

# REX Northeast Express Project

Transporting Rocky Mountain Production  
To Northeast Markets



Open Season Notice  
October 29, 2007 – December 7, 2007



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## Notice

Rockies Express Pipeline LLC (“REX”) will conduct a non-binding Open Season for a proposed REX Northeast Express Project (“Northeast Express Project”) beginning at 9:00 a.m. Central Time (“CT”) on October 29, 2007 and ending at 3:00 p.m. CT on December 7, 2007. The Northeast Express Project, depicted in Figure 1, is designed to extend the REX pipeline to Princeton, New Jersey, and to expand the REX pipeline between Lebanon and Clarington, Ohio. The Northeast Express Project will provide northeast markets the opportunity to directly access reliable and long lived Rocky Mountain natural gas supply and to access other Mid-Continent and Gulf Coast production received into the REX pipeline at Lebanon and other receipt points between Lebanon and Clarington. The Northeast Express Project will provide access to existing storage fields in the Oakford and Leidy areas in Pennsylvania, and the opportunity to serve high value markets on Texas Eastern Transmission Company LP (“TETCO”), Transcontinental Gas Pipe Line (“Transco”), UGI Utilities Inc. (“UGI”), PECO Energy (“PECO”) and the Algonquin Gas Transmission (“Algonquin”) system. Extending the system to Princeton will provide additional opportunities for LDCs and end users to diversify their natural gas supply portfolios with high quality, economical, reliable Rocky Mountain natural gas production. REX is jointly owned by Kinder Morgan Energy Partners, L.P., Sempra Pipelines & Storage Company and ConocoPhillips Company.



Figure 1

## REX Background

REX, depicted in Figure 2, is a 42 inch high pressure, highly fuel efficient pipeline that will deliver 1.6 Bcf per day of Rockies production into the Clarington, Ohio area beginning January 1, 2009. Delivery quantities will increase to 1.8 Bcf per day on July 1, 2009. REX will have the capability to transport Rockies gas to Clarington, Ohio, using only 4% fuel from end to end, and only 3% from Cheyenne, Wyoming to Clarington. As such the REX pipeline is poised to provide the most fuel efficient long haul pipeline service available into the northeast market area.



Figure 2

## Description of the Northeast Express Project

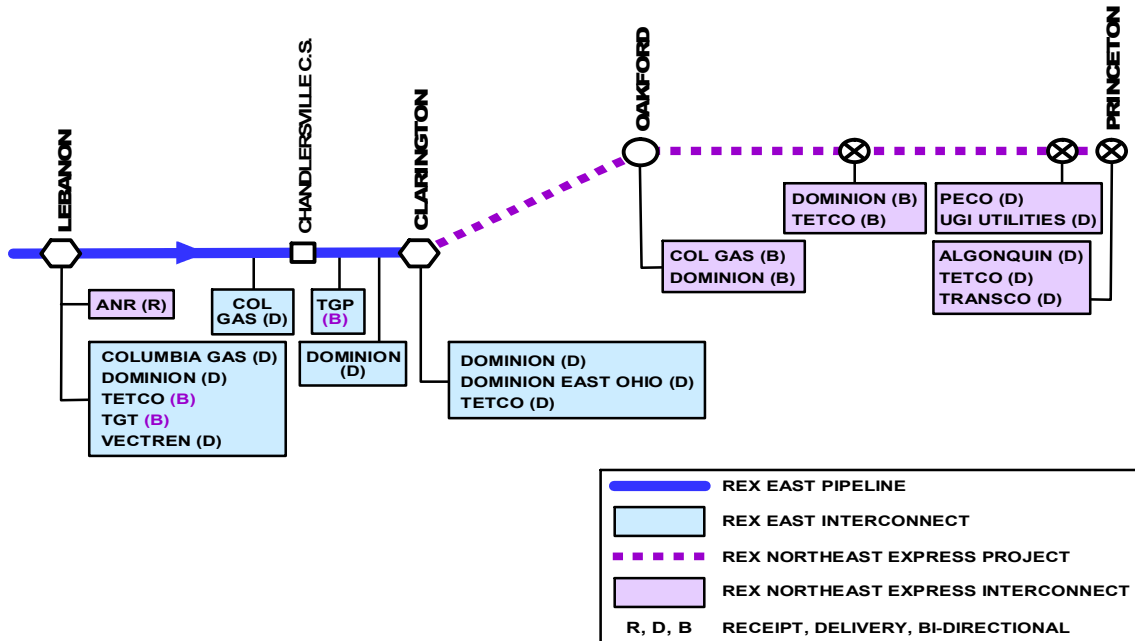
While the construction of REX continues to progress on schedule, considerable interest has been expressed by existing and potential shippers, including producers, end users, LDCs and other interstate pipelines in extending the REX pipeline from its planned terminus at Clarington, Ohio, eastward to a point near Princeton, New Jersey, and in expanding the REX pipeline between Lebanon, Ohio and Clarington, Ohio. The proposed extension path from Clarington, Ohio to Princeton, New Jersey, is a stand alone project, and is not dependent on an expansion between Lebanon, Ohio and Clarington, Ohio. The proposed expansion from Lebanon, Ohio to Clarington, Ohio, coupled with the extension path from Clarington, Ohio to Princeton, New Jersey is also offered on a stand alone basis. Construction of capacity on the combined expansion / extension path would entail an expansion of planned REX facilities between Lebanon and Clarington, and the quantity of expansion capacity that is proposed between Lebanon and Clarington may be modified independent of the extension from Clarington to Princeton based on expressions of interest to this open season. Based on initial feedback from potential shippers, the REX Northeast Express Project, depicted in Figure 3, has been designed to provide the following:

- A 375 mile, 42-inch diameter pipeline extension of the REX pipeline originating at the planned terminus of the REX pipeline near Clarington, Ohio, traversing northeast to Oakford, Pennsylvania, and then proceeding east to the Princeton, New Jersey area. The extension has a design capacity of 1,500,000 Dth/d.
- A 1,000,000 Dth/d capacity expansion of the REX pipeline between Lebanon and Clarington, Ohio.
- Based on market interest, planned interconnections would include:
  - The construction of receipt capability at four points including ANR Pipeline Company (“ANR”) at Lebanon; TETCO (M2) at Lebanon; Texas Gas Transmission LLC (“TGT”) at Lebanon; and Tennessee Gas Pipeline Company (“TGP”) in Guernsey County, Ohio.

The TETCO, TGT and TGP receipt points will be bi-directional points, as they are already planned delivery points off the REX pipeline system.

- Two bi-directional interconnects at Oakford, one with Dominion Transmission Inc. (“DTI”) and one with Columbia Gas Transmission (“Columbia”).
- Two bi-directional interconnects in Juniata County, Pennsylvania, one with TETCO at the P01 point where the TETCO line to the Leidy storage area originates and one with DTI near Perulack, Pennsylvania.
- Five delivery point interconnects near the eastern terminus of the project. Delivery points will include TETCO (M3) in Hunterdon County, New Jersey, Transco at Transco’s station 205 (Zone 6 Non-NY), UGI in Lebanon County or Berks County, Pennsylvania, PECO in Bucks County, Pennsylvania, and Algonquin at the southern most point on the Algonquin system.
- Booster compression services will be available at Lebanon, Guernsey County, Oakford and PO1/Perulack. The booster compression service is designed to allow receipt of lower pressure gas into the Project.

### REX NORTHEAST EXPRESS PROJECT



Note: All REX East interconnections, as indicated in blue in this schematic, are planned delivery points from REX East. The addition of a purple “B” indicates point modification so that the points will be made bi-directional as a part of the REX Northeast Express Project.

Figure 3

The Northeast Express Project is expected to commence service in late 2010. The Project is designed to provide shippers with a high degree of flexibility and to allow shippers to select desired services to meet their needs. The Project will provide numerous advantages and opportunities, including:

- The opportunity to sell natural gas production to higher value Eastern markets on TETCO, Transco, UGI, PECO and into the Algonquin system that are not available at Clarington, Ohio.
- The opportunity for LDCs and end users in the Eastern U.S. to diversify their natural gas supply portfolios with high quality, economical, reliable, long-lived Rocky Mountain gas.
- In addition to UGI and PECO, other LDCs along the Northeast Express path, such as Columbia Gas and Equitable, could take advantage of the opportunity to access new supplies.
- The added low cost option to access other Mid-Continent and Gulf Coast area supplies that can be received into the REX system through the planned hub facilities.
- Access to existing storage fields located in Pennsylvania, such as at Oakford, Rager Mountain, Bunola or Swarts-West and Leidy.
- The opportunity for natural gas producers from production areas other than the Rocky Mountain region to access market options afforded by the Northeast Express Project.
- The opportunity for shippers using the Dominion Cove Point LNG facilities to transport gas on the Northeast Express Project from an interconnecting point near Perulack, Pennsylvania into Eastern markets on TETCO, Transco, UGI, PECO and into the Algonquin system; and
- The Northeast Express Project may provide downstream pipeline systems with a significant quantity of high pressure, high quality gas at receipt points into those systems that are downstream of their constraint points, increasing system capacities and improving operational flexibility.

## **Project Rates**

The following represents the rates that would apply to transportation on the Northeast Express Project. These rates represent, in addition to the transportation rate, projections of fuel use and lost and unaccounted for (FL&U) gas requirements. The rates for transportation from receipt points between Lebanon and Clarington to all points beyond Clarington leading to and including Princeton [B in the table below] are inclusive of rates from Clarington to Princeton [A in the table below]. Receipt Point Booster Service, if required, is additional. The FL&U retention will be tracked and adjusted periodically in accordance with the REX FERC Gas Tariff.

Preliminary Firm Transportation Rates <sup>(1)</sup>	Capacity		Total Rate <sup>(4)</sup>
Transportation Path	(\$/Dth)	FL&U <sup>(2)</sup>	(\$/Dth)
A. Clarington to Princeton	\$0.58	0.45 %	\$0.615
B. Receipts between Lebanon and Clarington to Princeton	\$0.81	0.55 %	\$0.85
C. Receipt Point Booster Service <sup>(3)</sup>	\$0.07	0.50 %	\$0.11

Notes:

- (1) Reservation rates are stated on a per unit 100% load factor basis and require shipper commitments for a term of 10 years. Shippers committing to an initial term of 15 years will receive a rate reduction from the tabled rates. In addition to the reservation charge, shippers will be responsible for any applicable surcharges as approved by the FERC.
- (2) FL&U percentages assume 90% load factor and 0.10 % Lost and Unaccounted For.
- (3) An additional rate will be applicable to Receipt Point Booster Service provided at Lebanon, at TGP (Guernsey County, Ohio), at Oakford, and at the TETCO (P01) and DTI interconnections near Perulack, Pennsylvania. Long haul quantities that are shipped from upstream of Lebanon on the REX pipeline will not require Receipt Point Booster Service.
- (4) Transport rate plus FL&U assuming a \$7.50 per Dth gas price.

Certain assumptions were made to determine the transportation rates and estimated FL&U. These assumptions include such things as the total volume of shipper commitment, preferred points of receipt and delivery, and a project cost estimate. Following receipt of expressions of interest during this Open Season, the project design and cost estimate will be reviewed and modified, if necessary.

### Open Season Procedures

For this non-binding Open Season, any shipper interested in contracting for firm transportation service on the Northeast Express Project should submit the Service Request Form by 3 PM CT, December 7, 2007. Shippers should specify a requested Maximum Daily Quantity (“MDQ”), a requested contract term (10 year minimum) and the desired Primary Receipt and Delivery Point(s) combinations, including the Maximum daily Quantity for each Receipt / Delivery point combination. Any LDC(s) interested in direct connection to the Project, or any shipper desiring the construction of a receipt point or a delivery point that is not listed on the Service Request Form, please specify the desired point(s) in the area provided. Interested shippers can find the Service Request Form at the end of this notice.

The possibility of constructing any additional point(s) will be pursued, in REX’s sole discretion, based on the level of interest expressed in the Open Season and the incremental costs of such additional point(s). Below is a summary of the proposed receipt and delivery points:

Receipt and Delivery Points		
<u>Interconnect</u>	<u>Location</u>	<u>Type</u>
1 ANR Pipeline	Lebanon	Receipt
2 Texas Eastern Transmission Co.	Lebanon	Receipt
3 Texas Gas Transmission	Lebanon	Receipt
4 Tennessee Gas Pipeline	Guernsey	Receipt
5 Rockies Express	Lebanon	Receipt
6 Columbia Gas Transmission	Oakford	Receipt / Delivery
7 Texas Eastern Transmission Co.	Juniata	Receipt / Delivery
8 Dominion Transmission, Inc.	Juniata	Receipt / Delivery
9 PECO	E Penn	Delivery
10 UGI	E Penn	Delivery
11 Transco	New Jersey	Delivery
12 Algonquin	New Jersey	Delivery
13 Texas Eastern Transmission Co.	New Jersey	Delivery

These Open Season materials are provided for informational purposes to enable shippers to express interest in firm transportation service on the REX Northeast Express Project. All information contained herein or that is provided in response to questions or requests for information about this Open Season or any related materials establishes no contractual or other relationship between REX and any party.

During and after the end of the Open Season, REX will be working with prospective shippers on the Northeast Express Project and with interconnecting pipelines to further define the preferred points of interconnection and to develop and negotiate mutually acceptable precedent agreements as needed to support the Project. Precedent agreements will, among other things, address project risk, define the obligations of REX and the shippers, provide a definitive timeline and define acceptable terms and conditions. REX anticipates the negotiation and finalization of precedent agreements with shippers in early 2008, and that these precedent agreements will provide firm project support and be used for purposes of structuring a final and binding open season.

### Contact

For additional information, please contact:

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Bob\_Mishler@KinderMorgan.com

Rockies Express Pipeline LLC  
**REX Northeast Express Project**  
Service Request Form



**Open Season:**  
**October 29, 2007 – December 7, 2007**

**Shipper Information**

Company \_\_\_\_\_  
 Contact \_\_\_\_\_ Title \_\_\_\_\_  
 Address \_\_\_\_\_  
 Telephone \_\_\_\_\_ FAX \_\_\_\_\_ E-mail \_\_\_\_\_

**Service Request**

Maximum Daily Quantity (MDQ) \_\_\_\_\_ Dth/day  
 Contract Term (10 year minimum) \_\_\_\_\_

**Receipt and Delivery Points:**

	Primary Receipt Point	Primary Delivery Point	MDQ
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
<b>Total Maximum Daily Quantity:</b>			

Signature \_\_\_\_\_ Date \_\_\_\_\_

**Please send to:** Bob Mishler, Kinder Morgan West Region Gas Pipelines  
 Bob\_Mishler@kindermorgan.com  
 Phone 303.914.7762, Fax 303.763.3515