Maritimes Expansion Project

Maritimes’ Expansion Project offers a unique opportunity to access additional gas supplies from developing supply projects to serve markets in the Northeastern U.S. and Eastern Canada

Open Season Notice

Maritimes & Northeast Pipeline, L.L.C. (“Maritimes”), a leading provider of natural gas transportation to the Northeast and New England states, held a Non-Binding Open Season from June 8 to August 31, 2007, to determine market interest in a proposed expansion project (“Project”) to increase its capacity in both the U.S. and Canada. Following the Non-Binding Open Season, Maritimes secured a commitment for long-term firm service on a mainline expansion from the United States-Canada border to Massachusetts, with a targeted November 2010 in-service date. Maritimes is continuing to discuss the potential for expanding its system after 2010 with other bidders from the Non-Binding Open Season.

Maritimes is now holding this Binding Open Season (“Open Season”) to determine whether any other shipper is interested in subscribing firm capacity in connection with the Project on a long-term basis, with commencement of service targeted for November 2010. The Open Season begins at 9:00 a.m. Eastern Standard Time (“EST”) on December 27, 2007, and ends at 5:00 p.m. EST on January 18, 2008. The Open Season is for an expansion of only the United States portion of the Maritimes system. Maritimes invites parties interested in obtaining firm capacity on the proposed Project to submit a Binding Nomination Form during this Open Season.

The Maritimes System

The Maritimes system and its subsequent expansions have been designed with further expansion capability in mind. With an established pipeline system in place, Maritimes is well-positioned to capture market growth opportunities as new supplies become available. Through the addition of compression and pipeline looping, Maritimes can increase its capacity to accommodate various supply increments. In addition, by expanding within its existing pipeline corridor, Maritimes provides a timing advantage to the market, and its expansion provides an environmentally superior alternative to greenfield pipeline projects.

Project Description

The Project is designed to increase the capacity of the United States portion of Maritimes’ mainline by approximately 170,000 dekatherms per day (“Dth/d”) on a year-round basis. The Open Season offers service on the 170,000 Dth/d of year-round capacity under Maritimes’ Rate Schedule MN365 and an additional 30,000 Dth/d of winter-only capacity available from November through March under Maritimes’ Rate Schedule MN90 or Rate Schedule MN151. Maritimes will allocate Project capacity based on a net present value (“NPV”) calculation of a potential shipper’s entire bid capacity, whether a shipper bids for year-round capacity, winter-only capacity, or a combination of both. The targeted in-service date for the Project is November 2010.

Project Rates

It is anticipated that the year-round service on the Project is to be incrementally priced, with an illustrative recourse Reservation Charge of $0.81 per Dth/d on a 100% load factor basis. The illustrative rate is based on a contract term for year-round service of 20 years. If a potential shipper desires a shorter term for year-round service, the shipper should bid as part of this Open Season the fixed rate it is willing to pay for its desired term, and Maritimes will determine, in its sole discretion, whether the rate bid, in conjunction with the shipper’s desired term, is sufficient for Maritimes to proceed with development of the Project. For purposes of this Open Season, the recourse rates for the winter-only service under the Project will be Maritimes’ currently effective recourse Reservation Charges for firm service under Rate Schedule MN90 or Rate Schedule MN151, as applicable. When the Project is placed into service, Maritimes expects that the applicable rates for winter-only service on the Project will be the then-applicable recourse rates for Rate Schedules MN90 and MN151. The minimum
contract term for winter-only service is one year. In addition to the foregoing rates, any shipper who is awarded capacity will also be required to pay the applicable fuel charge(s), which is expected to be incrementally stated, and all other applicable charges and surcharges.

**Nomination Process**

During the Open Season period, which begins at 9:00 a.m. EST, December 27, 2007, and concludes at 5:00 p.m. EST, January 18, 2008, interested parties (including parties who submitted expressions of interest in the Non-Binding Open Season) must submit a Service Request Form (Attachment 1 hereto) which specifies the Maximum Daily Transportation Quantity (MDTQ), contract term (20-year term for year-round service, except as provided above, and 1-year minimum required for winter-only service), the primary receipt and delivery points required, the rate that the party desires to bid, and the applicable Rate Schedule for service. The completed Service Request Form must be executed by a duly authorized representative and mailed (as described on the form) or faxed, along with an executed Precedent Agreement, as described below, to Maritimes’ offices at 1801 Hollis Street, Suite 1600, Halifax, NS, Canada B3J 3N4, Attention: Rob Whitwham. The facsimile number is (902) 423-7422. Maritimes reserves the right to reject any Binding Service Request Form which is not received on or before 5:00 p.m. EST, on January 18, 2008.

**Contracting for Service**

To be a valid bid, the bid must be submitted on the Service Request Form and the bidding party must execute the form Precedent Agreement for the Project and fill in the blanks contained therein, as appropriate. Maritimes may reject any bid that includes a modified Precedent Agreement. For a copy of the form Precedent Agreement, contact Rob Whitwham at (902) 425-0628. In addition, to be a valid bid, the bid must include sufficient evidence to demonstrate that the bidding party or the party’s guarantor has an investment grade credit rating for its senior, unsecured and non-credit-enhanced debt from a recognized North American rating agency, or, alternatively, that the party has the ability to post an irrevocable letter of credit from a third-party financial institution, which financial institution has assets of at least $10 billion and a credit rating of at least A- by Standard & Poor’s or A3 by Moody’s, in an amount equal to the cost of the Project or the party’s pro-rata share of the cost of the Project. With respect to a guarantee or letter of credit, the required amount of credit will ratchet up to reflect the party’s pro rata share of the expected capital commitments for the Project, with the total cost of the Project expected to be approximately $240 million. Maritimes reserves the right to reject any party’s valid request for service in the event the party does not meet the creditworthiness requirements stated above within 10 days of notification that such party has been allocated capacity as part of the Project.

**Allocation of Capacity**

In the event the valid and accepted requests for service as set forth in the Service Request Forms submitted during this Open Season exceed the capacity that will be available for the Project, Maritimes will allocate available capacity to valid requestors based on an NPV calculation based on the rate, term and quantity nominated by the bidding party, as further described herein, until all available capacity has been allocated. For year-round service, the NPV calculation will cap the rate at the illustrative incremental recourse rate set forth above, however, if a party desires a term shorter than 20 years for year-round service, then the NPV calculation will factor in any rate bid that Maritimes is willing to accept for the shorter term; provided, if a valid and accepted bid for year-round service is received for a term of 20 years or longer at the illustrative incremental recourse rate set forth above, then any valid and accepted bid for year-round service for a term of less than 20 years that yields an NPV greater than the recourse rate bid shall be deemed to yield an NPV equal to the recourse rate bid. For bids submitted for year-round service with a term of more than 25 years, such bids will be assigned a value as if zero percent of the rate bid is applicable for all years beyond 25 years. If a party desires a term shorter than 20 years for year-round service, the party’s nominated rate must be fixed for its entire desired term. For the 30,000 Dth/d available for winter-only service, the NPV calculation will cap the rate at the recourse rates for Rate Schedule MN90 or Rate Schedule MN151, as applicable, as set forth in Maritimes’ currently effective FERC Gas Tariff. Maritimes will allocate Project capacity based on an NPV calculation of a potential shipper’s entire capacity bid, whether a party bids for year-round capacity, winter-only capacity, or a combination of both. Maritimes reserves the right to reject
any bid for year-round service of 20 years or longer that is for a rate less than the illustrative incremental recourse rate set forth above or any bid for winter-only capacity that is for a rate less than the recourse rates for Rate Schedule MN90 or Rate Schedule MN151, as applicable, as set forth in Maritimes’ currently effective FERC Gas Tariff. With respect to any rate for year-round service for a term less than 20 years, the shipper should bid the fixed rate it is willing to pay for its desired term, and Maritimes will determine, in its sole discretion, whether the rate bid, in conjunction with the shipper’s desired term, is sufficient for Maritimes to proceed with development of the Project.

Parties electing, pursuant to the nomination process described above, to pay the recourse Reservation Charge for service on the Project facilities will be subject to the applicable recourse rates in effect from time to time. Maritimes makes no commitment that the incremental recourse rates proposed for service on the Project facilities, as part of the FERC certificate application for the Project, will reflect the illustrative recourse Reservation Charge set forth above. Maritimes will have the right to propose changes to such recourse rates in accordance with the Natural Gas Act. With respect to fixed rate bids for desired terms of less than 20 years, such rates will be deemed to be based on a capital cost of $240 million for the Project facilities, provided that the actual rate to be paid will be subject to change to reflect any final capital cost for the Project that exceeds $240 million.

Maritimes may consider combinations of bids from several parties to maximize total NPV.

Limitations and Reservations
Maritimes reserves the right, in its sole discretion, to decline to proceed with the Project. Maritimes also reserves the right to reject any and all bids that do not satisfy the requirements set forth in this Open Season Notice. Without limiting the foregoing, Maritimes may, but is not required, to reject any request for service in which the Service Request Form is incomplete, is inconsistent with the terms and conditions outlined in this Open Season Notice, contains additional or modified terms, or is otherwise deficient in any respect. Maritimes also reserves the right to reject requests for service in the event requesting parties are unable to meet applicable creditworthiness requirements.

These Open Season materials are provided for informational purposes to enable interested parties to indicate an interest in obtaining firm transportation service on the proposed Project facilities. However, the information contained herein, or that is provided in response to questions or requests for information, establishes no contractual relationship between Maritimes and any party. Any contractual relationship between a party and Maritimes will be reflected in the Precedent Agreement, subject to the party being allocated capacity as part of this Open Season. Notwithstanding the foregoing, by executing the Precedent Agreement enclosed herewith and submitting the Precedent Agreement as part of this Open Season, the bidding party is contractually bound to the terms of the executed Precedent Agreement, subject to being allocated capacity as part of the Open Season.

Maritimes may, upon notice and in its sole discretion, at any time during this Open Season, extend the closing date of the Open Season, terminate the Open Season or decline to proceed with the Project.

Communications
Interested parties may contact Rob Whitwham at 902-425-0628 to discuss any questions or seek additional information about this Open Season.
Please complete an additional Service Request Form, if service under more than one Rate Schedule is desired.

**Customer Information**

Company _________________________________________________________________

Contact ___________________________________________________________________

Title ______________________________________________________________________

Address ___________________________________________________________________

Telephone ________________________________ Fax _____________________________

E-mail ____________________________________________________________________

**Contract Requirements**

Maximum Daily Transportation Quantity (Dth/d)

___________________________________________________

Point of Receipt/ Quantity (Dth/d)

1. ________________________/_____________    2._____________________/___________

3. ________________________/_____________   4. _____________________/___________

Points of Delivery / Quantity (Dth/d)

1. ________________________/_____________    2.______________________/__________

3. ________________________/_____________   4. ______________________/__________

Contract Term ______________

Rate Schedule _____________

Rate

_____ Recourse

_____ Other (Reservation Charge per Dth per Day)

* All applicable charges, surcharges, fuel and other similar charges contained in Maritimes’ FERC Gas Tariff shall also apply to this service.

* Maritimes’ FERC Gas Tariff is posted on its website, and is available for review by interested parties during this Open Season.
Please submit completed Service Request Form(s) and the executed Precedent Agreement by registered or certified mail, courier, e-mail, facsimile or hand delivery at any time during the Open Season to:

Rob Whitwham, General Manager  
Marketing & Regulatory Affairs  
Maritimes & Northeast Pipeline  
1801 Hollis Street, Suite 1600  
Halifax, NS, Canada B3J 3N4  
(902) 423-7422 fax  
(902) 425-0628 phone  
rlwhitwham@spectraenergy.com email

Signature of Requestor/Customer __________________________ Date _________

All material received will be time and date-stamped by Maritimes. Any executed Precedent Agreement received (or post-marked, if sent by registered or certified mail) after the close of the Open Season, will be considered only at Maritimes’ election.

For more information on the  
Project Open Season, please contact:  
Rob Whitwham,  
General Manager, Marketing &  
Regulatory Affairs  
(902) 425-0628 phone  
rlwhitwham@spectraenergy.com email