



## **Permian to Katy Pipeline**

### **Non-Binding Open Season**



**August - September 2017**

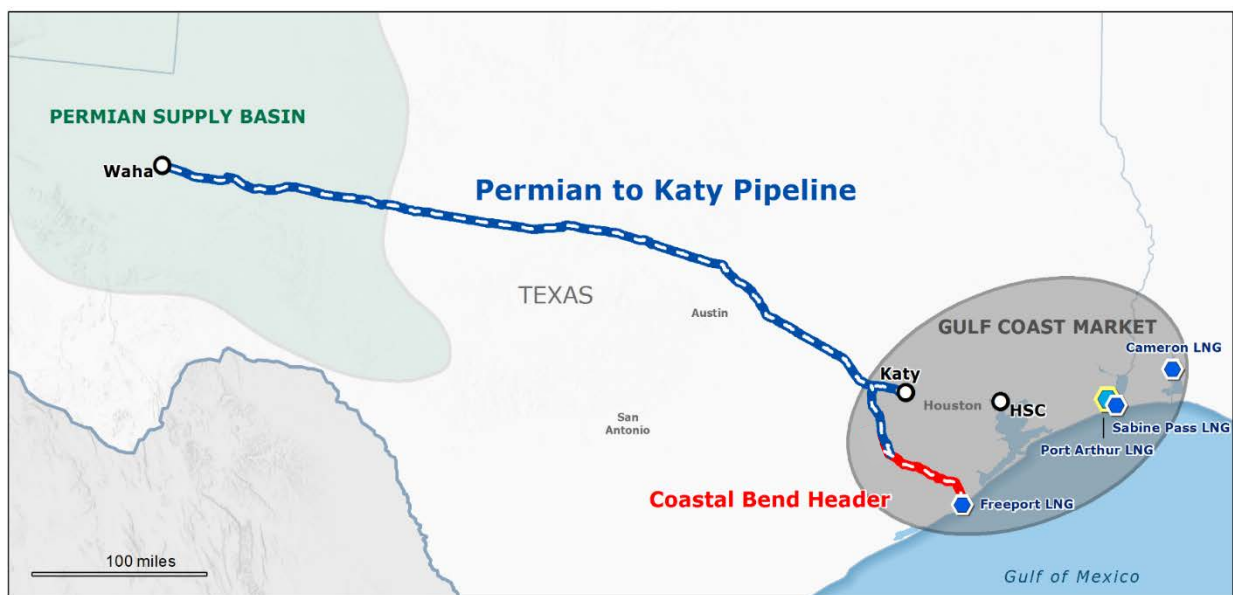
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## NOTICE OF OPEN SEASON AND PROJECT OVERVIEW

Boardwalk Pipelines, LP (“BWP”) and Sempra LNG & Midstream (“SLNG&M”), as Project Sponsors, are announcing a non-binding Open Season to solicit interest in the Permian to Katy Pipeline Project (“P2K”) which is designed to transport up to 2 Bcfd of natural gas production from the Waha Hub Headers in the Permian basin for ultimate delivery to Katy and HSC demand centers via multiple interconnects within the P2K Katy Hub.

The Project Sponsors believe this project best connects the rapidly increasing natural gas supplies aggregating at the Waha Hub Headers in the Permian basin region to the largest, most diversified natural gas market in the world – the Gulf Coast market demand center at Katy and Houston Ship Channel (“HSC”). The P2K project will promote additional demand and liquidity by delivering incremental and abundant Permian supplies within easy reach of this dynamic market center.



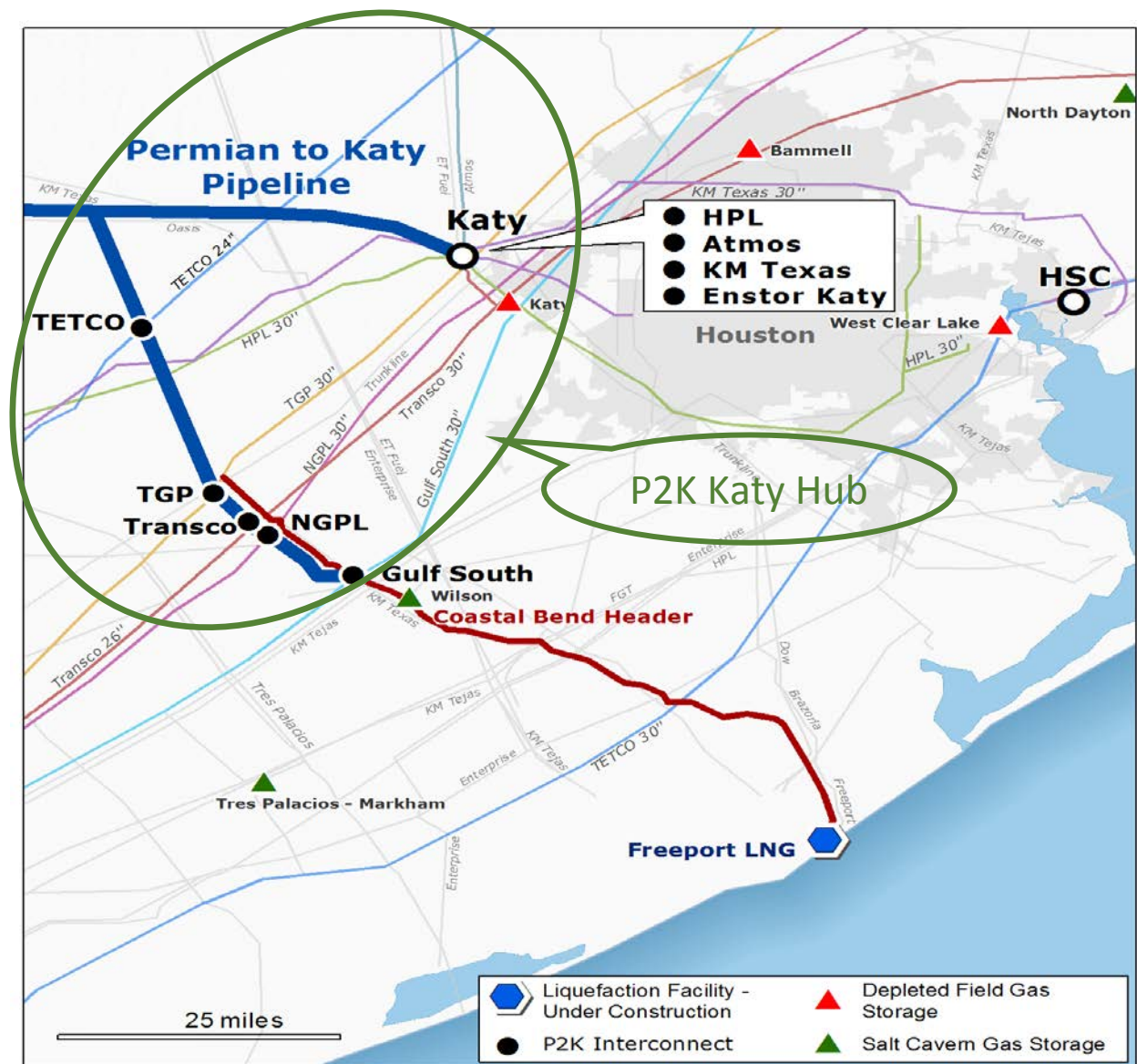
The Project Sponsors are responding to the incremental pipeline takeaway needs of the growing Permian supply basin. The P2K Project offers shippers a large-scale pipeline takeaway option from the Waha Hub Headers, where the upstream developments across the larger Permian area are aggregating their supplies and ultimately seeking market outlets. Other receipt locations may be negotiated upon request.

The goal of the P2K Project is to offer shippers premium access to the largest Gulf Coast market demand center encompassing Katy and HSC, ensuring them consistent and reliable gas flows with connections to HSC and Beaumont/Port Arthur refining and industrial markets, gas fired power

generation markets, and LNG export and Mexico export markets. Other delivery locations may be negotiated upon request.

The Project's initial capacity will range between 1.5 Bcfd to 2.0 Bcfd with estimated transport rates between \$0.45 to \$0.55/MMBtu/d, dependent upon individual shipper's maximum daily transport quantity, final project design capacity, and requested receipt and delivery locations. A phased-in approach for the Project capacity could start as early as December 2019.

## P2K KATY HUB



The P2K Katy Hub header is purposely designed for electronic trading on ICE with a virtual point structure where all trades on the P2K Katy Hub will be bi-lateral (no buyer’s choice/seller’s choice restriction), with P2K shippers/sellers responsible for upstream transport to the P2K Katy Hub, and buyers responsible for downstream transport from the P2K Katy Hub. Supply and delivery at the P2K Katy Hub will be further enhanced with multiple downstream interconnects to salt and reservoir storage facilities. Platts/ICE will determine reporting of the P2K Katy Hub Index once infrastructure design and interconnections are finalized and sufficient transactions are reported.

Potential interconnects with the P2K Katy Hub header include:

Interconnect Pipelines	HSC and Power Gen Markets	LNG Export Markets	Mexico Exports	Storage Connectivity
<b>Intrastate</b>				
Houston Pipe Line	√		√	√
Atmos Lone Star	√			√
KM Texas & KM Tejas	√	√	√	√
Enstor Katy	√	√	√	√
<b>Interstate</b>				
TETCO	√	√	√	√
TGP	√	√	√	√
NGPL	√	√	√	√
Transco	√	√	√	√
GSPL	√	√	√	√
Coastal Bend Header	√	√	√	√

## ANCHOR SHIPPER STATUS

Shippers who 1) execute binding Precedent Agreements no later than October 31, 2017 and 2) commit to a minimum capacity of 250,000 MMBtu/d for a term of at least 15 years shall receive anchor shipper status. Anchor shippers may enjoy benefits such as contract extension rights, limited capacity proration exposure, and other benefits negotiated on a not-unduly discriminatory basis.

## LENGTH OF OPEN SEASON

This open season will begin: 1:00 PM CST, Monday August 14, 2017 and will close: 4:00 PM CST, Thursday September 14, 2017.

## PARTICIPATION IN THE NON-BINDING OPEN SEASON

To participate in this Non-Binding Open Season, interested parties desiring firm transportation capacity in the Project should complete an Open Season Request Form (attached), with specific attention to the primary term of service, service commencement date, total firm capacity requested, rate for service (as set forth herein) and desired receipt and delivery point combination prior to 4:00 PM CST on September 14, 2017.

After the close of this non-binding Open Season, the Project Sponsors will finalize the Project scope and determine next steps with interested parties with respect to MMBtu/d and receipt and delivery configuration and subsequent construction of the Project and resulting in service date.

The Project Sponsors reserve the right to immediately negotiate and enter into definitive agreements with parties that participate in this Open Season and may or may not elect to hold any further Open Seasons related to the Project. It is anticipated that binding Precedent Agreements may be executed with interested parties by October 31, 2017.

While the ultimate recourse rate will be a function of the final project scope and definitive agreements, indicative firm transportation rates for transportation from various receipt areas



and deliveries herein are described above and depend on the firm path(s) and subscription levels under the Project.

Actual rates will be determined upon a final project scope and may vary among shippers, on a not unduly discriminatory basis, depending upon such factors as the receipt and delivery points elected, contract term, and other relevant factors. P2K shippers will pay applicable surcharges and provide the estimated 2.0% fuel and lost and unaccounted for (LAUF) associated with transportation.

## BID EVALUATION CRITERIA

The Project Sponsors will evaluate bids based on the total impact on Project economics as determined by the Project Sponsors, reserving the right to reject and remove from consideration non-conforming bids, bids that have a delayed in-service requirement or other contingencies, bids that require a contract with a partial-year term, or fail to meet the minimum terms set forth above with regards to rate, contract term, or any other economic criteria which could adversely affect the economics or operational viability of the Project. The Project Sponsors reserve the right to define and maintain the economic viability of the Project at all times in their sole discretion, and retain the right to enter into negotiations during this non-binding Open Season with those parties who express interest in the Project.

Parties are responsible for securing their own transportation arrangements on pipelines upstream and downstream of the designated receipt and delivery points.

These procedures and the attached Request Form are provided solely to enable interested parties to participate and attempt to obtain an award of capacity. The Project Sponsors' decision to proceed with the proposed Project is subject to the Project Sponsors receiving a level of binding transportation subscriptions that in their sole discretion, is determined to be acceptable.

Moreover, and without limiting their scope in any way, the Project Sponsors also explicitly reserve the right to:

- (1) conduct additional Open Seasons;
- (2) determine and/or re- determine the size, scope, and cost of the Project;
- (3) reject bids that provide a contract term of less than 15 years;

- (4) not consider bids that do not provide a sufficient level of detail to aid in the development of the proposed Project;
- (5) not consider bids that do not present the Project Sponsors with sufficient economic value;
- (6) reject or accept bids and/or material received after the close of this Open Season;
- (7) proceed with one or more alternative projects that may be defined through the contracting process and develop alternative projects from the requests received during this Open season that may be more representative of the timing requested and markets served; and/or
- (8) cancel or modify the terms of this Open Season and/or extend the term of the Open Season period.

## CONTACTS

If any interested party has questions or desires additional forms or information concerning this notice and Open Season, please contact:

### BWP Representatives

Jill Edwards  
713-479-8134

[Jill.Edwards@bwpmlp.com](mailto:Jill.Edwards@bwpmlp.com)

Edgar Tavares  
713-479-8086

[Edgar.Tavares@bwpmlp.com](mailto:Edgar.Tavares@bwpmlp.com)

### SLNG&M Representatives

Brad Ledbetter  
832-460-6587

[P2Kinfo@sempraglobal.com](mailto:P2Kinfo@sempraglobal.com)



## OPEN SEASON REQUEST FORM

Please return this non-binding Open Season Request Form by email on or before the date below.

P2K Project Non-Binding Open Season  
September 14, 2017

Email: BWP Representative – Rick Whitworth, Rick.whitworth@bwpmplp.com

SLNG&M Representative – Brad Ledbetter, P2Kinfo@sempraglobal.com

(Please include the phrase “P2K Pipeline Project Response” in the subject line)

This Request Form is subject to the requirements, conditions, and reservations set forth in the accompanying open season notice. Please complete all sections of the form. You may obtain a copy of the service agreement and a map showing the location of the new facilities by contacting a BWP or SLNG&M representative at the above address or phone.

Customer Information: \_\_\_\_\_

Customer’s Company Name: \_\_\_\_\_

Customer’s Company Contact Name: \_\_\_\_\_

Title: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Delivery (or street) Address (if different): \_\_\_\_\_

Telephone number: \_\_\_\_\_ Fax: \_\_\_\_\_

Electronic Mail Address: \_\_\_\_\_

Signature: \_\_\_\_\_

Desired Service Commencement (month /year): \_\_\_\_\_

Desired Contract Term Length: \_\_\_\_\_ Years

**REQUESTED FIRM TRANSPORTATION SERVICE LEVELS**

Please express the amount of capacity desired in units of MMBtu/day for each desired Primary Receipt Point or Waha Hub Header, and each desired Primary Delivery Point.

Primary Receipt Point	Primary Delivery Point	Capacity (MMBtu/d)	Demand Rate for Service (\$/MMBtu/d)

## CREDIT APPLICATION FORM

Bidders who do not already have established credit with the Project Sponsors should return this Credit Application Form with the Open Season Request Form, by mail, overnight delivery, or email on or before 4 PM CST September 14, 2017.

Christina Tise  
Boardwalk Pipelines, LP  
Nine Greenway Plaza  
Houston TX 77046  
Email: Christina.Tise@bwpmlp.com

Company Name: \_\_\_\_\_

Credit Contact Name: \_\_\_\_\_

Credit Contact Phone Number: \_\_\_\_\_

Credit Contact E-mail Address \_\_\_\_\_

Street Address: \_\_\_\_\_

City: \_\_\_\_\_

State: \_\_\_\_\_ Zip Code \_\_\_\_\_

In addition to the information above, please provide complete fiscal year-end financial statements for the prior two years (audited, if available) and any available interim financial information. If financial information provided does not meet the Project Sponsors' minimum creditworthiness requirements additional information or some form of credit assurance may be required.