BINDING OPEN SEASON FOR FIRM TRANSPORTATION

WHITING REDTAIL CONNECTION PROJECT

Trailblazer Pipeline Company LLC ("Trailblazer") is accepting bids in an open season for a proposed new receipt point at the Whiting Redtail plant located in Section 21, T10N, R58W in Weld County, Colorado ("Open Season"). The proposed new point is being made possible through the construction of a new eight-inch lateral pipeline that will extend north from the plant site to an interconnection with the existing Trailblazer mainline. Trailblazer will consider requests for firm transportation quantities received at the Whiting/TPC Weld Receipt Point (PIN 56111) for delivery by displacement to the Trailblazer WIC Dull Knife (PIN 5001) Delivery Point at the Cheyenne Hub. This Open Season will begin at 9:00 a.m. Mountain Time ("MT") on August 22, 2013 and end at 3:00 p.m. MT on September 5, 2013.

Description of the Proposed Project

The approximate capacity of the new eight-inch lateral pipeline extending from the Whiting Redtail plant to the existing Trailblazer mainline is 40,000 Dth per day. Quantities delivered into Trailblazer at the Whiting/TPC Weld receipt point will not be compressed by Trailblazer and will be delivered, by displacement, to Dull Knife. In addition to the new lateral pipeline, which is estimated to be more than sixteen miles in length, Trailblazer will construct measurement facilities at the upstream end of the new lateral pipeline and an interconnection at the intersection of the new lateral with the existing Trailblazer mainline. Together, the lateral pipeline, measurement facilities, and interconnection will constitute the "Project." Trailblazer anticipates having the Project ready for service by January 15, 2014, although the final in-service date may occur later due to unanticipated delays in construction. Trailblazer reserves the right to modify the Project capacity based on the outcome of the Open Season.

Pre-Arranged Shipper

Trailblazer has a binding commitment and Pre-Arranged Shipper for 40,000 Dth/day. The Pre-Arranged Shipper will be permitted to match any acceptable bid with a higher net present value received in this Open Season and thereby receive this capacity from Trailblazer. In the event Trailblazer receives another acceptable bid with the same net present value as the Pre-Arranged Shipper's binding commitment, the Pre-Arranged Shipper will receive the capacity that is subject to this Open Season. Existing shippers that currently hold firm mainline capacity on Trailblazer's system may participate in Whiting Lateral Project Open Season by submitting a Firm Transportation Service Amendment form to amend an existing contract. All Amendment requests at recourse rates should include agreement to pay an incremental facility rate pursuant to Rate Schedule FTS, Section 5.3(b), associated with the construction costs for the lateral equivalent to the Fixed Negotiated rate listed below, and will be evaluated using the NPV calculation indicated in the Bid Evaluation Procedure in section 16.10 of the Trailblazer Tariff. If the amendment request does not result in incremental revenue to Trailblazer, the NPV calculation will assign the amendment request a value

of zero (0) for the purposes of awarding capacity. Value can be created with a contract term extension or rate increase. Only incremental revenue will be included in the NPV calculation.

The terms of the agreement with the committed Pre-Arranged Shipper are as follows:

<u>Term:</u> Ten (10) years from the later of, January 1, 2014 or the Commencement Date of the Project facilities

Contract Demand: 40,000 Dth/d

Primary Receipt Point: Whiting/TPC Weld (PIN 56111)

Primary Delivery Point: WIC Dull Knife (PIN 5001) (by displacement only)

<u>Monthly Reservation Charge:</u> Fixed Negotiate Rate of \$4.56 per month per Dth, or \$0.15 on a 100% load factor basis

Eligible Secondary Points: CIG Tomahawk (PIN 3856; PSCO (PIN 3907) or REX/Lone Tree (PIN 42717)

<u>Negotiated FL&U Percent:</u> 0.10% for volumes received at Primary Receipt Point and delivered to the Primary and Eligible Secondary Delivery Points only.

A negotiated FL&U rate shall apply to transportation between the Primary Receipt Point and the Primary and eligible Secondary Delivery Points. All other Secondary Receipt or Delivery points shall incur Tariff-based fuel charges, as applicable under the Tariff from time to time. Capacity reserved for this Primary Path backhaul is not subject to incremental Expansion 2002 reservation rates, if applicable during the primary term herein.

Firm service on the mainline system is contemplated to be offered under the terms and conditions of Rate Schedule FTS as a backhaul (*i.e.* by displacement) and without utilization of mainline compression or Expansion 2002 capacity. In the event this determination is inconsistent with any Federal Energy Regulatory Commission ("FERC") order issued in Trailblazer's pending general rate case in FERC Docket No. RP13-1031, Shipper agrees that it will cooperate with Trailblazer's efforts to restructure the transaction so as to produce for Trailblazer and Shipper the equivalent economic value and similar service attributes under an agreement, or combination of agreements, that is consistent with any such FERC order and Trailblazer's Tariff.

Bidding Requirements

Trailblazer will deem as "Conforming Bids" all bids submitted that include all of the following terms: (i) a Fixed Negotiated Reservation Rate of \$4.56 per MDQ per month or an election to pay the maximum applicable firm transportation recourse rates plus an incremental facility rate for construction costs of the lateral costs pursuant to Section 5.3(b) of Rate Schedule FTS; (ii) a stated MDQ between 1,000 Dth/ day and 40,000 Dth/ day; (iii) a minimum term of ten

(10) years; and (iv) a transportation path beginning at the Whiting /TPC Weld Receipt Point to the Trailblazer WIC Dull Knife Delivery Point (by displacement). Any bid incorporating a rate less than the specified Fixed Negotiated Reservation Rate of \$4.56 per Dth/month or the maximum recourse rates, including a pro rata share of new lateral facility costs, a MDQ of less than 1,000 Dth/d, a term of less than 10 years, or stipulating a transportation path not incorporating the Whiting /TPC Weld Receipt Point as the primary receipt point and the Trailblazer WIC Dull Knife Delivery Point as the primary delivery point (by displacement) will be deemed a "Non-conforming Bid." Trailblazer may consider and award capacity based on Non-conforming Bids in its sole discretion. The bid acceptance and capacity award process will be conducted in a not unduly discriminatory manner. Each bid submitted, regardless of whether it is a Conforming Bid or a Non-conforming Bid, shall be considered binding. The bidding form is attached as a link.

All bids submitted in the Open Season will be deemed binding and must contain the information required by the bid form included in this posting, including the following:

Primary receipt point (s) – Call contacts listed below as to point availability.

Primary delivery point (s) – Call contacts listed below as to point availability.

Maximum Daily Transportation Quantity ("MDTQ") by Receipt/Delivery Point pairs.

Term Start Date

Term End Date

Indication of whether the shipper will, or will not, accept proration of their MDTQ.

If bidding the applicable Fixed Negotiated Reservation Rate, mark "x" in the blank next to the "Fixed Negotiated Reservation Rate" on the bid form. If bidding a rate other than the Fixed Negotiated Reservation Rate, please insert the specific dollar amount of your reservation rate bid in the appropriate blank on the bid form. The bid rate will only apply to a maximum aggregate firm delivery quantity on any day equal to the Contract MDTQ. Bidders electing recourse rates should assume the applicable maximum reservation rates for the capacity dedicated between the Primary Receipt and Delivery Points would apply. At the time of this open season, the applicable recourse reservation rate for service on the Project is equal to \$2.1732 per Dth per month and \$0.0725 per Dth on a 100% load factor basis, plus a prorated share of the incremental facility cost charge estimated to be \$0.15 per Dth.

In addition to the bid reservation rate, bidders that are awarded capacity will be required to pay all other applicable tariff rates and charges, including without limitation commodity rates, ACA, and Rate Schedule FTS Fuel and Lost & Unaccounted for ("FL&U") charges. These rates and charges will be assessed per Trailblazer's FERC Gas Tariff.

All interested parties must email bids to <u>TEP@tallgrassenergylp.com</u> by 3:00 p.m. Mountain Time ("MT") on September 5, 2013.

Trailblazer will award capacity in this open season based on the net present value on a perunit basis of acceptable valid bids (including Non-conforming Bids that the pipeline deems acceptable) received by Trailblazer. Trailblazer reserves the right: (i) not to award capacity for any Non-conforming Bid received at less than the Fixed Negotiated Reservation Rate; and (ii) to aggregate acceptable bids (including bids with prorated capacity, to the extent applicable) to determine the highest value of acceptable bids received. Trailblazer will only consider bids with bid terms in excess of one month, and will apply a discount factor of 3.25% in determining the net present value of a bid.

Bidders will be notified of bid results by 3:00 p.m. MT no later than September 9, 2013. Bidders who are awarded capacity in the open season must satisfy Trailblazer's credit requirements as stated in its Tariff prior to contracting for capacity. A copy of the credit application is located on the Trailblazer Electronic Bulletin Board. Bidders not able to provide written evidence of creditworthiness may provide a guarantee from an acceptable party, post an irrevocable letter of credit, or make a prepayment, in each instance equal to the amount of thirty-six (36) months of reservation charges.

Shipper Obligation

In the event it is awarded capacity, each bidder agrees by virtue of its bid submission that it will execute a Firm Transportation Service Agreement ("FTSA"), a copy of which is located in Trailblazer's FERC Gas Tariff, in accordance with its bid within ten (10) days after being tendered such FTSA by Trailblazer. Each bidder, if awarded capacity, agrees by virtue of its bid submission to support any notification, tariff or regulatory filing made to the FERC, or other forums, that would assist Trailblazer in obtaining any necessary authorizations to construct facilities or to provide services as set out herein.

Please direct any questions or requests you may have concerning this Open Season to Bob Mishler at 303-763-3319, John Eagleton at 303-763-3226, or your Account Director.