



East Cheyenne Completes Second Phase of Development—*Significant Expansion of the Facility*

Phase 2 Expansion Creates Additional Working Gas Capacity and Injection/Withdrawal Capability

East Cheyenne Gas Storage (ECGS) has completed the second phase of the development of the facility. The expansion of the storage field has increased the working gas capacity to approximately 8 BCF for 2013, and will allow the facility to continue to incrementally build working gas capability as ECGS is cycled. The expected daily injection and withdrawal capability has increased to over 150,000 Dth/d, with the ability to increase the inj/with. profile if customer requests dictate further expansion. ECGS expects the working gas capacity to approach 14 BCF within 4 years. This would make ECGS the largest working gas storage facility within the state of Colorado.

The major pieces of equipment added as part of the expansion included a new 4,735 HP gas compressor, bringing the peak horsepower available at ECGS to 9,470 HP, along with new inlet/outlet filter separators, 20” station suction and discharge headers, and an emergency standby generator. In addition, 7 new inj/with. wells were added, along with 2 monitoring wells, and 1 water disposal well.

Merchant Energy Has Become Midstream Energy

Merchant Energy Holdings, LLC has officially changed our company name to Midstream Energy Holdings, LLC. The name change coincides with the increased scope of our company’s business plan, which reflects the emphasis on developing greenfield midstream business opportunities along with the potential acquisition of existing midstream assets. We are currently focused on the possible purchase of existing intra and interstate pipeline assets, along with potential acquisition of strategically located assets associated with gas storage and oil & gas gathering systems.

Inside this issue:

2014 Trailblazer Rate Case	2
Firm Storage 2013 and Beyond	2
ECGS - Peetz ,Colorado Profile	3
Marketing Contacts	3
ECGS—A Photo History	4-5

CPUC CIM Meeting—Wed. Nov. 6th—1 PM

ECGS will be presenting info on our storage field to the Colorado CPUC Commissioners and staff. The public is invited and the meeting will also be webcast.

East Cheyenne Gas Storage, LLC



2014 Trailblazer Rate Case

TRAILBLAZER 2014 RATE CASE IS PLACED ON TRACK III SCHEDULE

The Trailblazer Pipeline (TB) 2014 rate case has been placed on the Track III schedule, which is typically assigned to rate cases with “complex” issues to evaluate. The schedule normally takes approximately 63 weeks for a decision to be reached, and FERC has set October 16, 2014 as that decision date. There are several significant issues that will need resolution as part of this rate case, including,

- TB’s proposal to roll-in rates for all firm shippers on the pipeline and to charge fuel to all firm and interruptible shippers. The proposed firm demand rate would be \$0.0948/Dth and 1.03% fuel.
- ECGS has proposed zone-based rates on TB, which would be more cost reflective of how the flow dynamics have changed on TB with addition of ECGS as a bi-directional point. The ECGS interconnect is upstream of the first compressor station on TB (Station 601).

As the only market-based storage facility directly interconnected to Trailblazer, ECGS is dedicated to reducing potential transport costs for our customers; by actively participating in the Trailblazer rate case we hope to continue to offer cost-effective service both at the Cheyenne Hub and our interconnect (Point 45401).

Firm Storage—2013 and Beyond...

ECGS has completed selling the remaining firm storage capacity available for the 2013-'14 storage season. We appreciate the interest we received from all prospective bidders.

As part of the second phase of ECGS’s expansion, ECGS expects to have a minimum of 10 BCF of working gas capacity available beginning April ‘14. We expect to offer the capacity either 4th Qtr ‘13 or 1st Qtr ‘14. We continue to execute Hub services deals both at our point into TB and at the Cheyenne Hub.



Compressor Buildings and Associated Equipment



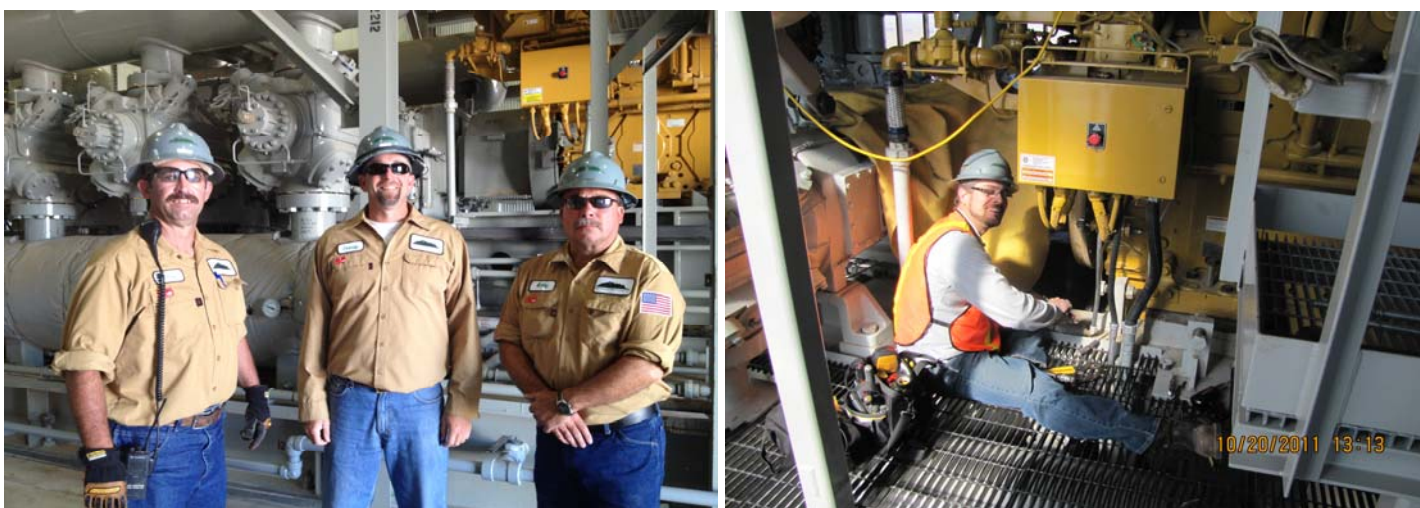
View of the new surface facilities

ECGS—Peetz, CO Operations Personnel

ECGS has completed the hiring of the operations personnel for our storage facility near Peetz, CO. Eddie Bennett is the Operations Manager, and is supported by a team consisting of 8 field personnel, including a Field Engineer and five Facility Operators. Eddie Bennett was hired June 13, 2011 as the Instrument and Electrical Technician for East Cheyenne Gas Storage. Prior to joining the company, Eddie worked for Noble Energy as a gas process Plant Coordinator assisting in supervising operations and facility expansion. In addition, Eddie previously served as a process plant operator for Petro Canada USA. He has 20 years of electrical experience with 16 years in the oil and gas industry. His experience in the oil and gas industry began by designing and installing electrical control and power systems after obtaining an electrical master's as well as an electrical contractor's license.

Below left photo of Operators: Brian Hecht, Kelly Headley and Terry Moore

Right photo of Operations Manager: Eddie Bennett



Marketing Contacts

Scott Smith—Chief Commercial Officer
10370 Richmond Avenue, Suite 510
Houston, TX 77042
(713) 403-6472 (Office)
(713) 409-4007 (Cell)
ssmith@mehllc.com

Kevin Legg—VP Marketing
10901 W. Toller Drive, Suite 200
Littleton, CO 80127
(720) 351-4004 (Office)
(303) 386-5352 (Cell)
klegg@mehllc.com

KJ Ko—Hub Service Representative
10370 Richmond Avenue, Suite 510
Houston, TX 77042
(713) 403-6449 (Office)
(713) 591-5300 (Cell)
kko@mehllc.com



ECGS— A Photo History

ECGS—Before



ECGS—The Early Days



Drilling one of the first inj/with wells



CO Gov. John Hickenlooper speaking at ECGS Groundbreaking



ECGS—Just getting started!



Making progress



Working on our first compressor skid



First Compressor and Engine



Trailblazer meter station—ECGS interconnect

.....And After Our Second Expansion



Start of the Second Compressor Foundation



The challenges of Fall Construction!!!



Second Compressor and Skid



Interconnecting the new engine with the new compression



New Buildings and pipe racks



Compressor Buildings and Engine Exhaust



ECGS lot line



Another beautiful day in Northeastern Colorado