



Magnum Gas Storage, LLC

September 2016 Non-Binding Open Season



Strategic  Dependable  Flexible

Providing the Western US with Critical Energy Infrastructure

www.westernenergyhub.com/natural-gas-midstream.php

MAGNUM GAS STORAGE PROJECT

OPEN SEASON FOR FIRM INTERSTATE NATURAL GAS STORAGE SERVICES

Response Due by September 30, 2016, at 5:00 MDT

Magnum Gas Storage, LLC ("MGS"), invites your company to participate in a 30-day non-binding Open Season whereby expressions of interest are being sought for the first high deliverability, multi-cycle ("HDMC") salt cavern natural gas storage facility to be developed in the Western US ("Project"). MGS will offer strategic, dependable and highly flexible natural gas storage services ("storage services"), customizable to meet the needs of gas-fired electric power generators, gas distribution companies, gas producers, gas marketers, gas pipeline companies and potential West Coast LNG exporters. The MGS Project will be constructed in central Utah, and will interconnect directly or indirectly with multiple pipelines originating out of the Rockies, as well as new proposed natural gas fired generation to be located near the Project.

MGS currently holds a FERC 7(c) Certificate of Public Convenience and Necessity authorizing Magnum to construct, own and operate the Project. MGS anticipates having its first 10,000,000 DTH salt cavern available for storage services beginning in 2Q of 2020, followed by the second cavern in 2022. However, should sufficient market interest exist, MGS may be in a position to offer gas storage services sooner, with limited services available as early as Fall 2017. Interested parties are invited to submit their responses to this announcement by email at the address indicated on the attached bid form. This 30-day non-binding open season will run from **8:00 a.m. Mountain Daylight Time on September 1, 2016 thru 5:00 p.m. Mountain Daylight Time on September 30, 2016.**

MGS will use the results of this non-binding Open Season to negotiate precedent agreements for firm storage services with individual customers at market based rates. The availability of storage services at the Project site may also be attractive to companies interested in potential co-location of natural gas-fired generation, compressed air energy storage, or facilities for the storage of refined petroleum products or other nonhazardous substances. A summary of the Magnum Gas Storage Project and the Open Season appears below.

For additional information, please contact Kevin Holder at (214) 300-1876 or kholder@westernenergyhub.com. Additional information can be viewed at MGS's web site at www.westernenergyhub.com/natural-gas-midstream.php

Magnum Gas Storage, LLC

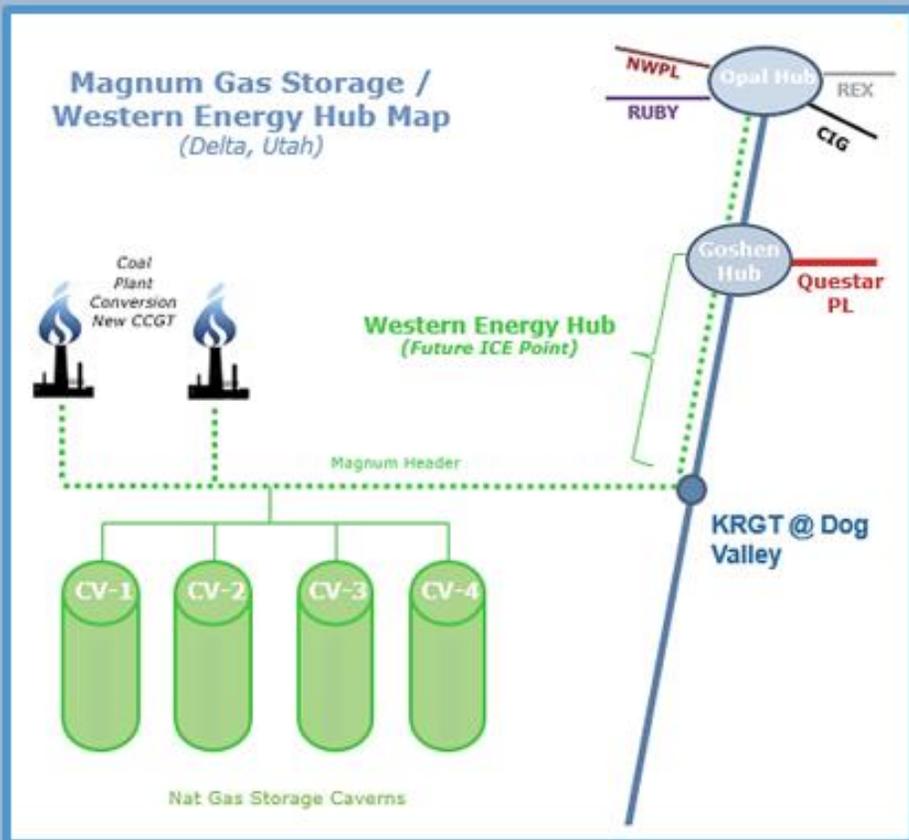
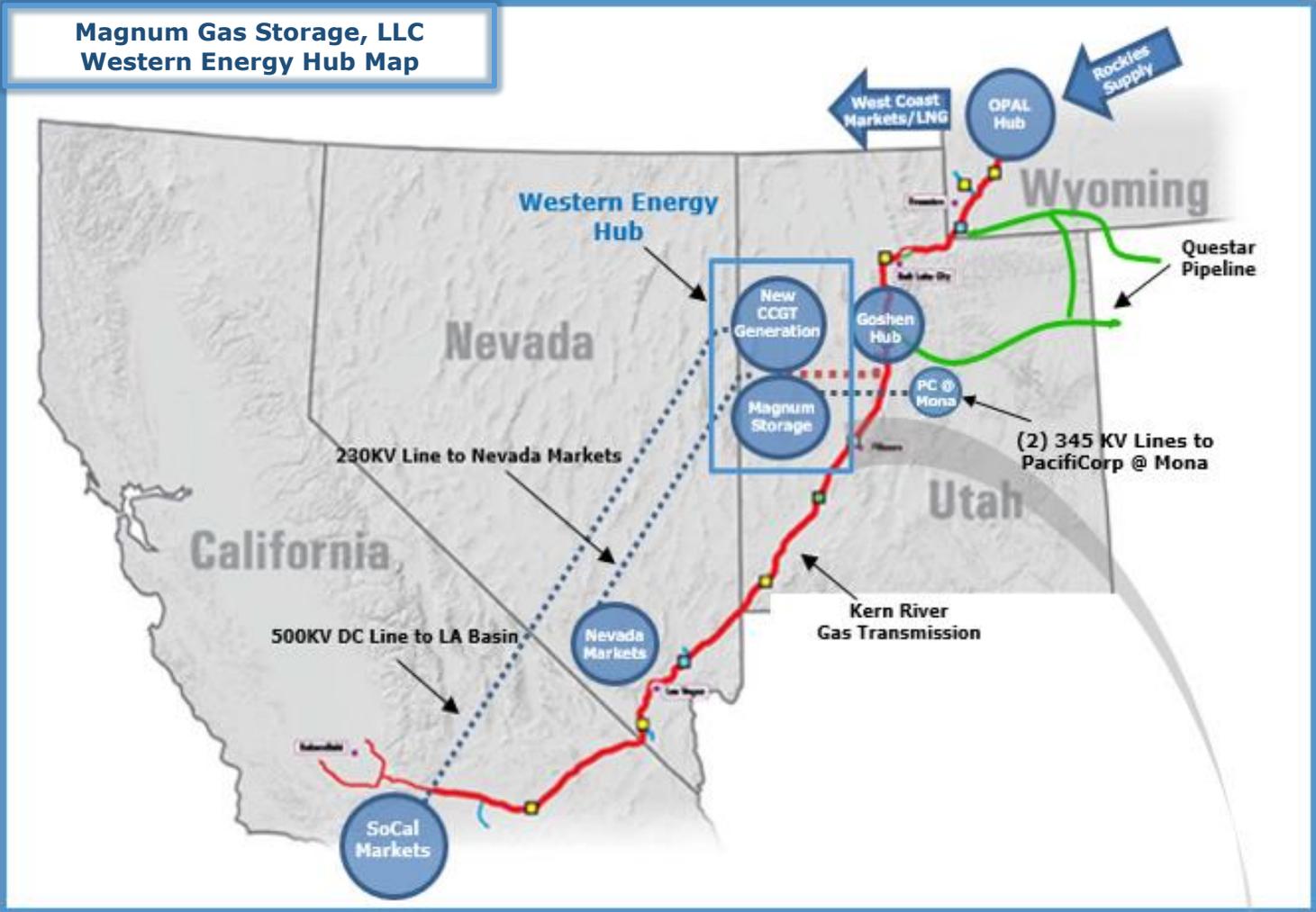
MGS is developing an HDMC, salt-cavern-based natural gas storage facility that will be located in central Utah north of the town of Delta in Millard County, and just south of the Intermountain Power Project. The Magnum Gas Storage Project will be connected by a new header pipeline to the Kern River Gas Transmission and Questar Pipeline systems at Goshen, Utah (see map below). Goshen provides direct access to Rockies-priced gas supplies via the Kern River system and the Questar Pipeline system. Backhaul and/or displacement capabilities exist on the Kern River system between Goshen and major gas plants (Opal/Pioneer) and pipelines (Northwest Pipeline GP, Rockies Express Pipeline LLC, Questar Overthrust Pipeline Company, Colorado Interstate Gas Company, and Ruby Pipeline LLC) in the Opal, Wyoming, area. Through these interconnections, the Project will be able to receive gas from various gas production sources throughout the Rocky Mountain Region and will be able to supply highly flexible storage services to markets in Utah and the Western U.S. MGS's initial plans call for the development of two salt caverns through solution mining ("Phase I") for an approximate total working gas capacity of 20,000,000 dekatherms ("Dth"). Each natural gas storage cavern will have working gas capacity of approximately 10,000,000 Dth. MGS has FERC approval for expansion capabilities to develop an additional two caverns (total of four), each with 10,000,000 Dth of firm working gas capacity ("Phase II"). Project potential (Phase I & II) may provide up to 40,000,000 Dth of working gas capacity.

This open season is for Phase I Caverns One & Two for up to 20,000,000 Dth of firm storage capacity. Based on the current initial design, Phase I of the Project will initially be capable of accepting natural gas at Goshen from Kern River and Questar P/L for injections of up to 360,000 Dth/day and for withdrawals of up to 500,000 Dth/day (designed for approximately 3-4 inventory turns, or cycles, annually).

MGS, through its FERC approved market rate based tariff, will offer a wide variety of highly flexible storage and storage-related services, including:

- Multi-turn Storage Services
- Firm Storage Services
- Firm Hourly Balancing Services
- No-Notice Storage Services
- Firm Park and Loan Services
- Firm Wheeling Service (pending final FERC approval)
- Enhanced Interruptible & Interruptible Storage Services
- Enhanced Interruptible & Interruptible Park and Loan Services
- Enhanced Interruptible & Interruptible Wheeling Services
- Interruptible Hourly Balancing Services
- Interruptible Wheeling Services

**Magnum Gas Storage, LLC
Western Energy Hub Map**



Magnum Gas Storage, LLC

These services will be particularly well suited to meeting the needs of the dynamic energy markets of the Western US, including natural gas-fired electric power generators, natural gas distribution companies, gas producers, gas pipelines, LNG exporters and gas marketers that wish to develop significantly enhanced market optionality, load following services, hourly balancing services, maintain consistent gas takes, avoid imbalance penalties, manage portfolio risks and provide reliable/highly flexible supply and producer services options. Driven by aggressive RPS, 27 GW of solar and 6 GW of wind capacity is expected to be added in the Western Electricity Coordinating Council ("WECC") by 2030 requiring flexible gas generation sources to act as buffer, thereby increasing volatility in power burn. To support this renewable initiative, 24 GW of gas-fired generation capacity is expected to be added in WECC by 2030. Finally, 7.5 GW of coal plant capacity is planned for retirements in WECC by 2030 creating room for intermittent renewable and gas capacity.

MGS's FERC authorization will allow it to provide these storage services at market-based rates. The terms and conditions of MGS's services will be governed by a Gas Tariff that MGS will maintain on file with FERC. A *pro forma* copy of MGS's tariff will be available on the Company's web site for review by potential Open Season participants. Additionally, FERC has granted MGS a waiver of the "shipper must hold title" rule, which will allow MGS to bundle potential transportation capacity that it purchases from third party pipelines with its storage services in order to offer a seamless "delivered storage service" to and from market centers. Magnum invites prospective customers to indicate their interest in such delivered storage service. Magnum has identified the hub at Opal, Wyoming, as a potential receipt and delivery point for delivered storage service.

The intent of this non-binding Open Season is to gauge Shipper interest in the Project to store natural gas supplies at MGS's prolific Western Energy Hub. MGS anticipates that as part of any Precedent Agreement(s), the firm storage quantity, injection and withdrawal rights, term, fees and any other services associated with the Project, will be negotiated. MGS will evaluate all proposals received; however, MGS shall not be obligated to award any capacity. Potential shippers should specify in detail the proposed contract term, quantities, cycles and any other elements of the services offered. If sufficient interest is shown, MGS will open negotiations to enter into binding precedent agreements for firm storage service with those potential shippers submitting proposals deemed preliminarily acceptable.

Magnum Gas Storage, LLC, is wholly owned by Magnum Development, LLC, a Haddington Ventures, LLC, portfolio company. Haddington principals have been involved in the merchant gas storage business since its emergence in the early 1990s. A list of Haddington's active and realized investments can be viewed at www.hvllc.com.

Additional information concerning Magnum Gas Storage, LLC, and the Magnum Gas Storage Project is available on Magnum's web site at www.westernenergyhub.com/natural-gas-midstream.php

Thank you for your interest in the Magnum Gas Storage Project.

Magnum Gas Storage, LLC



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Bid Request Form

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Firm Storage Service

Company Name: _____

Individual Contact: _____

Telephone: _____ Email Address: _____

Maximum Storage Quantity ("MSQ"): _____ Dth

Term (months): _____ Mos.

Desired Start Date: _____

Firm Storage Service Bid

Capacity Reservation: _____ \$/Dth/Mo

Fuel Reimbursement: **1.75** % of injected volumes

Commodity Charge on Injection: **0.015** \$/Dth

Commodity Charge on Withdrawal: **0.015** \$/Dth

Maximum Daily Injection Quantity

("MDIQ") by Receipt Point:

Kern River Gas Transmission @ Goshen _____ Dth/day

Questar Pipeline Company @ Goshen _____ Dth/day

Proposed Intermountain Power Plant @ Delta, UT _____ Dth/day

Opal Hub/Other _____ Dth/day

Maximum Daily Withdrawal Quantity

("MDWQ") by Delivery Point:

Kern River Gas Transmission @ Goshen _____ Dth/day

Questar Pipeline Company @ Goshen _____ Dth/day

Proposed Intermountain Power Plant @ Delta, UT _____ Dth/day

Opal Hub/Other _____ Dth/day

Please submit bids via electronic mail (email) to:

Kevin Holder
email: kholder@westernenergyhub.com
phone: 214-300-1876

Magnum Gas Storage, LLC
3165 Millrock Drive, Suite 330
Holladay, Utah 84121

ALL BIDS MUST BE RECEIVED NO LATER THAN 5:00 PM MDT ON FRIDAY, SEPTEMBER 30, 2016