

El Paso Natural Gas Company, L.L.C. (“EPNG”) is providing this update to the open season posted on December 10, 2018 (Notice ID: 604022). This update modifies the open season to reflect a corrected determination of the amount of available capacity for bid in this Open Season

Open Season Notice of Available Firm Capacity on El Paso Natural Gas Company, L.L.C. (EPNG): INN26PLA to Lusk

Bid Deadline – 2:00 PM Mountain Time, December 17th, 2018

Portable Document Format (.pdf) file of Open Season:

<https://pipeline2.kindermorgan.com/PortalWeb/PortalDocs.aspx?code=EPNG&parent=1600>

EPNG is conducting a binding Open Season for existing available capacity as outlined below:

Rate Schedule:	FT-1
Volume / TCD:	30,250 Dth/day
Primary Receipt Point(s):	INN26PLA (PIN 300109)
Primary Delivery Point(s):	IGCNMLUSK (PIN 301530)
Parties that are interested in capacity from other primary points of receipts or to other primary points of delivery, or for other periods, are encouraged to contact their service representatives or any of the individuals listed below.	

Alternate Rec/Del:	<p>The capacity offered in this Open Season will include the right to utilize the following points on an alternate basis at the same contracted rate:</p> <p>Alternate Receipt Locations: All receipt points within EPNG's San Juan, Anadarko and Permian Production Areas (STML SJN PIN 302347; STML PER PIN 302346; and STML ANA PIN 302344)</p> <p>Alternate Delivery Locations:</p> <p>No Alternate Delivery locations are contemplated within this open season.</p>
Recommended Term:	<p>EPNG recommends that bids have a proposed beginning date of December 19, 2018 (although EPNG reserves the right to reject any bid which fails to comport with the provisions of this open season).</p>
Open Season Start: End: Award Notification Date:	<p>5:30 PM MST, December 10, 2018</p> <p>2:00 PM MST, December 17, 2018</p> <p>4:00 PM MST, December 17, 2018</p> <p>Email attached Bid Sheet to KMWestBids@KinderMorgan.com</p> <p>NOTE: EPNG will rely upon the time the bid is received to determine whether the bid was timely. Bids that are received (as determined by the time stamp on the EPNG's email inbox) after the end date and time listed above will be considered invalid bids and will not be eligible for an award of capacity in this Open Season. EPNG recommends that bids be submitted well in advance of the closing time listed above to minimize the risk that any email delay could cause a bid to be excluded from consideration.</p>

General Open Season Requirements:

Bids must include the bidding party's name, Open Season Name ('EPNG INN26PLA to Lusk'), quantity, term, and rate.

By submitting a bid, the bidding party certifies that:

- (a) All information contained in the bid is complete and accurate.
- (b) It satisfies, or will be able to satisfy, all the requirements of EPNG's FERC Gas Tariff.
- (c) The person submitting the bid has full authority to bind the bidding party.

The bid rate must be presented as: 1) the reservation rate per Dth/month, 2) the reservation rate per Dth/day (which will be converted to a Dth/month rate for the Transportation Service Agreement (TSA) by rounding to the fourth decimal the result of the formula (daily rate x 365)/12), or (c) the maximum tariff rate.

There will be no contractual ROFR offered with this capacity.

In addition to the bid rate, each bidding party shall be subject to the applicable maximum usage rate and maximum usage surcharges, all other maximum rates, charges and surcharges, including ACA, Fuel and L&U, and any other authorized surcharges assessed under the applicable Rate Schedule of EPNG's FERC Gas Tariff as those amounts may be amended or superseded from time-to-time. This includes incremental lateral charges and any third party charges resulting from the use of capacity that EPNG may hold on other pipelines.

EPNG reserves the right to reject negotiated rate bids, bids that have rates less than the maximum recourse rate, bids stated as the dollar equivalent of the current maximum recourse rate, bids that are incomplete, contain offers of varying rates within the term, contain additional or modified terms or are inconsistent with the provisions of EPNG's FERC Gas Tariff. EPNG also reserves the right to reject bids for quantities that are not for the same quantity for the duration of the term.

EPNG also reserves the right to seek clarification of bids that have what appears to be an obvious error. Any clarification by bidders must be provided in writing and within the time requested by EPNG. Such clarifications shall be incorporated as part of the binding bid submitted by the bidder.

Current shippers of EPNG may submit bids which include requests to reform their existing effective FTSA's to utilize the capacity described in this Open Season. For purposes of evaluating bids and awarding capacity, EPNG will consider only the incremental revenue that would be generated by the bid (e.g., the incremental revenue associated with a higher maximum Reservation Rate for a delivery point in a different rate zone, an increase in Transportation Contract Demand, or for a term that extends beyond the current FTSA term end date etc.). Any requests for point redesignations using the capacity that do not result in incremental revenue will be assigned a present value of zero dollars (\$0).

EPNG notes that FERC Order No. 894, in some cases, prohibits multiple affiliates of the same entity from bidding in an Open Season for capacity in which the pipeline may allocate capacity on a pro rata basis. It appears to EPNG that the restrictions imposed by FERC Order No. 894 will be applicable in this Open Season and FERC recommends that potential bidders review and adhere to the requirements of that FERC Order.

Creditworthiness Criteria:

The successful bidder(s) must satisfy the creditworthiness requirements of EPNG's FERC Gas Tariff. Bidders that fail to satisfy such creditworthiness requirements within a reasonable time will have their capacity award withdrawn. EPNG will treat the financial statements provided by bidders as confidential.

Each successful bidder and EPNG shall enter into and execute a Transportation Service Agreement (TSA) reflecting the terms of its bid as awarded by EPNG. The TSA will be in the form contained in EPNG's FERC Gas Tariff.

Evaluation Criteria:

If EPNG receives acceptable bids for capacity in excess of the actual amount of available capacity, then EPNG will award and/or allocate the capacity in a manner that yields the highest total PV as calculated below. In determining which bid(s) yield the highest total PV, EPNG reserves the right to combine multiple bids, in whole or in part, in a manner that results in a total PV of the combined bids that exceeds the highest PV achievable by accepting one or more of the disaggregated bids. This process could result in a bidder being awarded less capacity than requested (unless such bidder elects on its bid sheet not to accept a pro rata allocation of capacity).

PV will be calculated as the sum of the present values for all of the months beginning with the first month capacity is available through the end date of the bid term.

The PV for each month will be calculated as follows:

$$PV = (R \times Q) / ((1+i)^n)$$

Where:

R = the monthly reservation bid rate

Q = the monthly bid quantity

i = the monthly discount rate of 0.4133% (which is the annual discount rate of 4.96% divided by 12).

n = the number of months from the earliest date the capacity is available in the Open Season to the month the revenue will be received (the first month capacity is available n = 1, the second month n = 2, and so on).

Contact Information:

Questions concerning this Open Season should be directed to:

Randy Barton	(719) 520-4667
Mark Iverson	(719) 520-4587
Robin Janes	(719) 667-7555
Tim Mang	(719) 520-4373
Damon McEnaney	(719) 520-4472
Dan Tygret	(719) 520-3765

Open Season Bid Sheet
EPNG INN26PLA to Lusk

Form of Service (e.g. FT-1):_____

Email Bid To: KMWestBids@KinderMorgan.com

A. Shipper Information

Legal Name of Bidder:_____

Name of Requesting Party:_____

Title of Requesting Party:_____

DUNS Number:_____

Phone:_____

B. Term of Service

Effective Start Date:_____

Requested Term End Date:_____

C. Transportation Contract Demand (TCD):

Will you accept a pro rata allocation of capacity if necessary?

☐ Yes

☐ NO

Primary Receipt Point(s)	Primary Delivery Point(s)	Flow Path	Available Dth/day MDQ	Requested Dth/day MDQ

*The sum of the MDQs at the Primary Delivery Location(s) must equal the TCD.

D. Bid Rate (express as a monthly rate per Dth or maximum reservation rate):-

*By submitting a bid to EPNG, the bidding party certifies that (a) all information contained in the request is complete and accurate, (b) it satisfies, or will be able to satisfy, all the requirements of EPNG's FERC Gas Tariff, and (c) the person submitting the bid has full authority to bind the bidding party.