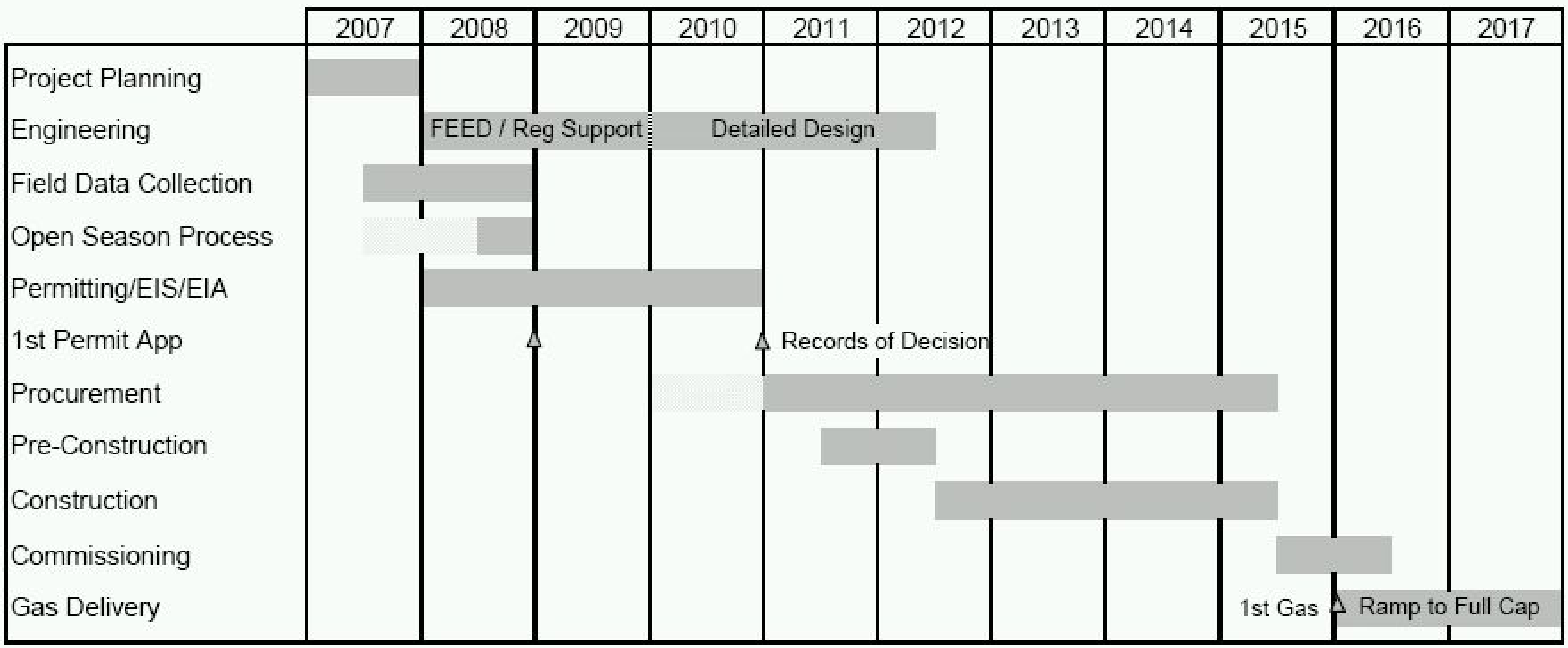
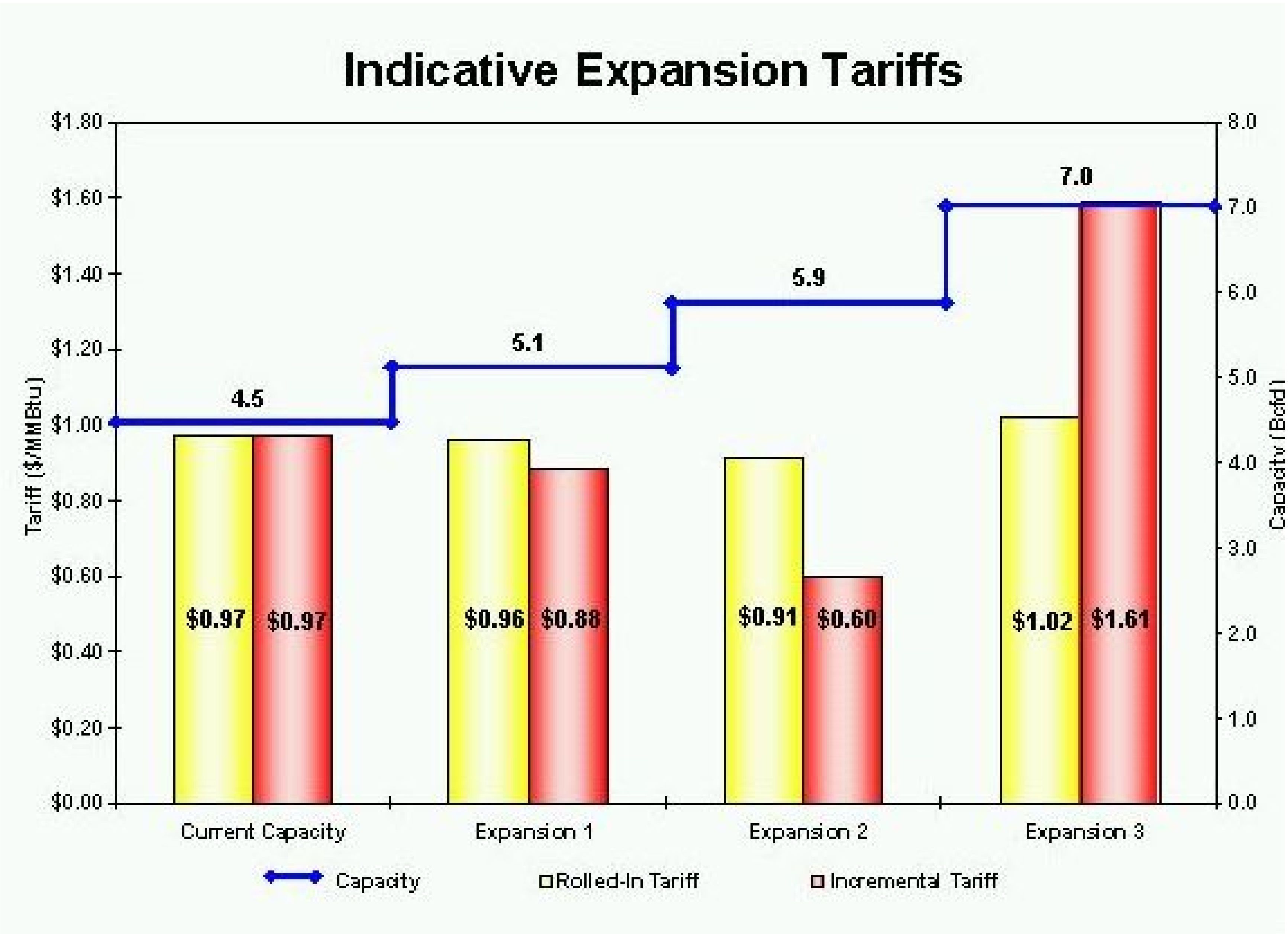
BP, CONOCOPHILLIPS, EXXONMOBIL May 10, 2006

Figure 1 – Conceptual (Success-Case) Project Schedule





Indicative Expansion Tariffs
Tariff ($/MMBtu)
Capacity (Bcfd)
$1.80
$1.60
$1.40
$1.20
$1.00
$0.80
$0.60
$0.40
$0.20
$0.00
8.0
7.0
6.0
5.0
4.0
3.0
2.0
1.0
0.0
4.5
5.1
5.9
7.0
$0.97
$0.97
$0.96
$0.88
$0.91
$0.60
$1.02
$1.61
Current Capacity
Expansion 1
Expansion 2
Expansion 3
Capacity
Rolled-In Tariff
Incremental Tariff

Mandatory Expansion
Under 2004 Federal Law

FERC must find:

1. Rates must recover costs (including return on investment)
2. **Existing shippers must not subsidize expansion**
3. Expansion shippers will comply with existing tariff
4. Facilities will not adversely affect financial or economic viability of project
5. Facilities will not adversely affect overall operations
6. Proposed facilities will not diminish contract rights of existing shippers
7. All environmental reviews must be completed
8. Adequate downstream facilities must exist or be expected to exist

State-Initiated Expansion Under Contract

9. **Must not require existing shipper to pay a higher rate than w/o an expansion**
10. **Must not require existing shipper to be assessed a higher fuel retention percentage than w/o expansion**
11. Only available every 5 years
12. Minimum volume (50,000 Mcf on Gas Transmission Lines/125,000 Mcf on Mainline)
13. Does not require Project Entity to construct lateral from the Pipeline
14. No more than 100-miles of looping
15. Min. vols. exclude producer affiliate vols. But rate calculations must include producer affiliate vols.
16. Expansion shipper must meet credit standards of tariff
17. Expansion shipper pays in advance its share of costs related to cert. Application
18. Expansion shipper obligates itself to pro-ration in open season

Article 8.7 of Contract

Article 8.7 is effective unless *FERC* determines that any of its provisions are contrary to *Law*. <u>**If *FERC* issues a certificate on a basis different than the expansion proposal filed by the *Project Entity*, then the *Project Entity* shall reject the certificate**</u> unless any such difference is minor or all the members of the *Project Entity* vote otherwise.