

PACIFIC CONNECTOR GAS PIPELINE, LP
OPEN SEASON TERM SHEET

Background: Pacific Connector Gas Pipeline, LP ("Transporter") is developing an interstate natural gas transmission system ("Pacific Connector") subject to the jurisdiction of the Federal Energy Regulatory Commission ("FERC") for the purpose of transporting natural gas from the proposed Jordan Cove LNG Import Terminal, to be located at Coos Bay, Oregon ("LNG Terminal") to various delivery points in southern Oregon. Transporter already has received expressions of interest for the majority of the capacity of the Pacific Connector. This Open Season is for interested parties to request firm transportation capacity on the proposed Pacific Connector from the LNG Terminal to any delivery points between the LNG Terminal and Malin, Oregon.

Target In-Service: Transporter is currently targeting an in-service date of 4th quarter 2011 for the Pacific Connector.

Offered Service: The Pacific Connector will consist of approximately 231 miles of 36-inch pipeline and approximately 20,000 horsepower of compression, to provide firm transportation service from the LNG Terminal for deliveries of up to 1,000,000 Dth/d to various points in southern Oregon. Transporter will offer a Zone I transportation rate that shall apply for service from the LNG Terminal to any delivery point upstream and including the proposed Clarks Branch delivery point (interconnect with Northwest Pipeline's Grants Pass Lateral), and Transporter will offer a Zone II transportation rate that shall apply for service from the LNG Terminal to delivery points downstream of Clarks Branch, including interconnects with Pacific Gas and Electric Company, Tuscarora Gas Transmission, and Gas Transmission Northwest at Malin.

Rates: Shipper shall pay either the offered negotiated rate or the maximum recourse rate approved by FERC for firm service under Transporter's Rate Schedule FT-1 for Pacific Connector Zone I or Zone II service, as applicable, as such rates may change from time to time. Shipper will also be subject to a usage charge in the event there are variable costs for Zone I and Zone II service.

Any actual fuel use and lost or unaccounted for volumes will be allocated to Zone I and Zone II shippers.

Pacific Connector Maximum Recourse Rate (current estimate) – Transporter will propose that such rates will be designed on a straight-fixed variable basis.

Pacific Connector Negotiated Rate (current estimate) – Transporter will propose that such rates will be designed on a straight-fixed variable basis.

The negotiated reservation rate will be calculated using the same rate derivation assumptions utilized in calculating the recourse reservation rate approved by FERC, as such recourse rate and underlying assumptions may change from time to time, with the exceptions that the negotiated reservation rate will be calculated: (i) on a levelized basis over a twenty-year term, (ii) with the return on equity fixed at fourteen (14) percent, and (iii) with the annual depreciation rate fixed at five (5) percent.

Contract Term: Shipper must commit to a minimum primary contract term of twenty (20) years. An evergreen provision will allow service to continue year-to-year thereafter subject to a one-year termination notice by either party.

Open Season: Transporter will conduct this Open Season process generally as follows:

- Shippers interested in firm transportation capacity on the Pacific Connector may contact Hank Henrie at (801) 584-6625 or Larry Larsen at (801) 584-6645.
- Shipper must execute either a Negotiated Rate Precedent Agreement or Recourse Rate Precedent Agreement and tender such Precedent Agreement to Transporter by mail or fax to the address shown below for receipt by Transporter no later than 5:00 p.m. (MST) on March 1, 2007:

Attn: Hank Henrie or Larry Larsen
Pacific Connector Gas Pipeline, LP
Business Development
295 Chipeta Way
Salt Lake City, Utah 84108
Fax: (801) 584-6950

- After evaluating all new service requests received in the Open Season, Transporter will notify all the Open Season participants in writing whether or not Transporter will proceed with filing a FERC Certificate Application for the Pacific Connector. Such notification will be provided by July 1, 2007. If Transporter elects to go forward, notice will be accompanied by an executed Precedent Agreement.