Sempra”), will conduct a binding Open Season for new interstate natural gas pipeline capacity, beginning at 12:00 Noon MT on Tuesday, June 20, 2006 and ending on Friday, July 14, 2006 at 5:00 p.m. MT.

This Open Season is being held to solicit the submission and execution of binding Precedent Agreements (the form of which is also posted at www.kindermorgan.com for public viewing and use) for firm interstate natural gas transportation service to be provided by Rockies Express by extending its facilities from the currently planned terminus located at the Clarington Hub, in Monroe County, Ohio (“Clarington Hub”) to reach further eastward to delivery points located in the vicinity of Oakford, in Westmoreland County, Pennsylvania (“Oakford”) (“the Oakford Extension Project” or “Project”). The Oakford Extension Project is being planned to include approximately 100 miles of large-diameter pipeline construction, with associated compression and appurtenant facilities, and will accommodate the firm transportation of approximately 1,800,000 Dth/day, of natural gas, depending on the results of this Open Season. The Oakford Extension Project will allow for Rockies Express to interconnect with additional pipelines serving the Eastern Coast of the United States and to provide increased supply availability and diversity to East Coast markets.

Rockies Express is currently an interstate natural gas pipeline system that provides natural gas transportation services within the States of Colorado and Wyoming. Rockies Express filed a certificate application with the Federal Energy Regulatory Commission (“FERC”), on May 31, 2006 (“REX-West”), in which it is proposing to construct facilities that will traverse from the Cheyenne Hub in Colorado to an interconnect with Panhandle Eastern Pipeline in Audrain County, Missouri. Rockies Express intends subsequently to file a separate certificate application to extend its system from Audrain County, Missouri to the Clarington, Ohio area (“REX-East”), providing capability to transport Rocky Mountain natural gas supplies to major pipeline interconnects along the route. The expected completion and in-service date of the REX-West project, to Audrain County, Missouri, is January 1, 2008, and Rockies Express currently anticipates that the REX-East project will reach the Clarington Hub and be in-service to that point by June 30, 2009. Upon completion to the Clarington Hub, Rockies Express will include approximately 1,650 miles of large-diameter pipeline, with firm transportation capacity of approximately 1,800,000 Dth per day.

Rockies Express plans to develop a third certificate application related to the Oakford Extension Project, which is the subject of this Open Season, and will request authorization from the FERC to have these extension facilities placed in-service by January 1, 2010.

During the Open Season, any Shipper interested in contracting for firm service to be provided from the Oakford Extension Project must execute and return a binding Precedent Agreement, including “Appendix A”. In order to be considered a conforming bid by Rockies Express, “Appendix A” to the Precedent Agreement must include the following:

- For Shippers currently holding precedent agreements for service across Rockies Express to Clarington, Ohio (“REX Shippers”), indication of the Shipper’s requested Negotiated Reservation Rate or indication to pay the applicable Rockies Express Maximum Tariff Reservation Rate related to the Oakford Extension (“Oakford Recourse Rate”). In recognition of their prior commitments to Rockies Express, the minimum acceptable Negotiated Reservation Rate by REX Shippers for capacity over the Oakford Extension Project is \$0.0900 per Dth (stated at 100% load factor and based upon a project of 1,800,000 Dth/d). REX Shippers receipt point elections under prior precedent agreements related to Rockies Express will apply for extended service across the Oakford Extension Project. Any negotiated reservation rate or recourse rate selected by REX Shippers for this Project shall be in addition to the rates agreed under prior precedent agreements executed for service across Rockies Express to Clarington, Ohio. Delivery points available to shippers under this Project are set forth on Appendix A to the Precedent Agreement, and shippers should select their delivery points for the Oakford Extension Project from that list.
- For Shippers not currently holding precedent agreements for service across Rockies Express to Clarington, Ohio (“New Shippers”), indication of the New Shipper’s requested Negotiated Reservation Rate or indication to pay the Recourse Rate. The minimum acceptable Negotiated Reservation Rate for capacity over the Oakford Extension Project by New Shippers must be at least \$0.1000 per Dth (stated at 100% load factor and based upon a project of 1,800,000 Dth/d). New Shippers should indicate their preferred receipt points at the Clarington Hub to tender gas to the Oakford Extension Project; however, it will be the shipper’s responsibility to deliver into Rockies Express at prevailing operating pressures, which may be as high as 1480 psig from time to time. Delivery points available to Shippers under this Project are set forth on Appendix A to the Precedent Agreement, and Shippers should select their delivery points for the Oakford Extension Project from that list.

New Shippers are also advised that to the extent they desire to tender gas to the Oakford Extension Project at receipt points located at Clarington which are not capable of delivering at sufficient pressures to enter the Oakford Extension Project, Rockies Express will consider offering an additional Clarington Hub Compression Service which will

provide the necessary boost in pressure which may be required to effectuate deliveries into the Oakford Extension Project. Such Clarington Hub Compressor Service will be designed based on Shippers' expressions of interest in such service and it is estimated that this service could be available for an additional \$.03 to \$.06 per Dth (reservation charge, stated at 100% load factor) to any Shippers which may require the service. Additional commodity and FL&U charges would also apply under any Clarington Hub Compressor Service offered by Rockies Express. As Shipper interest is determined for a Clarington Hub Compressor Service, Rockies Express will post further defined parameters for this service in conjunction with the conduct of this Open Season.

- Requested Maximum Daily Quantity ("MDQ"), exclusive of Fuel and Lost and Unaccounted for Gas ("FL&U"), of not less than 1,000 Dth per day, by receipt and/or delivery point;
- Requested Minimum Acceptable MDQ, exclusive of FL&U, of not less than 1,000 Dth per day, by receipt and/or delivery point;
- Requested Primary Term of not less than 10 years;
- Requested Alternate Receipt or Delivery Points. To the extent that a Shipper selects receipt or delivery points other than those listed in the "Appendix A" to the Precedent Agreement, all points, and the MDQ exclusive of FL&U, for each point, must be specified. All Shippers should specify all desired points on "Appendix A" to the Precedent Agreements, and should indicate whether or not the Precedent Agreement is contingent upon Rockies Express's accommodation of such selected points. Rockies Express will inform Shipper whether, in its sole discretion, it can accommodate such requested points. Rockies Express, in its sole discretion, may accept or reject, in whole or in part, any bid which contains such contingencies. Rockies Express's acceptance or rejection will be made in a not unduly discriminatory manner.

To the extent bids by a Shipper or Shippers exceed available capacity at any particular point or points, Rockies Express may, in its sole discretion, propose additional facilities to accommodate such requests, the cost of which may be borne by the requesting Shipper(s) under non-discriminatory pricing provisions. Shipper(s) who request and pay for such additional facilities will be entitled to contract for the capacity that is created by such facilities. After the close of this Open Season, if capacity remains available, Rockies Express may also consider, in its sole discretion and in a not unduly discriminatory manner, bids that do not meet the above-specified minimum requirements for a conforming bid.

Prospective Shippers may submit a Negotiated Reservation Rate bid or a Recourse Rate bid, which shall be valid through the entire initial term of the service contract(s) resulting from the Precedent Agreement(s) submitted in this Open Season. A Recourse Rate bid may be submitted by indicating “maximum tariff rate” on Appendix A to the Precedent Agreement. If such “maximum tariff rate” bids are submitted, then such bids will be deemed subject to the maximum applicable Firm Transportation Service Reservation Charge set forth in Rockies Express’s FERC Gas Tariff, as applicable to the Oakford Extension Project, as it may be adjusted from time-to-time.

Rockies Express’ estimated maximum applicable recourse rates to apply to the Oakford Extension Project, stated on an incremental or additional rate zone basis, are as follows:

*	Reservation Rate (100% L.F.)	\$0.1150 per Dth
*	Commodity Rate	\$0.0010 per Dth

In addition to the Negotiated Reservation Rate or Oakford Recourse Rate, Shippers shall be responsible for paying the applicable Commodity Rate, and for providing Fuel and Lost and Unaccounted for Gas pursuant to the Fuel and Lost and Unaccounted for Gas (“FL&U”) tracking mechanism set forth in Rockies Express’s effective tariff. The FL&U associated with the facilities built as a result of this Open Season will be proposed to be tracked separately relative to other Rockies Express facilities. It is estimated that such FL&U applicable to the Oakford Extension Project, shall be less than 0.5%, stated on an incremental basis. In any event and regardless of whether this incremental FL&U proposal is accepted by the FERC, Shippers shall pay the FL&U deemed applicable by the FERC to the Oakford Extension Project, as shall be set forth in Rockies Express’s tariff from time-to-time.

ACA, and any additional authorized surcharges that become generally applicable under Rockies Express’s approved FERC Gas Tariff, shall also be charged. Currently, no other additional surcharges are estimated to be applicable.

Other Project Information

If Shipper shall have opted to pay a Negotiated Reservation Rate, as described on Appendix A of the Precedent Agreement, such negotiated rate shall be applicable at all existing and future primary and secondary points on the Oakford Extension Project that are located in the primary transportation path between Shipper’s primary receipt point(s) and its primary delivery point(s). The fact that Rockies Express charges Shipper a negotiated rate does not imply any duty on the part of Rockies Express to install facilities to facilitate the receipt of gas of non-conforming quality or at non-conforming pressures. Further, future primary and secondary points do not include points related to further, future extensions of Rockies Express’s system.

Rockies Express reserves the right, in its sole discretion, to structure the Oakford Extension Project as a part of Rate Zone 3 of the overall Rockies Express system, or as an additional, incrementally priced, east-of-Clarington, Ohio rate zone of the Rockies Express system. Such determination shall not affect Shipper’s Fixed Negotiated Reservation Rates under the Precedent Agreement executed as a result of this Open Season. Shippers are hereby advised that the above-quoted estimates of Recourse Rates to be applicable to the Project may not be

representative of any resulting, higher rolled-in rates that would apply for Zone 3 of the Rockies Express system, after any such roll-in of the Oakford Extension Project facilities.

REX Shippers shall receive preference to the first 1,800,000 Dth/day of capacity created by this Oakford Expansion Project. To the extent that acceptable binding commitments are negotiated which exceed the planned capacity of the Project, Rockies Express may construct such additional capacity as necessary to accommodate such commitments.

Execution of Precedent Agreements and Contact Information

Potential Shippers may submit executed Precedent Agreements (please submit one complete original) by registered or certified mail, courier, e-mail, facsimile or hand delivery at any time during the Open Season to:

Rockies Express Pipeline LLC
Attention: Mr. Jeffery Rawls, Vice President
370 Van Gordon Street
Lakewood, Colorado 80228
Fax: (303) 763-3102

All material received will be time and date-stamped by Rockies Express. Any executed Precedent Agreements received (or post-marked, if sent by registered or certified mail) after the close of the Open Season, will be considered only at Rockies Express's election.

These Open Season materials are provided for informational purposes to enable interested parties to express an interest in obtaining firm transportation service on the proposed Rockies Express facilities. However, the information contained herein, or that is provided in response to questions or requests for information, establishes no contractual or other relationship between Rockies Express and any party. Any contractual relationship between a party and Rockies Express will be reflected in the executed Precedent Agreement.

Upon notification by Rockies Express, interested parties will have the period of time allotted in the Precedent Agreement to provide sufficient written evidence of creditworthiness, or, alternatively, post an irrevocable letter of credit, make a prepayment, or provide a guarantee from an acceptable party, in each instance equal to thirty-six (36) months of contract revenues as indicated in the Precedent Agreement. Such evidence of creditworthiness will be evaluated by Rockies Express prior to the signing of any Precedent Agreement.

Please direct any questions or requests you may have concerning this Open Season to:

Jeffrey Rawls, Vice President	(303) 914-4903	jeff_rawls@kindermorgan.com
John Eagleton, Director	(303) 914-4702	john_eagleton@kindermorgan.com
Michael Smith, Manager	(303) 763-3484	mike-lakewood_smith@kindermorgan.com

Additional information regarding this Open Season, including copies of acceptable forms of Precedent Agreement, may be obtained from Rockies Express's website at www.kindermorgan.com.

Evaluation of Project

The project evaluation procedure to be utilized by Rockies Express shall only consider Precedent Agreements to the extent that they provide for an objectively quantifiable payment by the interested party. Precedent Agreements can contain MDQ's that vary monthly, seasonally or annually, or rates that vary in a similar manner and such requests may constitute Negotiated Rate submissions or non-conforming Precedent Agreements. Rockies Express will, at its sole discretion, consider such Precedent Agreements; however, Rockies Express will only evaluate and include in its analysis, those portions of a Precedent Agreement that are objectively quantifiable. A final determination regarding whether, in Rockies Express's sole discretion, the project described herein is economical and whether Rockies Express is willing to proceed with construction or acquisition of all or any portion of the described project will be based upon the success of executing binding Precedent Agreements with parties for adequate service on the project.

REX Shippers, as defined herein, will be accorded preference to the first 1,800,000 Dth/day of capacity provided any such REX Shipper submits a conforming bid at least equal to the applicable minimum acceptable bid for REX Shippers of \$0.900 per Dth. For purposes of allocating capacity among New Shippers, Precedent Agreements received during the course of this Open Season from New Shippers will be assigned a Net Present Value ("NPV") based on rate and MDQ, with the term considered for purposes of establishing NPV capped at 10 years. For bids submitted with a term of more than 10 years, such bids will be assigned a value as if zero percent of the rate bid is applicable for all years beyond 10 years. Rockies Express will award available capacity, based on NPV, to those parties with whom it executes Precedent Agreements.

Rockies Express may combine requests of several New Shippers in order to maximize total NPV. If, by the end of the Open Season, Rockies Express receives Precedent Agreements with two or more New Shippers which yield equivalent NPV, and there is insufficient unsubscribed capacity still available to satisfy both requests, Rockies Express will allocate available capacity on a pro-rata basis, based on the MDQ's requested by those parties during the Open Season, unless those parties agree on an alternative allocation method. In the event that the allocated pro rata share falls below any party's specified minimum acceptable MDQ, if any, then such bid will be discarded; provided, however, that before discarding such a bid, Rockies Express will contact the party to determine if they agree to a reduction in their specified minimum MDQ.

Rockies Express may, upon notice and in its sole discretion, at any time during this Open Season, extend the closing date of this Open Season, shorten or terminate this Open Season, or modify the parameters of this Open Season to more specifically define the project. Interested parties are encouraged to submit Precedent Agreements at their earliest convenience during this Open Season. Parties will be notified after the close of the Open Season of any capacity awarded to them as a result of this Open Season.

At the close of this Open Season, if capacity remains available, Rockies Express may, in its sole discretion and in a not unduly discriminatory manner, conduct additional negotiations with parties in order to obtain conforming commitments to subscribe such remaining available capacity.