



September 20, 2014

EAST CHEYENNE GAS STORAGE, LLC - OPEN SEASON NOTICE

East Cheyenne Gas Storage, LLC (ECGS) will be conducting a non-binding open season for firm gas storage capacity beginning April 1st, 2015 to March 31, 2016, with non-binding bid response forms due by Friday, October 31, 2014 at 5 PM MST.

ECGS, a natural gas storage facility owned by Merchant Energy Holdings, LLC, is directly interconnected with Trailblazer Pipeline and has access to CIG, WIC, and REX at the Cheyenne Hub. Working gas capacity is growing an incremental 2 Bcf from 8 Bcf in 2014 to 10 Bcf in 2015. ECGS is a FERC-regulated gas storage facility that has the capability to serve the Front Range and Midwest markets along with the growing Niobrara production volumes sourced at the Cheyenne Hub. The facility is located in Logan County, Colorado and is approximately 90 miles east of the Cheyenne Hub. ECGS is the only market-based gas storage facility capable of serving the Front Range market and began commercial operations in April 2012.

ECGS is offering via this open season the incremental 2 BCF of working gas capacity and up to 4 BCF of firm, multi-cycle (HDMC) working gas storage capacity beginning April 1, 2015.

By submitting the enclosed ECGS Non-Binding Bid Response Form, the party submitting the Form is making a non-binding expression of interest for firm storage capacity in ECGS. The bids received on the Non-Binding Response Form will be used by ECGS to approach prospective customers to negotiate a binding Precedent or Storage Agreement. Each bidding party may submit more than one Non-Binding Bid Response Form commensurate with the services requested.

ECGS reserves the right, without qualification, to reject any and all bids for capacity offered during this Open Season and to modify this Open Season procedure in any way during the Open Season period. Bidders who submit bids do so without recourse against East Cheyenne Gas Storage, LLC and its parent Merchant Energy Holdings, LLC.



EAST CHEYENNE GAS STORAGE, LLC

NON-BINDING OPEN SEASON – DETAILS AND PROJECT DESCRIPTION

OPEN SEASON DATES:	Begins: October 1, 2014 Ends: October 31, 2014 at 5 PM MST
Capacity Begins:	April 1, 2015 or at a later date if specified by Bidder
Capacity Ends:	March 31, 2016 or earlier date if specified by Bidder
Maximum Storage Quantity Available (MSQ):	up to 4 BCF
Maximum Daily Injection Quantity (MDIQ):	11,100 Dth/d for 1,000,000 Dth of MSQ
Maximum Daily Withdrawal Quantity (MDWQ):	12,500 Dth/d (Ratchets apply) for 1,000,000 Dth of MSQ
Receipt and Delivery Point(s): (*)	1) Cheyenne Hub (receipt and delivery to/from Trailblazer Pipeline), as defined by bidder 2) ECGS interconnect with Trailblazer Pipeline (PIN 45401)
Storage Injection Charge:	\$0.01/Dth
Storage Withdrawal Charge:	\$0.01/Dth
Fuel Reimbursement:	1.5% (in-kind) on injections
Number of turns:	1 to 2 Turns per storage season
Injection Ratchets:	None
Withdrawal Ratchets (by level of MSQ):	100% to ≥50% of MSQ: 12,500 Dth/Day Less than 50% to ≥25% of MSQ: 10,000 Dth/Day Less than 25% to ≥0% of MSQ: 6,000 Dth/Day)

Bid Submission Specifics:

By submitting the enclosed ECGS Non-Binding Bid Response Form, the party submitting the Form is making a non-binding expression of interest for firm storage capacity in ECGS. The bids received on the Non-Binding Response Form will be used by ECGS to approach prospective customers to negotiate a binding Precedent Agreement.

ECGS reserves the right, without qualification, to reject any and all bids for capacity offered during this Open Season and to modify this Open Season procedure in any way during the Open Season period. Bidders who submit bids do so without recourse against East Cheyenne Gas Storage, LLC and its parent Merchant Energy Holdings, LLC.

**EAST CHEYENNE GAS STORAGE COMPANY, LLC
NON-BINDING BID RESPONSE FORM
FOR FIRM STORAGE SERVICE
Bid Deadline: October 31, 2014 (5PM MST)**

Participant Company Name: _____

Contact Individual and Title: _____

Telephone Number: _____

Fax Number: _____

E-Mail Address: _____

Date: _____

Maximum Storage Quantity ("MSQ") Requested: _____ Dekatherms (Dth)

Term (months) (Capacity Avail. beginning 4/1/15): From: _____ **To:** _____

Receipt & Delivery Points: Check (J) which Receipt and Delivery Points are Desired

	Point Desired as <i>Receipt Point</i> for		Point Desired as <i>Delivery Point</i> for	
	Firm Storage (J)		Firm Storage (J)	
Cheyenne Hub (into Trailblazer Pipeline)(*)	Dull knife (WIC)		Dull knife (WIC)	
	Tomahawk(CIG)		Tomahawk(CIG)	
	Lone Tree (REX)		Lone Tree (REX)	
ECGS Interconnect with Trailblazer Pipeline				

Ratchets apply (J)

Maximum Daily Injection Quantity ("MDIQ") Requested: _____ Dth/day Yes() No()

Maximum Daily Withdrawal Quantity ("MDWQ") Requested: _____ Dth/day Yes() No()

Withdrawal Ratchets, If Ratchets Apply, for 1,000,000 Dth of MSQ (by level of MSQ):

100% to ≥50% of MSQ: 12,500 Dth/Day

Less than 50% to ≥25% of MSQ: 10,000 Dth/Day

Less than 25% to ≥0% of MSQ: 6,000 Dth/Day

Storage Reservation Charge:

\$ _____ / Dth of MSQ per month

Fuel Reimbursement:

1.5% (in-kind) on injections

Additional Comments: Fax,

Mail or Email Bids To:

East Cheyenne Gas Storage, LLC

10370 Richmond Ave., Suite 510

Houston, TX 77042

Attn: KJ Ko, Hub Service Representative

kko@mehllc.com

Fax: (713) 255-8953

OR

East Cheyenne Gas Storage, LLC

10370 Richmond Ave., Suite 510

Houston, TX 77042

Attn: Scott Smith, SVP & CCO

ssmith@mehllc.com

Fax: (720) 403-6461