



PALO DURO PIPELINE PROJECT

Notice of Binding Open Season

Issued June 30th, 2025



Notice of Binding Open Season for Firm Transportation Service Overview

Palo Duro Pipeline (“PD”), a subsidiary of Producers Midstream (“PM”), hereby announces a Binding Open Season to solicit commitments for firm natural gas pipeline transportation capacity for the Palo Duro Pipeline project (“Project” or “Pipeline”). Subject to approval by the Federal Energy Regulatory Commission (“FERC”), the proposed Project will provide new firm and interruptible services, including firm transportation and interruptible transportation services.

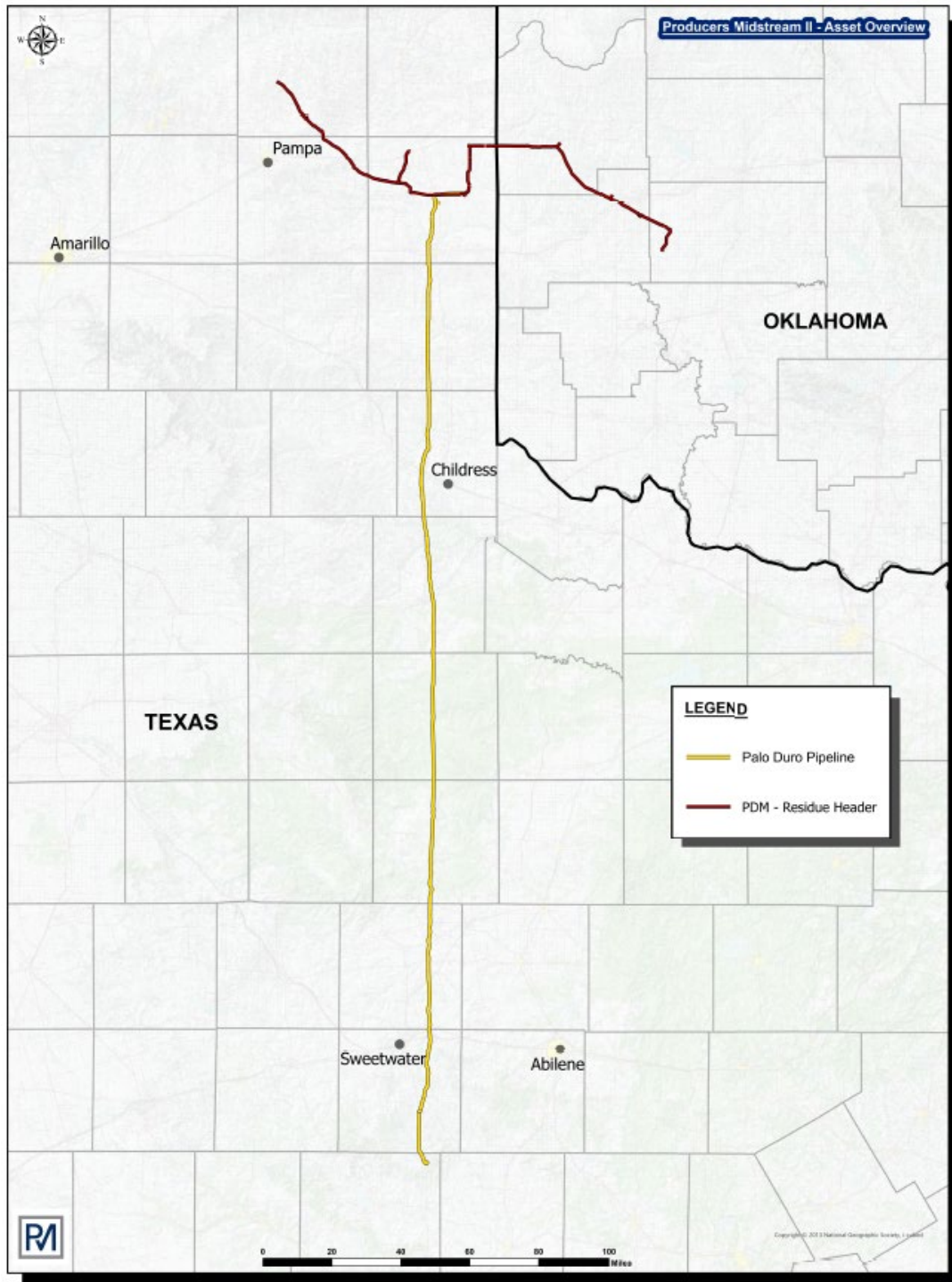
PD is not proposing to construct any new facilities as part of the Project. Rather, PD proposes (1) to convert to interstate service its existing 16-inch intrastate pipeline that extends north-to-south approximately 275-miles from Nolan County, Texas to an interconnection with the PM-owned gathering Header System in Wheeler County, Texas and (2) to lease capacity on its affiliated Header System that extends from the Texas Panhandle into western Oklahoma. PD will provide integrated FERC-jurisdictional interstate transportation services utilizing both its own existing pipeline and leased capacity on the Header System.

As shown on the project map below, the Pipeline originates at a receipt point in Nolan County, Texas, and will operate at high pressure with an estimated daily design capacity of 80,000 MMBtu/day. The Pipeline extends in a northward direction to the existing Header System and then east and west to interconnections with seven existing interstate pipeline systems (NNG, Transwestern, NGPL, ANR, PEPL, EGT, and Southern Star) and two intrastate pipeline systems (EOIT and OWT). The Project is expected to include one existing compressor station and up to 12 meter stations.

PD is targeting an in-service date for the Project in the first quarter of 2026. To provide the new interstate services, PD plans to file an application with the FERC under Section 7(c) of the Natural Gas Act for the necessary authorizations. The Project and the proposed services are conditioned upon the receipt of FERC authorization on terms acceptable to PD.

The Pipeline will provide potential shippers enhanced access and transportation opportunities to interconnect with the interstate, intrastate and regional gathering grid to source gas from multiple receipt points. This interconnectivity will also provide improved supply reliability to meet the current and projected demand growth resulting from the industrial, petrochemical, manufacturing, power generation, residential and LNG plants located in Texas and the Gulf Coast areas.

Pursuant to this Binding Open Season, PD requests binding bids from shippers for a primary term of no less than ten years. All qualifying bids submitted in this Open Season shall constitute a binding irrevocable offer by the bidder to execute a Precedent Agreement for the requested transportation services. PD will provide firm transportation service at the applicable FERC-approved recourse rate, or at a mutually agreed upon negotiated rate for service on the Pipeline for shippers who have entered into a binding Precedent Agreement (“PA”). PD anticipates finalizing all the PA(s) by no later than thirty days (30) after the closing of the open season.





Supply and Points of Receipt

PD is proposing to include in the Project at least 2 receipt meter stations near the southern terminus and as many as nine potential delivery points. The proposed receipt and delivery point combinations are designed to provide connectivity between existing markets located in the general vicinity of the Project. Detailed below are the presently anticipated interconnects and associated expected in-service dates. Anticipated in-service dates listed below are subject to receiving regulatory approval for the Project by the FERC.

Potential Interconnecting Points

Anticipated In-Service Date

Primary Receipt Points¹

Intrastate Pipeline (Proposed near the southern terminus of the Pipeline, at 32°13'41.07"N, 100°19'20.35"W)

Q1 2026

Enterprise Products NTP

Q1 2026

Primary Delivery Points

Northern Natural Gas Company

Q1 2026

Transwestern Pipeline Company, LLC

Q1 2026

Natural Gas Pipeline Company of America, LLC

Q1 2026

ANR Pipeline Company

Q1 2026

Panhandle Eastern Pipe Line Company, LP

Q1 2026

Enable Oklahoma Intrastate Transmission, LLC

Q1 2026

Southern Star Central Gas Pipeline

Q1 2026

Enable Gas Transmission, LLC

Q1 2026

WesTex Transmission, L.L.C.

Q1 2026

¹ Shippers may propose additional Receipt Points for consideration by the Pipeline



Contract Term

PD reserves the right to reject bids that provide a primary contract term of less than 10 years.

Length of Binding Open Season

This Binding Open Season:

Starts: 9:00am (CST) on June 30th, 2025

Ends: 5:00pm (CST) on July 14th, 2025



Participation in the Binding Open Season

To participate in this Binding Open Season, interested shippers desiring firm transportation service on the Project must submit a Binding Open Season Transportation Request Form (attached) signed by a duly authorized representative of the requesting shipper, prior to 5:00pm (CST) on July 14th, 2025. Specific attention should be paid to the primary term of service, service commencement date, total firm capacity requested (expressed as Maximum Daily Transportation Quantity or “MDTQ”), reservation rate for service and desired receipt and delivery point combinations. Shippers also will be required to demonstrate creditworthiness or provide a credit alternative acceptable to PD, on the terms set forth in the Precedent Agreement for service.

After the close of this Binding Open Season, PD will contact all interested parties that submitted a binding bid and are potentially awarded capacity to begin the process of negotiating and executing a binding Precedent Agreement (along with a confidentiality agreement). Shippers will have thirty (30) days following the conclusion of the Binding Open Season to execute a binding Precedent Agreement. PD reserves the right not to accept any proposed changes to its form of Precedent Agreement. No bid or request for service shall be binding on PD unless and until duly authorized representatives of both a requesting party and PD have executed a binding Precedent Agreement. Any bid that does not result in an executed Precedent Agreement within the anticipated time period shall be deemed to be rejected by PD.

Rates

The final rates for the Pipeline to be proposed to FERC will be determined following the conclusion of the Open Season and are dependent upon the firm service requests for shippers who are awarded capacity and who have executed binding Precedent Agreements, and refined cost estimates and rate calculations. The actual recourse rate to be paid may change based on the final Project scope and capacity commitments, as well as a result of FERC review and consideration of the proposed rate.

While the ultimate recourse rate will be a function of the final Project scope and definitive agreements, the currently estimated recourse reservation rates are described below but ultimately are dependent on the firm path(s) and subscription levels under the Project.

Quantity (MMBtu/d)	Minimum term (Years)	Estimated Recourse Reservation Rate (\$/MMBtu per day)	Estimated In-Service
80,000	10	\$0.6500 - \$0.7000	Q1 2026

Actual rates will be determined based on the final Project scope and may vary among shippers, on a not unduly discriminatory basis, depending upon distinguishing factors, including, but not limited to, the receipt and delivery points elected, contract term, and other relevant factors.



Usage, Retainage, Surcharges and Fuel

In addition to the above indicated reservation rate, all shippers will pay all other applicable FERC-approved charges including maximum usage charges, the Annual charge adjustment surcharge, retainage for fuel and lost and unaccounted ("LAUF"), and any other authorized rates, charges and surcharges set forth in PD's then effective FERC Gas Tariff. The currently estimated retainage for compressor fuel and LAUF are set for the below:

Anticipated Fuel Charge	Anticipated LAUF Charge
2.25%	0.5%



Bid Evaluation Criteria

PD will evaluate bids on a net present value (“NPV”) basis and take into consideration the total scope and cost impact on the Project economics as determined by PD. PD reserves the right to reject and remove from consideration non-conforming bids, or that include other contingencies unacceptable to PD, including bids that require a contract with a partial-year term, or bids that fail to meet the minimum terms set forth above with regard to contract term, or any other economic criteria which could adversely affect the economics or operational viability of the Project. PD reserves the right to define and maintain the economic viability of the Project in its sole discretion. PD retains the right and expects to enter into negotiations during this Binding Open Season with those parties who submit a bid in the Open Season and are awarded capacity.

If PD receives acceptable bids for capacity in excess of the actual amount of available capacity and beyond the initial scope as defined herein, then the capacity may be allocated as further defined below.

Upon receipt of all timely submitted Binding Open Season Transportation Request Forms, PD will evaluate the total capacity requested and if necessary, make an initial allocation under the process described below. PD, in its sole discretion, may:

- (i) revise the scope and/or capacity of the Project;
- (ii) award capacity based on the stated objective criteria;
- (iii) in the event of equal bids, work with the shippers to voluntarily reduce or revise their requested reservation volume and Project path quantities, as applicable;
- (iv) allocate the available firm transportation capacity under the Project; or
- (v) determine not to pursue the Project.

If two or more acceptable bids are of equivalent NPV, then the capacity will be allocated pro rata among those bidders, unless the affected bidders have elected not to have their bids prorated (as indicated on their Binding Open Season Transportation Request Form(s)).

In the event that a final allocation occurs, PD will provide notice to each shipper of its allocation and Project path quantities, if any, promptly following the closing of the Binding Open Season.

Requests received by PD after the close of the Binding Open Season period may be accepted or rejected by PD on a not unduly discriminatory basis.

Shippers are responsible for securing their own transportation arrangements on pipelines and other facilities upstream and downstream of the Pipeline. Shippers will also be responsible for confirming the availability of their requested receipt and delivery points with the point operators. Please note that the individual receipt and delivery meter capacities in most cases could be more or less than the firm transportation capacity under the Project.

PD reserves the right to reject any requests for service under the Project on a not unduly discriminatory basis.

Although this is a Binding Open Season, PD reserves the right, in its sole discretion, to consider requests



for capacity received after the close of the Binding Open Season period but before the start of operation, including requests to modify a participant's validly submitted bid, but shall be under no obligation to do so.

These procedures and the attached Binding Open Season Transportation Request Form are provided solely to enable interested parties to participate and attempt to obtain an award of capacity.

PD's decision to proceed with the proposed Project is subject to PD receiving a level of binding transportation subscriptions, that in its sole discretion, PD determines to be acceptable and based upon PD securing a Final Investment Decision for the Project from its Board of Directors. PD reserves the right to modify or alter the design and configuration of the Project and services contemplated, if necessary, as dictated by economic, environmental, regulatory and legal factors. PD also reserves the right, in its sole discretion, to decline to proceed with any interstate transportation service, including for service for which PD has requested bids in this Open Season.

Commercial Contact Information

If any interested party has questions or desires additional forms or information concerning this notice and Binding Open Season, please contact either:

Connor McDonough

Manager of Corporate Development

marketing@producersmidstream.com | Office: 214-238-5740

3500 Maple Avenue Suite 700 | Dallas, TX 75219

Abby Miller

Senior Commercial Analyst

marketing@producersmidstream.com | Office: 214-238-5740

3500 Maple Avenue Suite 700 | Dallas, TX 75219



PALO DURO PIPELINE BINDING OPEN SEASON TRANSPORTATION REQUEST FORM

COMPANY (BIDDER) NAME: _____
CONTACT NAME: _____ CONTACT PHONE #: _____
CONTACT E-MAIL ADDRESS: _____
TOTAL REQUESTED FIRM TRANSPORTATION QUANTITY _____ MMBTU/d
TERM START DATE: _____ TERM END DATE: _____
MONTHLY NEGOTIATED RESERVATION RATE: \$ _____ /MMBTU/d

- OR -

MARK HERE _____ IF ELECTING TO PAY THE APPLICABLE TARIFF
RECOURSE RATE CURRENTLY (ESTIMATED TO BE \$ 0.6500 - \$ 0.7000 PER MMBTU PER
DAY (I.E., THE "MAX" RATE)

PLEASE WRITE IN REQUESTED RECEIPT AND DELIVERY POINT(S) AND INCLUDE VOLUME ON
THE LINE NEXT TO EACH SELECTION.

RECEIPT NAME (PIN)	DELIVERY NAME (PIN)	VOLUME (MMBTU/d)

ALL PROSPECTIVE BIDDERS MUST EMAIL BIDS BY 5:00PM (CST) ON JULY 14TH, 2025 TO
MARKETING@PRODUCERSMIDSTREAM.COM.

**BY SIGNING BELOW, THE BIDDER ACKNOWLEDGES THAT IT IS SUBMITTING A BINDING BID IN
THE OPEN SEASON AND IT REPRESENTS AND WARRANTS THAT IT IS DULY AUTHORIZED TO DO
SO.**

SIGNATURE _____

NAME _____

TITLE _____