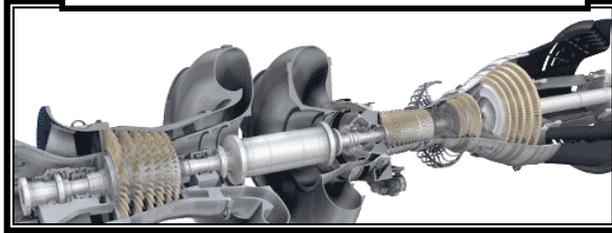


ENERGIA CURA



5904 Old Airport Way, Suite 134, Fairbanks, Alaska 99709 907-452-3466

Non-Binding Open Season - Basic Package

New Gas Opportunities for Interior Alaska

1.0 Introduction

Energia Cura LLC is conducting a non-binding open season (NBOS) on behalf of the Fairbanks Pipeline Company to solicit indicative interest from parties wishing to secure bundled, firm natural gas and/or NGLs supplies over its proposed, strategically placed primary and secondary natural gas transmission pipeline systems. We invite companies to submit non-binding bid assignments by completing forms in Attachment A of this NBOS.

Over the past decade, Energia Cura has evaluated numerous ways to deliver gas to Interior Alaska. On July 17, 2010, Energia Cura completed a power requirement study for a significant new load center near Fairbanks. As a result, preliminary feasibility assessments to size a small-bore transmission system now show even greater promise. This new increment of demand has invigorated Energia Cura's economic models to the point as now warrants the issuance of this NBOS. Please find a listing of acronyms below for use as reference in the following text:

- The Fairbanks Natural Gas Pipeline will hereby be referred to as the **Project**
- The Fairbanks Pipeline Company will hereby be referred to as **FPC**
- Energia Cura LLC will hereby be referred to as **EC**
- Participating Interested Parties will hereby be referred to as **IPs**

2.0 Purpose and Nature of NBOS (Non-Binding Open Season)

This NBOS is offered to firmly resolve market interest and to complete initial design criteria for this Project's service infrastructure required to meet certain, specific demand from major load centers located along or near its primary and secondary transmission corridors. Participation in this phase of the open season is non-binding for all companies partaking in this NBOS, including any IPs indicating specific interest or the parties initiating this NBOS (FPC, EC).

FPC may elect to proceed with its Project without holding a subsequent binding open season (BOS), or it may elect to suspend the Project altogether based on its NBOS findings. If NBOS findings further validate that sufficient volumes are attainable to commence the Project, FPC may elect to initiate discussions with IPs submitting non-binding bids herein to execute Binding Precedent Agreements more expediently than a BOS permits. FPC's **NBOS target groups include those IPs interested in securing firm, bundled natural gas service of ≥ 0.25 Bft³ per annum and NGL supplies $\geq 10,000$ gal/ per annum.**

2.0 Purpose and Nature of NBOS (cont.)

At its sole discretion, and not on an unduly discriminatory basis, FPC may elect to consider requests received after the close of its NBOS period, which will occur at 8 a.m. GMT, October 1, 2010, including valid appeals to modify initial non-binding bid offer(s).

3.0 Project Objective - Benefits

FPC's basic objective is to provide expedient economic relief to thermal markets located along its primary and secondary corridors by supplying affordable natural gas to ready and willing load centers using proven, economic transportation methods by 2014. This is years in advance of the commercial operation of either competing interstate project now under evaluation.

The supply and demand imbalances apparent in today's interstate and international gas markets will dominate for at least the next six and a half to ten years, as further explained in the macroeconomic section of the BOS brochure scheduled for release on November 1, 2010. Once the design and construction of either large interstate system now under evaluation commences, another ten years will elapse before Alaska North Slope (ANS) gas supplies are available to Interior communities. During this time, Interior consumers will accrue \$0.86 billion in avoidable outlays. Domination of the supply side in gas markets today may persist longer than the next decade if technologies employed in the development of continental shale reserves continue their path of technical improvement. Likewise, recent U.S. Energy Information Agency (EIA) publications project that the demand for gas will not significantly increase until our nation's economic recovery gains meaningful proportions. Shale production technologies are still in their infancy. Environmental concerns are mounting as copious water volumes are now consumed to fracture gas-laden shale formations, and degradation of surrounding freshwater aquifers ensues. However, bright and innovative minds are at work to resolve these issues and, if recent technical publications are correct, mitigating solutions are close. In the meantime, the markets are watching.

FPC's Project does not intend to compete with either of the proposed large interstate systems. Instead, FPC intends for its systems to deliver affordable gas to Interior consumers in the more immediate future and to help reduce the capital cost of the successful interstate system by mitigating logistic challenges and providing affordable fuel along its construction spread. Consequently, FPC's secondary objective is to design both its primary and secondary transmission lines so as to provide enduring value once its systems are converted to tangent service in support of the downstream opportunities the 3.8 Bcfd to 4.5 Bcfd interstate pipeline will provide, once placed in commercial operation. EC recommends that IPs review pertinent publications at the Denali Pipeline's open season website for further information on associated opportunities. FPC's brochure will provide further elaboration when issued in conjunction with the opening of its BOS in early November. Denali Pipeline publications are accessible at:

http://www.denalipipeline.com/open_season_announcement.php

Recent informal discussions with IPs and potential investors have raised the issue of FPC's decision to limit the Project's gas transmission capacity to match tangible and incontrovertible interest. Integrated hydraulic simulations and cost-of-service evaluations conducted by EC over the past four years signify that system design criteria need to be precisely regimented to size FPC's delivery infrastructure to existing and/or guaranteed future demand: demand that aggregates to a specific minimum annual throughput through its primary transmission segments. FPC will validate all indicative interests obtained through this NBOS before it proceeds with development of its preliminary design criteria, which is necessary to firmly establish its most efficient size and cost of service. IPs assigning non-binding volumes are encouraged to budget certain time and expense for the validation of nominations that EC will conduct for FPC immediately following the closure of the NBOS.

3.1 Project Objective – Capacity Fit for Purpose

FPC's line-pipe will be specified at higher-pressure ratings than originally required for initial gas transmission operations to accommodate conversion for future downstream services. The use of high-pressure piping will provide excess transmission capacity to accommodate modest growth through the addition of compression horsepower. Alternatively, FPC could ramp pressure as secured through a compression service agreement from the existing Central Gas Compression Facility located about four miles from TAPS, Pump Station 1 which now provides a ready 4,000 psia connection. Recent economic reports suggest that from FPC's commission date in late 2013 or mid 2014, the Interior's energy demand will remain relatively constant until such time as either the large-bore interstate or the medium-bore intrastate from the North Slope to Anchorage consigns FPC's system capacities to inconsequential status. Particularly when considering the capacity of the interstates as an eventual outcome, the overzealous installation of excess capacity by increasing pipe-bore from the onset exacerbates FPC's capital risk and jeopardizes its cost recovery.

3.2 Project Objective – IP Evaluations

EC cautions that while common rudimentary sizing factors may appropriately be used by IPs to assess capacity requirements at this phase of the NBOS, other rule-of-thumb assessments may not be fitting. Chief among these simple weighing methods are the cost/benefit and transmission bore/length ratios frequently used to assess market and transportation potentials.

FPC'S Project will compete within an unusual micro-economic climate defined by historical fuel prices in the thermal equivalent range of **\$18/mcf to \$22/mcf** for distillates and close to **\$24** for LNG sourced gas. These unit costs are appreciably higher than experienced in the common markets and as they quickly compound when factored against the greater per capita consumption required for sub-arctic conditions. The Interior of Alaska's fixation on distillate and small-scale, road borne LNG sourced gas supplies must be addressed now to save \$1.72 billion in avoidable thermal and electrical energy costs over the next twenty-years. FPC's Project will also mitigate barriers to entry now faced by both existing and prospective enterprises in the Interior until the interstate system is operational. Improvements in the local economy made possible by keeping this money in local circulation will benefit both consumers and the builders of the interstate.

FPC's Project will not compete with the proposed **interstate** systems for obvious reasons. What is not so obvious is that FPC's Project can facilitate the construction of the successful large interstate, mitigating its logistic constraints and project costs by incorporating FPC's small-bore service into issuance of its construction and logistic contracts for sourcing economic fuel. FPC also plans to invite both contingents of the proposed interstates to access its Project's flow-conditions via FPC's SCADA network to optimize their final designs using FPC's small bore as a physical, empirical model. More information on this subject will be provided in the November release of FPC's BOS Brochure.

FPC's Project is also not intended to compete with another **intrastate** project under current evaluation in Alaska: the Alaska Pipeline Development Corporation's 24" bullet line stretching from Alaska's North Slope to Anchorage. Instead, FPC's small-bore line **will complement** this project by providing a working connection when the bullet line intercepts FPC's small-bore pipeline north of Livengood where its right of way is now proposed to cross FPC's traverse. If the bullet line is completed as now proposed, FPC will have already aggregated the Interior's major load increments into working service through its secondary transmission segments, providing ready market opportunities. This assumes that its ultimate net-back to mileage tariff at the Livengood milepost will be able to compete with either the interstate or FPC's historical and future cost of service. Comparing FPC's preliminary cost of service assessment for its 12 Bft³, small-bore pipeline with Black & Veatch's recent study for the Anchorage bullet line, this outcome does not seem likely.

3.3 Project Objective – Technical Translation

Hydraulic simulations (per AGA and Colebrook-White) that will be provided in the BOS brochure are currently based on a 10 inch, 443 mile, high-pressure, single-phase, natural gas transmission pipeline emanating near TAPS Pump Station 1 and terminating in Fox, Alaska. It demonstrates delivery of 12 Bcf/annum to its terminus in Fox, Alaska less outtakes at connection points between.

Interior communities lack distribution feeders to the Interior's major load centers. The local natural gas utility distributes less than one Bcf/annum of LNG sourced gas to residential and commercial customers through a 60-mile, low-pressure, plastic-pipe network. While this system is capable of servicing residential and commercial loads within its limited span, it does not reach, nor can it handle the delivery volumes and pressures required to serve the Interior's major load centers. Consequently, a subordinate objective of FPC will be to install high-pressure, coiled tubing feeders from its primary segments to service the Interior's industrial load centers. The advantages for using coiled tubing include high strength and pressure ratings, dramatic reductions in the time required for installation, excellent flow characteristics, and design life.

The BOS brochure will also provide another hydraulic simulation that demonstrates the use of coiled tubing in flow-line application. The modeling sample averages Weymuth and AGA, across 160 miles of 5" x 0.30" tubing in 4,000 ft reeled lengths, available in up to X65C Grade in 0.250", 0.280", and 0.300" nominal wall thicknesses capable of 4,460 psi, 4,480 psi, and 5,280 psi maximum working pressures, respectively. FPC plans to install its high-pressure feeders from the Fox primary transmission terminus and at various points north of this terminus, depending on the best routes selected to connect the Interior's most significant load centers. Note that these load centers are all located within a **forty-mile radius of Fox**, less than used in the demonstration simulation provided.

3.4 Project Objective – Summary

The Interior's avoided costs far exceed monies required to build and operate a dedicated small-bore pipeline system prior to the arrival of a large-bore interstate. What remains to be seen is whether the sum of indicative volumes from NBOS submittals will support the volumes required to keep a small-bore pipeline's cost of service affordable. Informal discussions held over the past two months with IPs indicate that salient interest matching EC's preliminary hydraulic and economic models already exists in sufficient volumes to meet minimum required throughputs.

For reasons already presented in section 3.0, FPC will limit its final design criteria and capacity to match indicative interests as nominated by IPs in therm-units on NBOS forms returned to EC by or before official closure of the NBOS on 8 AM, GMT - Greenwich, on October 1, 2010.

4.0 Access to Service and Commodities

FPC will provide open market, non-discriminatory access to its infrastructure including cost of service transparency for both transportation and/or process and its commodity fundamental basis within permissible limits set forth within its purchase and sales contracts.

A periodical will be disseminated on a quarterly basis to all FPC's customers providing this transparency in qualitative and quantitative terms also indicating any known future impacts to its cost of services. Likewise, FPC intends to disseminate its contemporary market risk positions and its past and projected management performance to those customers choosing to contract FPC's hedged bundle.

5.0 Character of Service for Bundled, Firm Commodities

- Hedged or non-managed spec-grade natural gas indexed to market plus tariff, volumetric basis (AECO or Henry Hubs TBD) **OR:**
- Hedged or non-managed non-spec natural gas indexed to market plus tariff, low-heat basis (AECO or Henry Hubs TBD)
- Commingled NGL stream indexed to market plus tariff
- Specification-grade Propane indexed to market plus tariff and process (Edmonton, Mont Belvieu, or Conway Hubs TBD)
- Specification-grade I-Butane and N-Butane indexed to market plus tariff and process (Edmonton, Mont Belvieu or Conway Hubs TBD)

5.1 Availability *(current base-case subject to change after closure of the NBOS)*

Specification Grade CH ₄ <i>(Per base-case simulation sample)</i>	12 Bft ³
Non-Spec Grade CH ₄ , ANS-Raw <i>(Final location TBD)</i>	TBD
Supplemental Enriched Gas <i>(At intermediate points along primary transmission & Fox Terminus)</i>	TBD

5.2 Commodity Type

Heat Content

Spec Grade CH ₄	1,067 BTU/ft ³ or 1.067 Dth/mft ³
Non-Spec Grade CH ₄ , ANS-Raw	939 BTU/ft ³ or 0.939 Dth/mft ³
Supplemental Enriched Gas	TBD
NGLs	(Will be made available in BOS brochure)

5.3 Access-Point/s

Location

Primary Market Gates	Fox, Alaska and north
Available Secondary Gates	Plant entrance to loads 1 Bcf or greater

5.4 Primary Transmission Segments

Primary transmission segments traversing next to the Dalton and Elliott Highways are now expected to be **8" or 10" x 0.30" wall**, Charpy to -50F, 60' long joints, with alloy-grades to be determined after closing of this NBOS and before the issuance of the BOS (Binding Open Season) or negotiations of Condition Precedent Agreements.

5.5 Secondary Transmission Segments

FPC will provide its bundled and firm gas supplies to load centers greater than 1 Bft³ via coiled tube flow-lines capable of delivered pressures up to 650 psia at end-user's gate if required.

5.6 Line Pack:

Primary Transmission Segments

217 million std. cu. ft. (on basis of current simulations and subject to change after the NBOS concludes)

Secondary Transmission Segments

(TBD on number and length of secondary transmission segments resulting from NBOS interest)

Additional Storage: None offered in this NBOS; contact Fairbanks Natural Gas (FNG) at (907) 452-7111 for practical LNG sourced options.

Notes:

- A traverse map of primary transmission segments is provided on page 9 of this basic NBOS package.
- Macro and micro economic discussions will be provided in the BOS Brochure.
- Hydraulic parameters and gradients of base-case modeling samples will be provided in the BOS Brochure.
- Line pack will be further discussed in the BOS Brochure.
- **FPC** is not affiliated with **FNG** (Fairbanks Natural Gas).

6.0 Terms and Rates for Bundled Services

The minimum initial term for FPC's bundled services and commodities will be ten years, automatically extended as required.

6.1 Transportation Component

The transportation component of FPC's bundled rates will employ a mileage net-back to transportation discounts limited to a minimum mileage factor of 358 miles (Yukon River Bridge milepost) on its primary transmission segment. Secondary transmission segments dedicated for single customer use will not employ netback rates. FPC's initial term for bundled services will be automatically extended at the end of the 10th year, and at the end of each following year until alternative bundled offerings for natural gas that compete with FPC's concurrent extended contract term manifest in the form of available binding precedent agreements offering a guaranteed delivery date. FPC's precedent binding agreements will require customers to submit written contract termination requests a minimum of one-year in advance of termination date as postmarked on submitted customer request forms.

FPC will annually adjust the transportation component of its bundled rate downward by expanding its capital amortization for its booked debt service remaining at the end of the 10th year and every service year following up to the end of the 20th year. At the end of each annual adjustment as marked against the original commencement date of each precedent agreement, FPC will issue cash credits for transportation to individual customer escrow accounts maintained by Denali State Bank in Fairbanks, Alaska. Monies held in escrow following each extended year of service will be deposited to each customers' account within one-month following each year's adjustment date. FPC's customers can claim and withdraw their transportation credits for the previous year of service on the last day of the second month following each year's adjustment date.

6.2 Non-Managed Commodity Component

The fundamental basis for FPC's commodity pricing will be determined on one or more of the following indices as marked to spots:

Natural Gas.....AECO or Henry Hub, TBD

NGLs.....Edmonton, Mont Belvieu, or Conway, TBD

FPC will inform respondents of selected indices by registered mail after concluding negotiations with its suppliers, but before commencing this Project's BOS (Binding Open Season) and/or binding precedent agreements.

6.3 Hedged Contract Option

For customers selecting hedged services, FPC will offer fundamentals on the basis of forward terms and percentage-of-total contracted volumes as set and further amended by customers via FPC's monthly nomination forms submitted via registered mail prior to the fifteenth-day of every month, in time to meet trades on 'bid week', usually the last week of the month. Two hedge management options are available:

(1) Volume capacities marked-to-market by customer under specified term limits and under **low-risk** assignment will be managed using simple and par-partial future positions to provide cost stabilization and to seek potential benefit stemming from the asymmetry of price swings. FPC will apply management fees of **\$0.08/Dth to \$0.12/Dth**, depending on concurrent market conditions, to all nominated price-stabilized volumes placed under **low-risk** assignments.

(2) Specific volume capacities marked-to-market by customer under specified term limits and under **medium-risk** assignment will be managed through FPC's **medium-risk** policies and procedures allowing the securitization of the following market orders permitted within FPC's structured decision rules.

FPC will apply management fees of **\$0.10/Dth to \$0.18/Dth** for managing **medium-risk** volume capacities marked-to-market by its customers. **Medium-risk** positions will be managed for customers through FPC's **medium-risk** policies and procedures allowing the securitization of market instruments made on the basis of structured decision rules limited to the following market orders:

Call Options

An over-the-counter instrument that gives a buyer the right, but not the obligation, to purchase a given quantity of a commodity at a specified price, prior to the expiration of the option contracts.

Put Options

An over-the-counter instrument that obligates a seller to sell, if ordered to do so by the buyer, a given quantity of a commodity at a specified price, prior to the expiration of the option contract.

Swaps

An exchange of payments at a pre-established time, during which one party pays a fixed price and the other party pays a floating price for a given quantity of a commodity at a specified price.

Strike Price

A specific price at which a trading position will be established or a cash settlement made if the buyer exercises the option.

7.0 Traverse Map and Aerial Photograph of South Terminus

Highly detailed maps, geophysical and other metadata are available for IP review at the following websites:

<http://www.dggs.dnr.state.ak.us/pubs/pubs?reftype=quads>

http://www.dggs.alaska.gov/webpubs/usgs/un/oversized/beikman_1980_sh001.PDF

<http://gis.co.fairbanks.ak.us/>

<http://www.alaskamapped.org/>

<http://browse.alaskamapped.org/#browse/search/location=fairbanks>

Energia Cura can provide local assistance to firms interested in assessing downstream opportunities. Support in the following areas and disciplines can be arranged via Email to asg@energiacura.com:

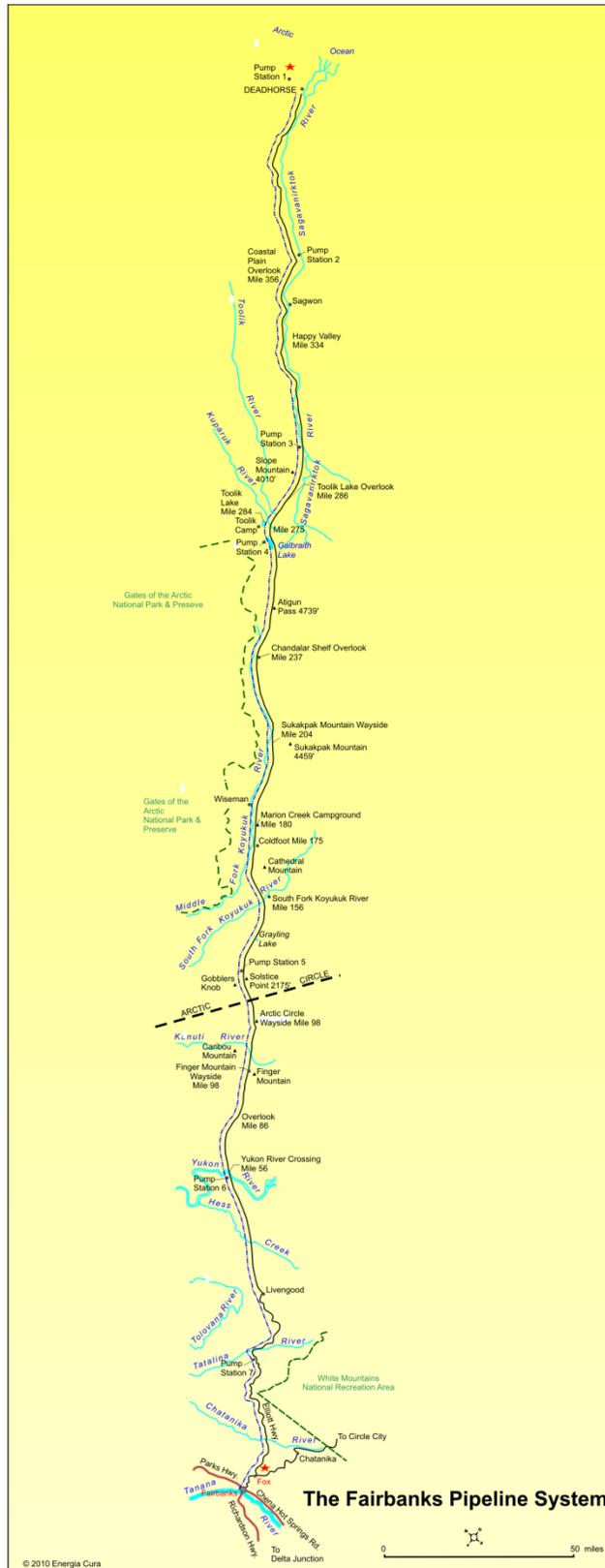
- Detailed market definition and micro-economic data
- Process control, design and installation
- Metrology & custody transfer accounting
- Survey & cartography
- Hydraulic modeling and cost estimates for interconnection lines and facilities
- Local code and compliance requirements
- State, Borough, and Municipal licensure and permit requirements
- Meteorological data and services
- Seismological data and services

Liaison support for:

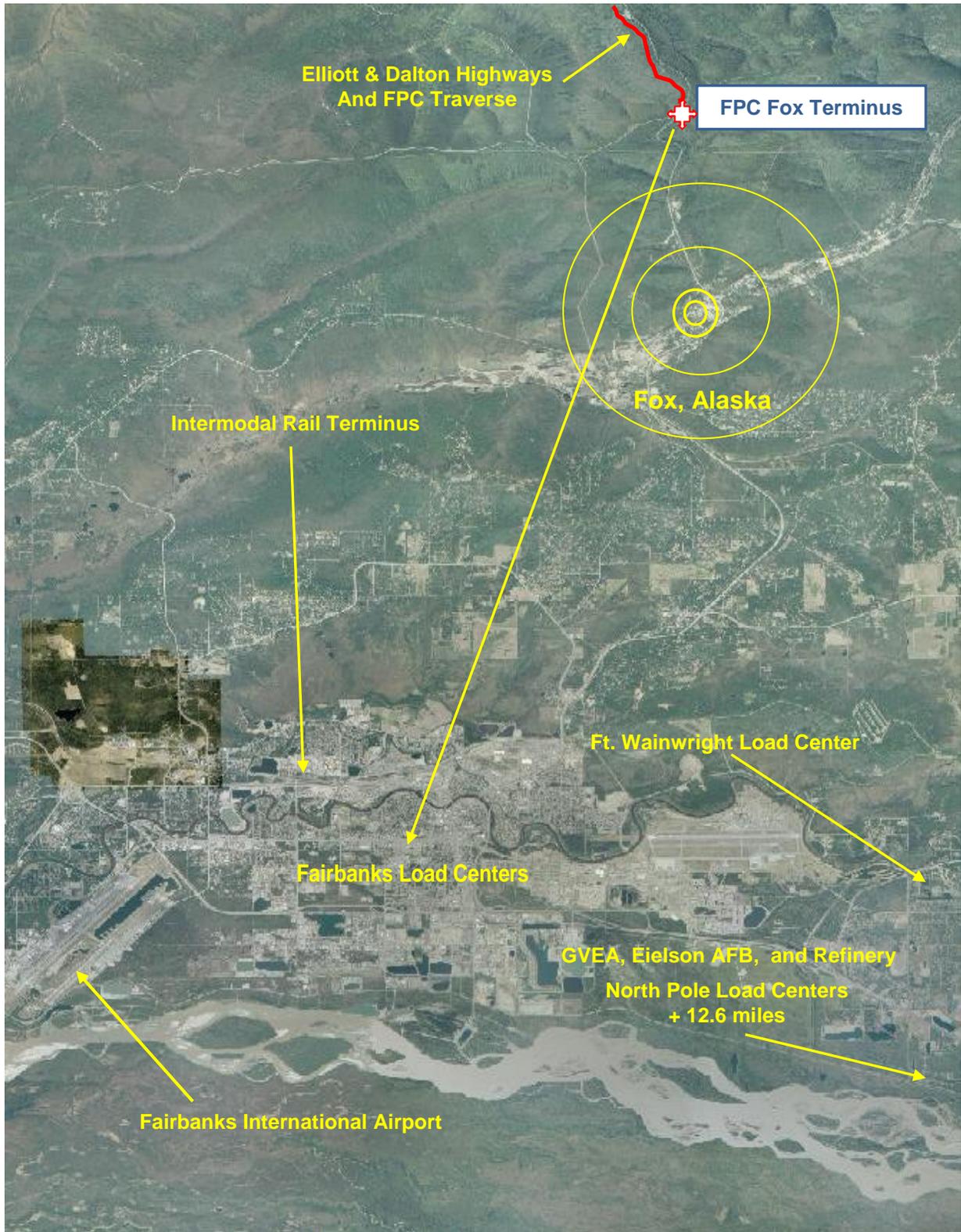
- Preliminary geophysical evaluations including soils assessment
- Architectural, structural, mechanical and electrical design
- Environmental consultancies
- Acquisition of real properties
- Industrial utility services, including electrical power
- Local consolidating transportation and logistical service providers
- Local industrial contractors
- Local trade union representatives

FPC's preliminary traverse map and aerial photograph showing its terminus in Fox and the general orientation of applicable load centers are on the next two pages. Larger formats will be included within FPC's BOS brochure.

The Fairbanks Pipeline Company Natural Gas Pipeline System Traverse – Primary Transmission Segments



Aerial – FPC Terminus and Interior Load Centers



8.0 Non Binding Open Season Timetable

Date	Step	Event
8/27/10		Date of NBOS Issuance & Posting:
Float	1	Request for Basic NBOS package via Email <i>Elective request for detailed BOS Brochure are \$2,250 per bound copy, refundable upon the signing of condition precedent agreements. Brochure available on November 1, 2010.</i>
36 hr turn	2	EC Transmittal of Confidentiality Agreement to IPs via Email
Float	3	IP Submittal of Signed Confidentiality Agreements to EC and PC via Email in PDF.
36 hr turn	4	Transmittal of NBOS package to IPs via Email in PDF
10/1/10	5	Deadline - Submittal of Indicative Interest from IPs via Email in PDF
10/4/10	6	Preliminary FPC Response to Expressions of Interest/NBOS Capacity Assignments
10/15/10	7	Detailed FPC Response to Expressions of Interest/NBOS Capacity Assignments

9.0 Non Binding Open Season Procedures

Send completed NBOS Forms to the Email address below. IPs requesting that submitted NBOS forms be held and maintained as confidential information should first send their signed and scanned Confidentiality Agreements via Email in PDF format to the same address below:

FPC-NBOS@energiacura.com

You will receive the confidentiality agreement signed by Energia Cura via return Email in PDF within 48 hours. IPs should submit their completed NBOS forms once they receive Confidentiality Agreements signed by Energia Cura. A representative of Energia Cura will contact you to arrange the best means of exchanging original signed documents for your permanent records.

If requesting the BOS Brochure (available on November 1, 2010), send your check for \$2,250.00 to: **Energia Cura, 5904 Old Airport Way, Suite 134, Fairbanks, Alaska 99709, with attention to Pamela J. Kelly.** You will receive a bound copy via Fed-Ex, overnight per mailing directions provided by requestor/s after your check has cleared. If you prefer to make a bank transfer, call **Pamela J. Kelly at 907-452-3466 (office) or 907-378-5102 (cell)** for direction. You will also be Emailed an electronic version in PDF.

10.0 NBOS Form

The NBOS indicative interest form is included in Attachment A. Fill out and return via scanned PDF following the directions and sequence of events in section (9.0). Note that the form can only accommodate basic interest assignments. Written elaborations of more complex requests are encouraged (multiple delivery points, additional growth increments, etc.)

11.0 Copyrights, Disclaimers, and Waivers

FPC and EC reserve all rights to their Intellectual Property contained in this NBOS Package, and in any related emails, attachments or other associated items or materials (“Publication”). Intellectual Property may include, but is not limited to, federal and/or state copyrights, trademarks, confidential or proprietary information, and/or trade secrets. No right or license pertaining to any Intellectual Property is granted by the publication, disclosure or exposure of the Publication. Reproduction, distribution and/or display of the Publication is prohibited without the express consent of FPC or EC.

Neither FPC, nor EC, nor their representatives shall have any liability whatsoever relating or resulting from the use of any information in the Publication or any inaccuracies or omissions therein.

FPC reserves the right to withdraw its NBOS until expiration of the submission date without any obligation to provide reasons. FPC does not accept responsibility toward any participants or IPs for consequences arising out of FPC’s withdrawal.

12.0 Use of Open Season Results

FPC will evaluate NBOS bids received and rank them according to potential economic benefit. Upon completion of its evaluations, FPC will communicate its interest in entering into negotiations with such IPs deemed beneficial to its Project by letter or via subsequent invitation to its BOS. The purpose of these negotiations or BOS will be to conclude and execute one or more precedent agreements committing FPC and successful IPs, upon the satisfaction of specified conditions precedent, to enter into one or more firm, bundled service agreements.

FPC reserves the right to reject any IP bids that (1) may detrimentally impact its Project and/or design, (2) yield an economic value that is unacceptable to FPC, (3) do not satisfy the terms of this NBOS, (4) do not contain all required information specified on FPC’s NBOS Form, or (5), do not meet FPC creditworthiness requirements.

13.0 Interim Communications

If you have any questions regarding this project subsequent to your submittal of signed confidentiality agreements, please contact the Energia Cura representatives at:

FPC-NBOS@energiacura.com