

**Trans Mountain Pipeline Proposed Expansion
Notice of Open Season Procedure for Firm Service Capacity**

October 20, 2011

Issued by:

**Trans Mountain Pipeline L.P.
Suite 2700, 300 – 5th Avenue SW
Calgary, AB Canada T2P 5J2**

A. Introduction

Trans Mountain Pipeline LP (the "**Carrier**"), the owner of Trans Mountain Pipeline System ("**Trans Mountain**"), is conducting an open season (the "**Open Season**").

The Open Season concerns firm transportation service ("**Firm Service**") which will be offered for 15 and 20 year terms across all Trans Mountain receipt and delivery points following a proposed expansion that is expected to be in service in 2017. Depending on the results of the Open Season, such expansion is expected to be comprised of pipeline facilities that complete the looping of the pipeline in Alberta and British Columbia, pumping stations, tanks in Edmonton and Burnaby and expansion of the Westridge Marine Terminal (the "**Expansion**", and Trans Mountain following completion of the Expansion, the "**Expanded System**"). A map of Trans Mountain showing the location of the proposed Expansion is attached as Schedule 1.

Historically, the Carrier has provided uncommitted transportation service on Trans Mountain. In November, 2010, the Carrier sought regulatory approval to provide firm transportation service between Edmonton and the Westridge Marine Terminal. In order to address ongoing increases in shipper demand, apportionment concerns and to obtain satisfactory financial support for increased capacity beyond current system levels, the Carrier proposes to adjust the services that will be offered on the Expanded System.

This Open Season will result in the execution of binding facility support agreements ("**FSAs**") and firm transportation service agreements ("**TSAs**") between the Carrier and shippers pursuant to which the Carrier will make available, and the shippers will be entitled to use, firm service capacity ("**Firm Service**") on the Expanded System. The contractual commitments will be for 15 and 20 year terms for the transportation of crude oil and refined products between any of the receipt and delivery points on the Expanded System.

Any firm service contracts in effect prior to the commencement of service on the Expanded System will be terminated and replaced, as the case may be, with Firm Service contracts relating to the Expanded System.

This document sets out the Open Season procedures pursuant to which shippers may subscribe for Firm Service on the Expanded System. Parties interested in participating in the Open Season must execute a confidentiality agreement, substantially in the form attached as Schedule 3, following which such potential shippers shall be provided copies of the forms of the FSA, TSA and proposed Rules and Regulations governing the Expanded System and the initial cost estimate for the Expansion.

B. Description of Firm Service and the Expansion

The key provisions of the Firm Service offering, including the key provisions of the FSA and TSA, are listed below. This summary is provided for information purposes only.

- Contract terms of 15 and 20 years commencing on January 1, 2017 (anticipated in service date)
- Firm Service between existing receipt and delivery points
- Firm Service tolls to each be comprised of a fixed and a variable component:
 - Fixed: all capital and operating costs – inflated at 3% per year

- Variable: actual power costs allocated across shipper volumes
- Fixed tolls to be capped subject to capital cost risk sharing
- Project development cost risk sharing to be allocated among the parties based on the outcomes of regulatory applications and toll levels
- Final decision to construct the Expansion subject to receiving regulatory approvals and satisfactory toll estimate
- Ship or pay obligations to be based on the fixed component of the Firm Service toll with make-up volume rights

C. Indicative Tolls

Schedule 2 provides shippers with indicative tolls for Firm Service on the Expanded System. Such toll levels are based on an assumed capacity of 600,000 barrels per day on the Expanded System and an investment in the Expansion of approximately Cdn. \$3.8 billion.

D. Open Season

In order to secure shipper support for Firm Service on the Expanded System on the terms set forth in the FSA and TSA, the Carrier is conducting an Open Season in accordance with the following procedures:

1. *Open Season Period*

The Open Season will commence at 8:00 AM MDT on October 20, 2011 and close at 4:00 PM MDT on January 19, 2012 (the "**Open Season Period**"). The Open Season Period may be extended by the Carrier in its sole discretion by providing notice prior to the specified closing time. Executed FSAs submitted by shippers outside of the Open Season Period will not be considered. A shipper may, by written notice to the Carrier, withdraw its FSA at any time prior to the end of the Open Season Period.

2. *Firm Service Requests*

Shippers desiring Firm Service offered in this Open Season will be required to execute and deliver two completed copies of the FSA (after inserting its name where indicated, completing Schedule "A" thereto and providing its address for notices set forth in the FSA) to the Carrier before the close of the Open Season Period. Executed FSAs should be couriered or delivered electronically or by hand to the Carrier at the Carrier's address indicated below.

If a shipper electronically delivers its executed FSA to the Carrier, that shipper shall deliver two originally executed copies to the Carrier within two business days of the close of the Open Season Period.

FSAs that have been altered or amended in any way by the shipper, other than completion of the information set forth above, will be invalid and the shipper's FSA will not be accepted by the Carrier.

3. Shipper Consultation

During the Open Season Period, the Carrier may consult with shippers regarding the terms of Firm Service being offered and may propose to modify any of the terms of Firm Service, the FSA, the TSA and the proposed Rules and Regulations by issuing modifications to the same, which modifications will be offered to all shippers who have executed a confidentiality agreement substantially in the form attached as Schedule 3. Such revisions and modifications may include, if the Carrier deems appropriate, a reduction in the scope and capacity of the Expansion.

4. Creditworthiness

Within two weeks following the close of the Open Season Period or any Amendment Period, the Carrier will determine whether each shipper who has executed an FSA satisfies the Carrier's internal credit policies and procedures, as determined by the Carrier in its sole discretion (each such shipper, an "**Eligible Shipper**"). A shipper may be required to provide the Carrier with financial assurances prior to the Carrier accepting the shipper's FSA. FSAs submitted by shippers that do not satisfy the Carrier's internal credit policies and procedures may be excluded from further consideration by the Carrier in the Open Season.

5. Notification of Open Season Results

Within 45 days following the close of the Open Season Period, the Carrier may, in its sole discretion:

- (a) accept, execute and deliver the FSAs of the Eligible Shippers, and issue a notice to the Eligible Shippers stating that the Carrier is satisfied with the results of the Open Season (the "**Successful Open Season Notice**");
- (b) reject the FSAs, in which case the FSAs shall automatically terminate 45 days following the close of the Open Season Period; or
- (c) propose to adjust the tolls or modify any of the terms of Firm Service, the FSA, the TSA and the proposed Rules and Regulations by issuing proposed amendments (the "**Firm Service Amendments**") to all shippers who have executed confidentiality agreements substantially in the form attached as Schedule 3.

If the Carrier has issued Firm Service Amendments, such shippers having received the Firm Service Amendments shall have 30 days to execute and deliver two completed copies of the Firm Service Amendments to the Carrier (the "**Amendment Period**"). The Carrier may, in its sole discretion, within 30 days of the end of the Amendment Period:

- (a) accept, execute and deliver the Firm Service Amendments and issue a Successful Open Season Notice;
- (b) reject the Firm Service Amendments, in which case the FSAs as amended by the Firm Service Amendments shall automatically terminate 30 days following the end of the Amendment Period; or
- (c) propose to further adjust the tolls or further modify the Firm Service Amendments by issuing revised Firm Service Amendments, in which case the Amendment Period shall be extended by an additional 30 days or such additional time as determined by the Carrier,

in its sole discretion, and the shippers and the Carrier shall continue to be subject to the procedure indicated in this paragraph, together with the creditworthiness provisions in 4 above.

If the Carrier has issued a Successful Open Season Notice, the Eligible Shippers, in accordance with the terms of the FSA, shall have 30 days from the receipt of such notice to obtain all necessary corporate, partnership or similar approvals and to execute and deliver two completed copies of the TSA for each service option selected (after inserting its name where indicated, completing Schedule "A" thereto and providing its address for notices set forth in the TSA) to the Carrier. Executed TSAs should be couriered or delivered electronically or by hand to the Carrier at the Carrier's address indicated below.

If a shipper electronically delivers its executed TSA to the Carrier, that shipper shall deliver two originally executed copies to the Carrier within two business days.

TSAs that have been altered or amended in any way by the shipper, other than completion of the information set forth above, will invalidate the shipper's FSA and TSA, and such shipper will not be accepted by the Carrier.

6. Commercial Regulatory Approvals

Following the conclusion of the process described herein, the Carrier intends to seek National Energy Board ("**NEB**") approval for provision of Firm Service in conjunction with the filing of an application that will include the principles contained in the FSAs and TSAs. As part of the application, the Carrier will also seek NEB approval of the proposed Rules and Regulations amended to contemplate the provision of Firm Service.

E. Information

Existing or prospective shippers are invited to direct any questions concerning the Open Season to the Carrier at the address indicated below. All deliveries to the Carrier in connection with the Open Season should be made to:

Trans Mountain Pipeline LP
Suite 2700, 300 – 5th Avenue S.W.
Calgary, Alberta, Canada T2P 5J2

Attention: Norm Rinne
Sr. Director, Business Development
Telephone: (403) 514-6430
Email: norm_rinne@kindermorgan.com

The issuance of this Notice of Open Season Procedure for the Expansion to current or prospective shipper does not constitute a binding offer by the Carrier to provide service in accordance with the FSA, the TSA or otherwise.

Attachments

The following documents are attached to this Notice of Open Season Procedure:

- Schedule 1 - Proposed Expansion to Trans Mountain
- Schedule 2 - Indicative Tolls and Expansion Schedule and Cumulative Expenditure Profile
- Schedule 3 - Form of Confidentiality Agreement

**Schedule 1
Proposed Expansion to Trans Mountain**



Schedule 2
Indicative Tolls and Expansion Schedule and Cumulative Expenditure Profile

A. Indicative Tolls

Receipt Point	Delivery Point	Petroleum Type Contract Term		Indicative Firm Service Toll (\$CDN/bbl)		
				Fixed	Variable	Total
Edmonton	Kamloops	Light	15yr	3.16	0.22	3.37
			20yr	2.84	0.22	3.05
Edmonton	Burnaby	Light	15yr	4.43	0.31	4.74
			20yr	3.99	0.31	4.30
Edmonton	Westridge	Light	15yr	4.98	0.31	5.29
			20yr	4.48	0.31	4.79
		Heavy	15yr	4.98	0.37	5.35
			20yr	4.48	0.37	4.85
Edmonton	Sumas	Light	15yr	4.23	0.30	4.53
			20yr	3.80	0.30	4.10
		Heavy	15yr	4.23	0.36	4.59
			20yr	3.80	0.36	4.16
Kamloops	Burnaby	Light	15yr	1.18	0.09	1.27
			20yr	0.94	0.09	1.03
Kamloops	Sumas	Light	15yr	0.98	0.07	1.05
			20yr	0.79	0.07	0.86

Comments:

1. Indicative tolls shown are for the first year of the contract term.
2. 3% annual escalation applies to the Fixed component of the toll for all subsequent years.
3. 20 year toll at 10% discount to 15 year toll.
4. Spot toll at a minimum 10% premium to 15 year toll.
5. Variable component of toll is based on estimated power charges.

B. Expansion Schedule and Cumulative Expenditure Profile (based on Indicative Expansion)

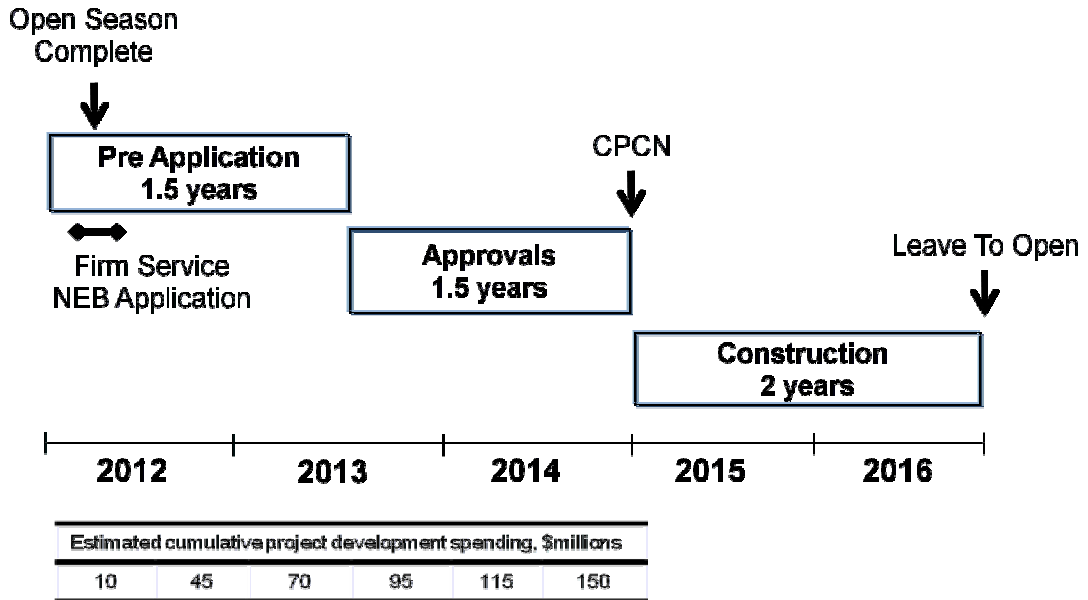
Open Season

Start: October 20, 2011
 End: January 19, 2012
 Carrier – Notification of Open Season Results: 45 days following close of Open Season Period
 Shipper – Shipper Internal Approvals Required: 30 days following Notice of Successful Open Season

NEB Regulatory Process

Firm Service Application: Q1, 2012
 Firm Service Approval: Q2, 2012
 Expanded System Facilities Application: Q3, 2013
 Expanded System Facilities Approval: Q4, 2014

Project Schedule



Schedule 3 - 1

Schedule 3
Form of Confidentiality Agreement

CONFIDENTIALITY AGREEMENT

THIS AGREEMENT is made effective as of the ____ day of ●, 2011.

BETWEEN:

KINDER MORGAN CANADA INC.
a corporation formed under the laws of Alberta
and having an office at Calgary, Alberta
(hereinafter referred to as "**KMC**")

-and-

[ENTITY NAME]

a [corporation, partnership, etc.]
formed under the laws of [jurisdiction]
and having an office at [city, province]
(hereinafter referred to as "**Company**")

WHEREAS:

- A. The Parties are entering into discussions (the "**Commercial Discussions**") regarding the possible expansion of the Trans Mountain Pipeline (the "**Commercial Transactions**") and the Company may wish to participate a related open season;
- B. The Parties recognize that information of a sensitive and/or confidential nature regarding the Commercial Transactions will be exchanged by the Parties during the Commercial Discussions and that certain sensitive and/or confidential information may be observable by the Company during the Site Visit; and
- C. The Parties wish to establish certain guidelines for the protection, use and treatment of Confidential Information.

NOW THEREFORE in consideration of the mutual promises and obligations contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE 1
INTERPRETATION

- 1.1 For the purposes of this Agreement, the Parties agree that:
 - (A) "**Affiliate**" means, with respect to any Party, any other Person that is affiliated with such Party, and for the purposes hereof:
 - (1) two Persons will be considered to be affiliated with one another if one of them controls the other, or if both of them are controlled by a common third party; and

(2) one Person will be considered to control another Person if the Person has the power to direct or cause the direction of the management and policies of the other Person, whether directly or indirectly, through one or more intermediaries or otherwise, and whether by virtue of the ownership of shares or other equity interests, the holding of voting rights or contractual rights, or otherwise.

(B) "**Agreement**" means this Confidentiality Agreement.

(C) "**Confidential Information**" means any and all information, data and documentation, whether in written, oral or electronically stored form or any other form, whether or not specifically described as "confidential" or "proprietary", that (i) is observed or received by the Company during a Site Visit, or (ii) is provided to the Receiving Party or its Representatives by the Disclosing Party or its Representatives in connection with the Commercial Discussions and the Commercial Transactions, and shall include, but is not limited to, financial, operating, performance, cost, engineering and technical, business, concept, marketing or other data, and shall specifically include the following:

- (1) the fact that Confidential Information has been provided hereunder;
- (2) the fact that this Agreement has been entered into and the contents hereof;
- (3) the fact that the Commercial Discussions are taking place; and
- (4) the terms and conditions of all agreements which the Parties may enter into relating to the Commercial Transactions and which either Party identifies or designates at the time of entering into the agreement as a confidential agreement,

provided that Confidential Information shall not under any circumstances include Non-Proprietary Information.

(D) "**Disclosing Party**" means either Party or its Affiliates disclosing information pursuant to this Agreement;

(E) "**Non-Proprietary Information**" means information which:

- (1) is publicly available on the date of disclosure of the information or which thereafter becomes publicly available through no breach of this Agreement by the Recipient Party or its representatives (but only after it becomes publicly available);
- (2) is already known to the Recipient Party at the time of its disclosure by the Disclosing Party and the Recipient Party is not otherwise subject to confidentiality restrictions or obligations in respect thereof;
- (3) is information generally disseminated by the Disclosing Party to other industry participants and project stakeholders without confidentiality restrictions;

- (4) following its disclosure to the Recipient Party, is received by the Recipient Party without obligation of confidence from a third party who the Recipient Party had no reason to believe was not lawfully in possession of such information without obligations of confidence; or
- (5) is independently developed by employees of the Recipient Party or through third parties who have not had, either directly or indirectly, access to or knowledge of the Disclosing Party's Confidential Information;
- (F) **"Parties"** means the parties to this Agreement, and **"Party"** means either one of them;
- (G) **"Person"** means any natural or legal person, including a corporation, Crown Corporation, trust, general or limited partnership, limited liability company or other entity;
- (H) **"Recipient Party"** means either Party or its Affiliates receiving Confidential Information as contemplated by this Agreement; and
- (I) **"Representatives"** means any or all of the directors, officers, employees, consultants, advisors, agents, auditors and representatives of a Party.

ARTICLE 2
OBLIGATIONS OF RECIPIENT PARTY

- 2.1 All Confidential Information, whether factual or interpretive, shall be kept in strict confidence by the Recipient Party and shall not be used for any purpose other than for entering into the Commercial Discussions and evaluating the Commercial Transactions.
- 2.2 Confidential Information shall not be disclosed by the Recipient Party to any Person other than:
 - (A) Representatives of the Recipient Party to the extent that such Representatives need to know the Confidential Information in order to evaluate, negotiate, document, or finance the proposed Commercial Transactions;
 - (B) if required by law or the order of a court or regulatory agency having jurisdiction; or
 - (C) if the Recipient Party obtains the prior written consent of the Disclosing Party.
- 2.3 The Recipient Party shall be responsible for the compliance by its Representatives with the terms of this Agreement. The Recipient Party shall be liable to the Disclosing Party as provided in Article 3 for any unauthorized use or disclosure of the Confidential Information by any of its Representatives.
- 2.4 The Receiving Party shall return or destroy all Confidential Information (including all copies thereof) as well as any and all other materials generated by the Receiving Party or its Representatives and containing Confidential Information, within 90 days following receipt of a written request therefore from the Disclosing Party. An officer of the Receiving Party

shall certify to any destruction of the Confidential Information as contemplated in the immediately preceding sentence.

- 2.5 Disclosing Party acknowledges that Receiving Party's computer systems may be periodically backed up, creating a copy of Confidential Information resident in these systems. To the extent these procedures create a copy that includes any Confidential Information, Receiving Party may retain the copy for the period it normally archives backed up computer records, provided however that the terms of this Agreement shall survive beyond the term of this Agreement with respect to such archived computer records, until such the Receiving Party has destroyed all Confidential Information that is retained in Receiving Party's computer backup system in accordance with its regular ongoing records retention process.
- 2.6 Each Party will use commercially reasonable efforts to safeguard the Confidential Information from unauthorized disclosure or use.

ARTICLE 3

REMEDIES FOR BREACH

- 3.1 The Parties agree that monetary damages would be an insufficient remedy for any actual or anticipatory breach of this Agreement, and that injunctive relief is an appropriate remedy to prevent the unwarranted disclosure of any Confidential Information or violation of this Agreement in addition to any other remedy to which Disclosing Party may be entitled to under this Agreement, at law or in equity.
- 3.2 Notwithstanding anything else in this Agreement, neither Party shall be liable in an action initiated by one against the other for indirect damages resulting from or arising out of a breach of this Agreement, including, without limitation, loss of profit or business interruptions, however same may be caused.

ARTICLE 4

GENERAL

- 4.1 The Parties agree that unless and until a binding agreement between them with respect to the Commercial Transactions has been fully executed and delivered, neither of the Parties, nor any of their Affiliates, has any legal obligation of any kind whatsoever with respect to the Commercial Transactions by virtue of this Agreement or any other written or oral expression with respect to the Commercial Transactions except, in the case of this Agreement, for the matters specifically agreed to herein.
- 4.2 The obligations of the Parties hereunder shall terminate on the fifth anniversary of the effective date hereof unless otherwise agreed to in writing by the Parties.
- 4.3 Although each Party has endeavoured to include in the Confidential Information provided hereunder only those materials which are believed to be reliable, complete and relevant for the purpose of entering into the Commercial Discussions and evaluating the Commercial Transactions, each Party acknowledges that Confidential Information provided to it hereunder is provided without representation or warranty as to the accuracy or completeness thereof.

- 4.4 All notices and other communications provided for herein (including, without limitation, any modifications of, or waivers or consents under this Agreement) shall be given in writing and shall be telecopied/faxed, mailed or delivered to the intended recipient at the address specified below for such recipient or, as to either Party, at such other address as shall be designated by the particular Party in a notice to the other Party. Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given when transmitted by telecopier/fax or personally delivered or, in the case of a mailed notice, upon receipt, in each case given or addressed as aforesaid.

**TO: Kinder Morgan Canada Inc.
Suite 2700, Stock Exchange Tower
300 – 5th Avenue S.W.
Calgary, AB T2P 5J2**

ATTENTION: Legal Services

Fax No. (403) 514-6622

Phone: (403) 514-6400

TO: [insert address]

ATTENTION:

Fax No.

Phone:

- 4.5 No modification of, or amendment to, this Agreement shall be valid or binding unless set forth in writing and duly executed by both Parties and no waiver of any breach of any term or provision of this Agreement shall be effective or binding unless made in writing and signed by the Party purporting to give the same and unless otherwise provided, and shall be limited to the specific breach which is waived.
- 4.6 Neither Party may assign its interests in this Agreement without the prior written consent of the other Party, which consent may be withheld in that Party's sole discretion.
- 4.7 The provisions hereof shall be binding upon and shall enure to the benefit of the Parties and their respective successors and permitted assigns.
- 4.8 Section 2.5 of this Agreement shall survive the termination of this Agreement.
- 4.9 Time shall be of the essence of this Agreement.
- 4.10 If one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not

affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.

- 4.11 This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and shall be treated in all respects as an Alberta contract. The Parties irrevocably consent and submit to the exclusive jurisdiction of the courts of the Province of Alberta with respect to all matters relating to this Agreement.
- 4.12 This Agreement may be executed in two counterparts and delivered by facsimile, both of which when taken together shall constitute one and the same instrument.
- 4.13 A Party's failure to pursue remedies for breach of this Agreement does not constitute a waiver by that Party of any breach of this Agreement or raise any defense against Claims for breach of this Agreement. The waiver or failure to require the performance of any covenant or obligation contained in this Agreement or pursue remedies for breach of this Agreement does not waive a later breach of that covenant or obligation.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

KINDER MORGAN CANADA INC.

Per: _____
Name Norm Rinne
Title Sr. Director Business Development

[ENTITY NAME]

Per: _____
Name: _____
Title: _____
Per: _____
Name: _____
Title: _____