Texas Eastern’s South Texas Expansion Project

Spectra Energy’s Texas Eastern Transmission, LP (“Texas Eastern” or “TETLP”), a leading provider of natural gas transportation services for over 60 years, is proposing to expand its facilities in order to deliver emerging Eagle Ford shale gas across the United States border into Mexico. The South Texas Expansion Project (“Project”) is designed to provide an efficient means to transport these supplies to a delivery point with Petróleos Mexicanos (“PEMEX”). With this Binding Open Season, which shall run from June 18, 2012 to June 29, 2012, Texas Eastern invites all parties who are interested in obtaining firm Project capacity to submit a Binding Service Request Form. The service commencement date for this project is targeted for summer 2014.

Project Description
The proposed paths for the Project include receipt locations of up to 150,000 Dth/day from Texas Eastern’s interconnection with TransTexas Transmission Corp. (Meter No. 72592) and up to 150,000 Dth/day from Texas Eastern’s interconnection with Tres Palacios Gas Storage LLC (Meter No. 75558) in the STX rate zone. Both receipt locations will have a single delivery point at Texas Eastern’s interconnection with PEMEX (Meter No. 70333 in Reynosa, Mexico), for up to a total volume of 300,000 Dth/d.

The proposed expansion contemplates an overall capacity for the Project of a maximum of 300,000 Dth/day, dependent upon the results of this Binding Open Season and requested receipt point locations in any valid qualifying bid which Texas Eastern deems it can feasibly accommodate. Texas Eastern is proposing this Binding Open Season in order to invite all parties who are interested in obtaining capacity as part of the Project to submit a request for service pursuant to the terms of this Open Season notice.

Anchor Shipper Status
To qualify as an anchor shipper for the Project, a shipper must execute a Precedent Agreement acceptable to Texas Eastern that:

- Commits to an MDQ of at least 200,000 Dth/day;
- Reflects a primary term that extends 20 years following the service commencement date of the Project OR a combination of rate and lesser term that would result in the same economic value on a net present value (“NPV”) equivalent basis as if the shipper had agreed to a 20-year term at the minimum reservation rate; and
- Is executed by a duly authorized officer of the shipper no later than thirty (30) days following the end of the Binding Open Season, unless Texas Eastern agrees, in its sole discretion, to extend such deadline.

Project Rates
Shippers will have the ability to choose to pay Texas Eastern’s applicable system recourse rates or to pay a mutually agreeable discounted reservation rate for such service. The minimum reservation rate for the Project, pursuant to the limitation and restrictions described herein, is $0.10/Dth/day. In addition to the reservation rate, any shipper who subscribes capacity as a part of the Project will be subject to the applicable FT-1 system fuel retainage, the applicable FT-1 system usage charges, and all other applicable charges and surcharges per Texas Eastern’s FERC Gas Tariff for service under the Service Agreement.

Binding Nomination Process
During the Binding Open Season period, interested parties must submit a Binding Service Request Form, which specifies the Maximum Daily Quantity (“MDQ”), contract term, reservation rate, and proposed receipt points, which must be within the specified paths of the Project. If any of the requested receipt locations is within the path from Texas Eastern’s interconnection with Tres Palacios Gas Storage (Meter 75558), then no more then 50% of the total requested MDQ may be requested on this path. Texas Eastern reserves the right to reject any Binding Service Request Form that does not comply with the aforementioned split between the two proposed paths. The Binding Service Request Form is included in this package. The completed Binding Service Request Form must be executed by a duly authorized representative and mailed or faxed, to Texas Eastern’s offices at:

5400 Westheimer Ct.
Houston, TX 77056
Attention: Leah Moss
Email: LAMoss@spectraenergy.com
Fax: 713-989-3043

Texas Eastern reserves the right to reject any Binding Service Request Form that is not received by 4:00 pm CT on June 29, 2012.

Contracting for Service
Upon the close of the Binding Open Season, Texas Eastern will evaluate all valid requests for service as set forth in the Binding Service Request Forms to determine if the proposed Project is economically justified. Texas Eastern will also evaluate the availability of necessary materials, equipment and third-party services at the time to confirm that Texas Eastern can complete the facilities necessary to satisfy all valid requests submitted in this Binding Open Season by the timing contemplated. If Texas Eastern elects to proceed with the Project, Texas Eastern representatives will contact all parties who have submitted valid requests in order to finalize the terms on which service will be provided.

Any party who is awarded capacity must enter into a

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1 The primary term must extend for a period in whole years (factors of 12 months). The discount factor is 3.25%.

2 The maximum reservation rate is .1812/Dth/d.
binding Precedent Agreement prior to the party receiving a final allocation of Project capacity. Texas Eastern reserves the right to reject any party's valid request for service in the event a duly authorized representative of such party has not executed a binding Precedent Agreement on or before 30 days following the end of the Binding Open Season.

Capacity Allocation Process
In the event that Texas Eastern has received executed binding Precedent Agreements for a nomination of the Project capacity that exceeds the quantity of pipeline, point, or segment capacity that Texas Eastern is willing to propose for the Project, Texas Eastern will allocate such capacity first among anchor shippers executing binding Precedent Agreements that qualify as anchor shippers under this Binding Open Season (on a volumetric basis) and next to other shippers executing binding Precedent Agreements on the Project on an NPV basis among such shippers based on rate, contract term and MDQ nominated, with Texas Eastern having the discretion to grant capacity to any bid or combination of bids that provides the highest net present value.

Limitations and Reservations
Texas Eastern reserves the right, in its sole discretion, to decline to proceed with the Project or any portion of the Project, including all or any portion of the Project for which Texas Eastern has requested nominations as part of this Binding Open Season. Texas Eastern also reserves the right to reject any and all bids that do not satisfy the requirements set forth in this Binding Open Season Notice. Without limiting the foregoing, Texas Eastern may, but is not required to, reject any request for service in which the Binding Service Request Form is incomplete, is inconsistent with the terms and conditions outlined in this Binding Open Season Notice, contains additional or modified terms, or is otherwise deficient in any respect.

Texas Eastern reserves the right to reject requests for service in the event requesting parties are unable to meet applicable creditworthiness requirements. No request for service shall be binding on Texas Eastern unless and until duly authorized representatives of both a requesting party and Texas Eastern have executed binding Precedent Agreements.

Capacity allocation between multiple anchor shippers will be on a total MDQ basis: the ratio of the individual anchor shippers’ bids MDQ to the total of all MDQ bids by all anchor shippers. This methodology will be used separately on any path or segment where the capacity bid exceeds the capacity available for that path or segment. With respect to any receipt point where the total Maximum Daily Receipt Obligation (“MDRO”) bid exceeds the capacity available at the point, capacity at the point will be allocated based on the ratio of individual anchor shipper’s bid MDRO to the total of all MDROs bid at the point. Allocation at the PEMEX delivery point will be based on the allocation of mainline capacity up to the delivery point.

Other Facilities Outside of The Project
Texas Eastern will also address other requests for construction and installation of new receipt and/or delivery points, laterals off the mainline, and appurtenant facilities outside of the scope of the Project that is the subject of this Open Season, whether to be constructed by Texas Eastern or by the shipper, on a case-by-case basis. Shippers who are considering such options are encouraged to contact Leah Moss at (713) 627-5054 or your respective account manager as soon as possible.

Communications
Interested parties may contact their Texas Eastern account manager or Leah Moss at (713) 627-5054 to discuss any questions or to seek additional information about this Binding Open Season.

Spectra Energy Corp (NYSE: SE), a FORTUNE 500 company, is one of North America’s premier natural gas infrastructure companies serving three key links in the natural gas value chain: gathering and processing, transmission and storage, and distribution. For more than a century, Spectra Energy and its predecessor companies have developed critically important pipelines and related infrastructure connecting natural gas supply sources to premium markets. Based in Houston, Texas, the company's operations in the United States and Canada include approximately 19,100 miles of transmission pipeline, more than 305 billion cubic feet of storage, as well as natural gas gathering and processing, natural gas liquids operations and local distribution assets. The company also has a 50 percent ownership in DCP Midstream, one of the largest natural gas gatherers and processors in the United States. Spectra Energy is a member of the Dow Jones Sustainability World and North America Indexes and the U.S. S&P 500 Carbon Disclosure Project’s Carbon Disclosure Leadership Index. For more information, visit [www.spectraenergy.com](http://www.spectraenergy.com).
Texas Eastern South Texas Expansion Project
Binding Open Season for Firm Transportation Capacity

Binding Service Request Form
Texas Eastern Transmission, LP

Shipper Information

Company

Contact

Title

Address

Telephone    Fax

E-mail

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Duly Authorized Signature:

Name          Title          Date

By completing this Binding Service Request Form, subject to Texas Eastern’s acceptance of shipper’s request for service and shipper’s receipt of notification from Texas Eastern of quantities of capacity allocated to shipper, shipper hereby agrees to enter into negotiations with the objective to enter into a binding Precedent Agreement with Texas Eastern. If shipper does not enter into a binding Precedent Agreement, Texas Eastern reserves the right to reject shipper’s request for service as set forth in this Binding Service Request Form.

If you have any questions, please contact your Texas Eastern account manager or the contact listed below. In addition, please send your completed Binding Service Request Form to:

Texas Eastern Transmission
713-989-3043 fax
Attention: Leah Moss
LAMoss@spectraenergy.com
5400 Westheimer Court
Houston, TX 77056