

**Yuma II Expansion**  
**Notice of Non-Binding Solicitation of Interest**  
**on El Paso Natural Gas Company, L.L.C.**  
**Bid Deadline – 4:00 PM Mountain Clock Time (“MT”), September 7, 2022**

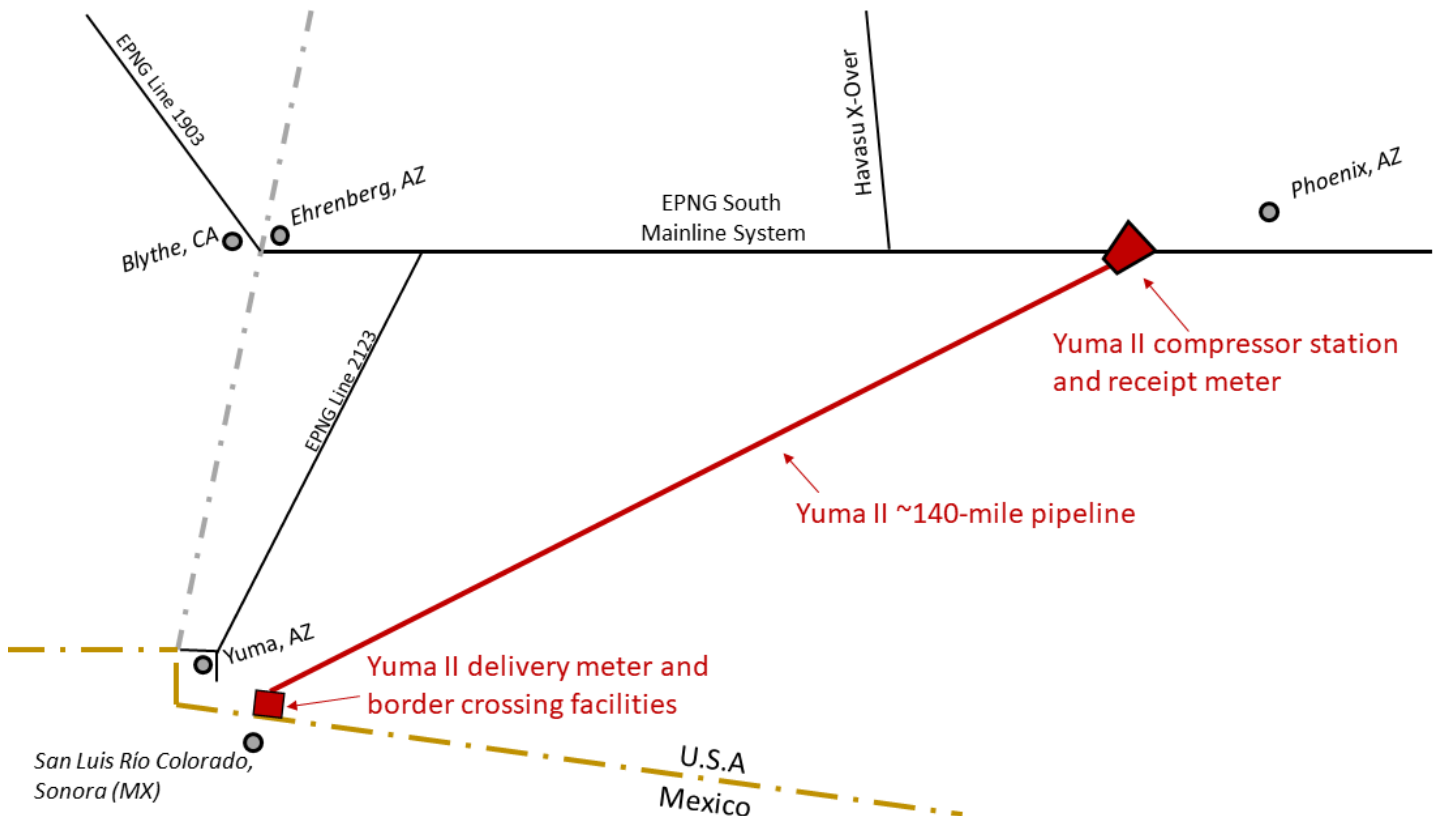
Portable Document Format (.pdf) file of Open Season:

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

El Paso Natural Gas Company, L.L.C. (“EPNG”) is soliciting interest in a project to expand its natural gas transportation capacity from its South Mainline near Phoenix, Arizona to serve the growing need for natural gas supplies in the Baja California market region in Northwestern Mexico, as well as incremental demand near Yuma County, Arizona (“Yuma II Expansion” or “Project”). The Yuma II Expansion would entail construction of an approximate 140-mile, 30 to 42-inch diameter natural gas transportation pipeline in Maricopa and Yuma Counties, Arizona and certain other associated compression and appurtenant facilities. The Project would connect with EPNG’s existing South Mainline system near Phoenix, Arizona, to a point on the U.S.-Mexico international border near San Luis Río Colorado, Sonora.

**DESCRIPTION OF THE YUMA II EXPANSION PROJECT**

The Yuma II Expansion would entail construction of an approximate 140-mile, 30 to 42-inch diameter natural gas transportation pipeline and border crossing facilities located in Yuma and Maricopa Counties, Arizona, and certain other associated compression and appurtenant facilities. The Project would connect with EPNG’s existing South Mainline system near Phoenix, Arizona, to a point on the U.S.-Mexico international border near San Luis Río Colorado, Sonora (see proposed facilities highlighted in red below).



Transportation service on the Project would be provided through EPNG’s FERC Gas Tariff, or through a new “natural gas company” within the meaning of Section 2(6) of the Natural Gas Act, to be owned by an affiliate of EPNG. Parties, particularly Grupo CLISA, a privately held company headquartered in Monterrey, Mexico, are separately evaluating the development of incremental natural gas pipeline facilities to be located in the Mexican States of Sonora and Baja

California, to receive gas from the Yuma II Expansion at the U.S.-Mexico international border. The Mexico pipeline system would include border crossing facilities and the construction of a 30 to 42-inch diameter natural gas transportation pipeline starting at the U.S.-Mexico international border for delivery to potential new and existing natural gas customers in San Luis Río Colorado, Mexicali, Tijuana, Playas de Rosarito, and Ensenada.

EPNG anticipates the Yuma II Expansion would have a minimum design capacity of 600,000 dekatherms per day (Dth/d), however the final design capacity could increase based on market response to this announcement. EPNG invites shippers interested in obtaining firm transportation capacity on the Project to submit a Non-Binding Bid Form during this solicitation period. The bid shall not become binding between the parties until mutually agreed upon and executed in definitive agreements. The targeted in-service date for the Project is currently anticipated by the 4th Qtr 2025.

## **PROPOSED RATES/TERM FOR THE PROJECT**

EPNG proposes to contract capacity for the Project on a fixed negotiated reservation rate basis. The fixed negotiated rate structure would provide shippers with reservation rate certainty during the term of the transportation service agreement. In addition to the fixed negotiated reservation rate, shippers would be subject to other charges under the applicable tariff, including fuel and lost and unaccounted-for gas, and any other authorized surcharges.

EPNG anticipates the need for long-term transportation commitments from shippers (10-25 years) and a minimum aggregate capacity of 600,000 Dth/d in order to offer the most competitive rate proposals. EPNG plans to develop fixed negotiated rate proposals based on the final aggregated capacity commitments and the estimated construction cost of the facilities needed to serve the transportation commitments. EPNG anticipates the possibility of structuring tiered rate proposals, differentiated by individual shipper capacity and term commitments that could result in lower transportation rates to those shipper(s) that commit to higher capacity levels and/or longer contract term durations. EPNG reserves the right to structure final transportation rate proposals in manner that yields the highest internal rate of return on the capital investment, and in a manner that provides for a higher likelihood of securing adequate shipper commitments required for EPNG to reach a final investment decision on the Project. Upon receipt of Non-Binding Bid Forms EPNG plans to develop transportation rate proposals and commence negotiations with the responding shippers that best satisfy the criteria for the capital investment associated with the Project.

## **COMMENCEMENT OF SERVICE**

Transportation service under the Project is anticipated to be available as early as 4th Qtr 2025 depending in part on the timeline for executing definitive commitments with shipper(s) necessary to reach a final investment decision. However, EPNG will work with shippers to meet possible alternative start dates. If a shipper has interest in an alternative start date, please include this detail in the bid. The ability to achieve in-service date targets is also dependent upon the construction of necessary facilities and the regulatory approvals required.

## **NON-BINDING BID REQUIREMENTS**

Interested shippers should submit a completed Non-Binding Bid Form (attached as Exhibit A). The bid shall not become binding until incorporated into mutually agreed upon definitive agreements.

A Non-Binding Bid Form must include the following information:

- Transportation Contract Demand (“TCD”)
- Primary Receipt Point(s)
- Primary Delivery Point(s)
- Term Start Date
- Term End Date

EPNG reserves the right, to be exercised on a not unduly discriminatory basis, to continue to market the Project and/or modify the scope of the Project in order to enter into negotiations and execute definitive agreements with any interested shippers following the close of this Non-Binding Solicitation of Interest. Notwithstanding anything stated herein, EPNG has no obligation to proceed with this Project.

## **CREDIT REQUIREMENTS**

Prior to execution of the definitive agreements, shippers will be required to demonstrate creditworthiness or provide a credit assurance alternative acceptable to EPNG.

## **CONTACT LIST**

This Non-Binding Solicitation of Interest will start at 10:00 a.m. MT on Tuesday, August 9, 2022 and close at 4:00 p.m. MT on Wednesday, September 7, 2022.

Interested shippers should send their bids via email to: [Kenneth\\_Ulrich@KinderMorgan.com](mailto:Kenneth_Ulrich@KinderMorgan.com).

EPNG welcomes your interest in our Yuma II Expansion Project. Please contact any of the following individuals with questions concerning this announcement:

Ken Ulrich – Phone: (719) 520-3712; Email: [Kenneth\\_Ulrich@KinderMorgan.com](mailto:Kenneth_Ulrich@KinderMorgan.com)

**Exhibit A**  
**Yuma II Expansion**  
**Non-Binding Solicitation of Interest**  
**Bid Form**

Email Bid To: [Kenneth\\_Ulrich@KinderMorgan.com](mailto:Kenneth_Ulrich@KinderMorgan.com)

**A. Shipper Information:**

Legal Name of Bidder: \_\_\_\_\_

Name of Requesting Party: \_\_\_\_\_

Title of Requesting Party: \_\_\_\_\_

DUNS Number: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

**B. Capacity Bid:**

Requested Term Start Date: \_\_\_\_\_

Requested Term End Date: \_\_\_\_\_

Transportation Contract Demand ("TCD"): \_\_\_\_\_ Dth/day

Primary Receipt: Eagletail (proposed interconnection with EPNG's South Mainline approximately 40-miles west of Phoenix located in Maricopa County, AZ)

Primary Delivery: San Luis (proposed interconnect at the U.S. Mexico International Border near San Luis Río Colorado, Sonora located in Yuma County, AZ)

*\*Please indicate in the space below if you are interested in any potential receipt-delivery combination not shown above, including approximate geographic coordinates of any proposed interconnect location(s) not currently in-service.*