



East Cheyenne Gas Storage, LLC



Providing natural gas storage and related services to meet market demand for load following, balancing, and seasonal storage services.

**EAST CHEYENNE GAS STORAGE, LLC
ANNOUNCES A NON-BINDING OPEN SEASON
FOR PHASE 1 FIRM GAS STORAGE SERVICE
April 26, 2010**

East Cheyenne Gas Storage, LLC (“East Cheyenne”), a wholly owned subsidiary of Merchant Energy Partners, LLC, is conducting a non-binding Open Season to gauge prospective customers’ interest in contracting for up to 4 Bcf of storage capacity initially to be made available in a new interstate natural gas storage project located in Logan County, Colorado. This new gas storage facility, known as the East Cheyenne Gas Storage Project (the “Project”), will provide natural gas storage services to meet existing and anticipated demands for peak day, load following, balancing, and seasonal storage services to natural gas markets throughout the Midwest and Western U.S.

East Cheyenne will be subject to regulation as an interstate natural gas storage facility under the federal Natural Gas Act. It will obtain from the Federal Energy Regulatory Commission (“FERC”) certificates of public convenience and necessity authorizing it to construct, own and operate the Project as well as authorization to charge market-based rates for the services it will offer. East Cheyenne has initiated the process by which it will obtain the required FERC approvals. Submissions that East Cheyenne has made to FERC for review of the Project may be found through FERC’s Web site (www.ferc.gov), in the eLibrary tab, at Docket No. CP10-34-000.

East Cheyenne plans to begin construction of Phase 1 of the Project in the summer of 2010 and anticipates an in-service date for the initial 4 Bcf of working gas capacity by May, 2011. Parties submitting a proposal in this Open Season will be expressing an interest in contracting for firm gas storage service that will commence in May 2011 or later.

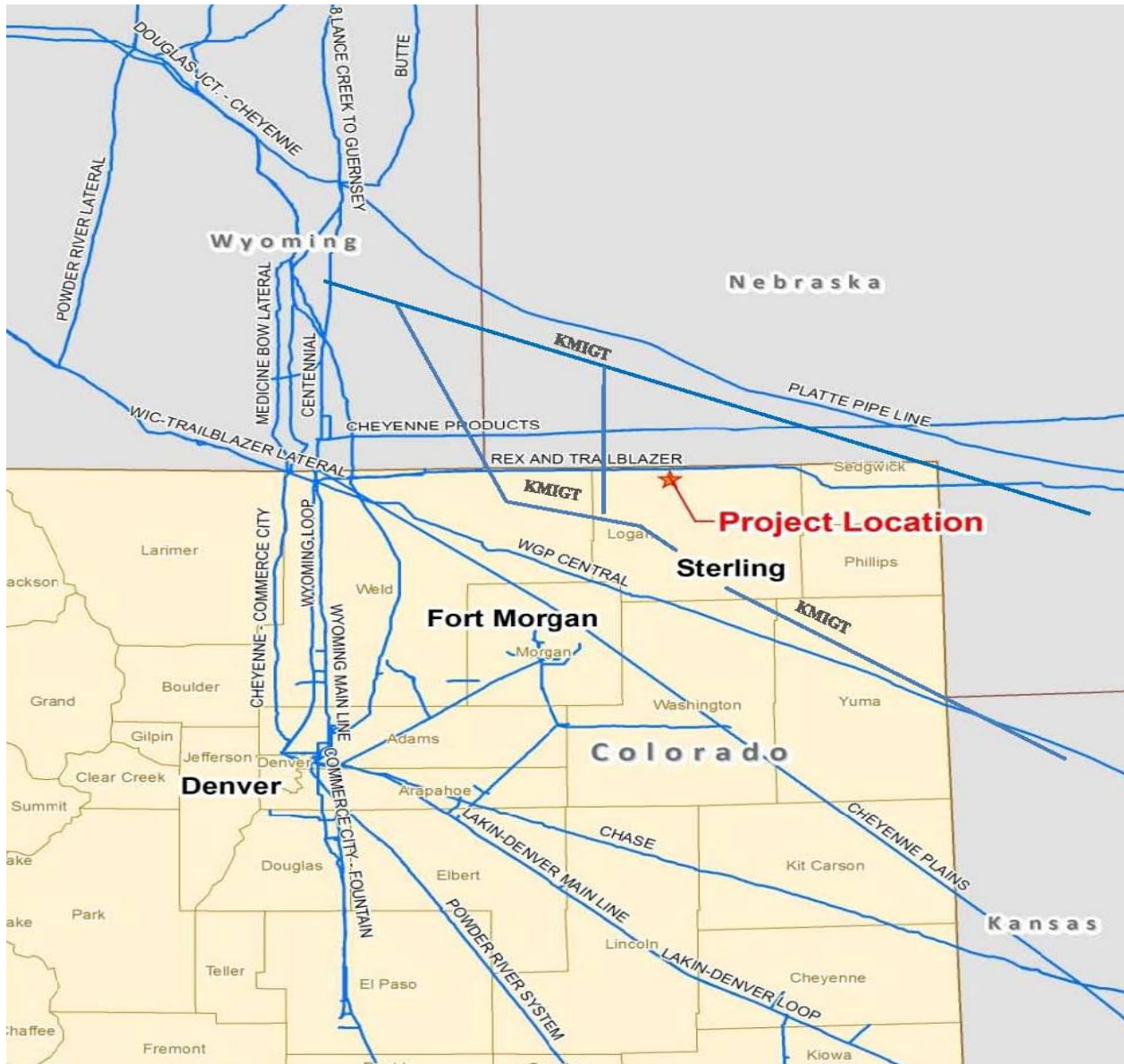
Rates, including fuel retention percentages, will be negotiated market-based rates. The rates that East Cheyenne will accept will be determined after the conclusion of this non-binding Open Season and are dependent upon the final scope of the facilities design and firm service commitments.

This Open Season will commence on April 26, 2010, and close May 7, 2010, 5:00 p.m. MDT.

For questions concerning this Open Season or to obtain Open Season packages, contact David Hooker at (720) 351-4001 or by email at dhooker@mepco.us.com. Open Season packages can also be downloaded from www.eastcheyenne.com.

EAST CHEYENNE PROJECT OVERVIEW

East Cheyenne is soliciting interest from prospective customers in contracting for up to 4 Bcf of storage capacity initially to be made available in May of 2011 from its natural gas storage project located in Logan County, Colorado.



The Project is targeting interested parties seeking (i) additional supply flexibility, (ii) reliable gas supply to meet demand peaks that exceed production and long-haul pipeline throughput, (iii) load following capability to match gas-fired electric generation dispatch, and (iv) a load management tool for handling imbalances and price volatility.

PROJECT DESCRIPTION

- Phase 1 will include 4 Bcf of working gas capacity and roughly 5,000 horsepower of gas fired compression. With this capacity and horsepower, East Cheyenne will be capable of injecting approximately 50,000 Mcfd and redelivering roughly 40,000 Mcfd in Phase 1.
- East Cheyenne contemplates constructing a Phase 1 interconnection with Trailblazer Pipeline Company, near Peetz, Colorado in Logan County, approximately 18 miles west of Trailblazer's Compressor Station No. 601. East Cheyenne only intends to construct the Trailblazer interconnect, one of the Project's three prospective pipeline interconnections, during Phase 1.

DESCRIPTION OF FIRM SERVICES OFFERED IN THIS OPEN SEASON

- East Cheyenne is seeking expressions of interest in contracting in Phase 1 for Firm Storage Service, which will consist of:
 - (a) Receipt on any day of a prospective customer's gas per the customer's nomination, up to the customer's maximum daily injection quantity ("MDIQ") specified in the customer's executed firm storage service agreement, plus fuel reimbursement at the point(s) of receipt, and the injection of gas to be received into storage, provided customer's storage inventory has not exceeded customer's maximum storage quantity;
 - (b) The storage of gas in amounts up to a prospective customer's firm maximum storage quantity ("MSQ"); and
 - (c) The withdrawal from storage on any day of a prospective customer's gas per customer's nomination up to the customer's maximum daily withdrawal quantity ("MDWQ") specified in the customer's executed firm storage service agreement and the delivery of such gas to the point(s) of delivery, provided that the customer has a quantity of gas in customer's firm storage inventory not less than the quantity customer shall have nominated for withdrawal on such day.
- The terms and conditions of service that East Cheyenne anticipates offering will be governed by East Cheyenne's FERC Gas Tariff. East Cheyenne has made a *pro forma* version of this tariff available for prospective customer review on its Web site (www.eastcheyenne.com).

RATES

- Rates, including fuel retention, will be negotiated market-based rates. The minimum rates that East Cheyenne will deem acceptable will be determined after the conclusion of this non-binding Open Season and are dependent upon the final scope of facilities and firm service commitments.

CONTRACT TERM FOR PHASE 1 SERVICE

- No minimum or maximum term.

TARGETED PHASE 1 IN-SERVICE DATE

- May 1, 2011

BID DOCUMENT AND FOLLOW-UP PROCESS

This non-binding Open Season will commence on April 26, 2010, and end May 7, 2010 at 5:00 p.m. MDT. Parties wishing to indicate their interest in contracting with East Cheyenne for firm gas storage services must submit a completed Open Season Request Form.

Following the close of the Open Season, East Cheyenne will begin the process of negotiating binding precedent agreements and finalizing the Project design. All prospective Phase 1 customers wanting to enter into a binding precedent agreement will have to provide evidence of creditworthiness satisfactory to East Cheyenne. The creditworthiness standards East Cheyenne will apply are set forth in the General Terms and Conditions of its *pro forma* FERC Gas Tariff.

This offering of firm gas storage services is explicitly made subject to and conditioned upon East Cheyenne's receipt of all applicable regulatory approvals in form and substance acceptable to East Cheyenne. East Cheyenne reserves the right to i) reject any bids, ii) revise the scope of the Project in any way, and iii) consistent with applicable regulations, to terminate further participation in the Open Season process.

CONTACT INFORMATION

The information provided in this packet is intended to assist the interest parties in preparing the Open Season Non-Binding Request Form. All inquiries or requests for additional information or clarifications should be directed to:

David Hooker
East Cheyenne Gas Storage, LLC
10901 W Toller Rd, Suite 200
Littleton, Colorado 80127
Telephone: (720) 351-4001
Fax: (720) 351-4201
E-Mail: dhooker@mepco.us.com

WEB SITE LINKS FOR OPEN SEASON INFORMATION

Open Season information can also be found on East Cheyenne's Web site at:
www.eastcheyenne.com

Phase 1 Open Season Terms & Instructions
April 26, 2010 through May 7, 2010
Bids due no later than 5:00 PM MDT

Firm Storage Service under Rate Schedule FSS

Maximum Available Storage Capacity:	4,000,000 Dth
Prospective FSS Customer Allocations:	
Maximum Storage Quantity (“MSQ”):	1,000,000 to 4,000,000 Dth
Maximum Daily Injection Quantity (“MDIQ”):	0 to 50,000 Dth
Maximum Daily Withdrawal Quantity (“MDWQ”):	0 to 40,000 Dth

Start Date: Earliest available start date is May 1, 2011; later start dates are acceptable

Turns: ~2 Turn Service

Storage Ratchets Applicable to Phase 1 Service

Although East Cheyenne’s Rate Schedule FSS contemplates service reductions based on the level of a customer’s storage inventory pursuant to ratchets to be applied to the customer’s MSQ, East Cheyenne intends to offer only unratcheted service to prospective customers that contract for Phase 1 service.

Other Common Terms

- Commodity Fee = not less than \$0.01/Dth on injection and \$0.01/Dth on withdrawal
- Fuel Rate = to be negotiated
- Initial interconnects are those which will be in service and noted as such on the Request for Service form

Use of Open Season Results

At the conclusion of the Phase 1 Open Season, East Cheyenne will evaluate the bids received and rank them according to overall economic benefit to East Cheyenne.

Upon completing its evaluation of each non-binding bid, East Cheyenne will notify bidders of East Cheyenne’s interest in entering into negotiations with such bidders. The purpose of these negotiations will be to conclude and execute one or more precedent agreements committing East Cheyenne and successful bidders, upon the satisfaction of specified conditions precedent, to enter into one or more firm service agreements under Rate Schedule FSS. East Cheyenne will contact each bidder that participated in the Phase 1 Open Season regarding negotiations for firm storage service before it contacts or enters into discussions for service with any prospective customers that did not participate in the Phase 1 Open Season.

East Cheyenne reserves the right to reject any bid that (i) may detrimentally impact facility design, (ii) yields an economic value that is unacceptable to East Cheyenne, (iii) does not satisfy all of the terms of this Phase 1 Open Season, (iv) does not contain all of the required information specified in the notice of the Open Season, (v) contains terms and conditions other than those contained in East Cheyenne’s *pro forma* FERC Gas Tariff, and/or (vi) does not meet East Cheyenne’s creditworthiness requirements (which are set forth in Section 3.3 of the General Terms and Conditions of its FERC Gas Tariff).

All bids are due by no later than 5:00 p.m. MDT, on May 7, 2010. Bids are to be submitted either by fax (720) 861-5700 or by email to dhooker@mepco.us.com.



Non-Binding Phase 1 Open Season Bid Form
April 26, 2010 through May 7, 2010 – 5:00 PM MDT

Bidding Company & Address (print or type):

Contact Name: _____

Contact Phone/Fax: P _____
F _____

Term:

- (a) May 1, 2011 (or as soon thereafter as East Cheyenne obtains regulatory approval to commence commercial service) through _____,
or
- (b) _____ through _____.

Requested Service

Maximum Storage Quantity (“MSQ”) not to exceed 4,000,000 dth (minimum 1,000,000 Dth)
Maximum Daily Withdrawal Quantities (“MDWQ”) not to exceed 1 % of the MSQ
Maximum Daily Injection Quantities (“MDWQ”) not to exceed 1.25% of the MSQ

Requested MSQ _____ dth

Requested MDWQ _____ dth*

Requested MDIQ _____ dth*

* The only Phase 1 receipt and delivery point will be at
East Cheyenne’s proposed interconnection with
Trailblazer Pipeline Company

Proposed Rates

Storage Reservation Rate: \$_____/Dth/Month

Commodity Rates: \$_____/Dth of Injections

\$_____/Dth of Withdrawals

Fuel Rate: _____% of Injections

Deadline to submit a bid is 5:00 PM MDT, May 7, 2010.