

Right-of-Way Easement Notification, Negotiations and Acquisition

Rights-of-Way and Land

The Rights-of-Way and Land Department is responsible for developing and maintaining relationships with landowners near Spectra Energy's pipeline facilities.

Rights-of-Way and Land Department personnel, called Right-of-Way Agents or Land Agents, are trained professionals and are involved in most aspects of a project's development – from the initial project plan through construction and into operations. As the need for clean-burning natural gas grows and new projects are explored, Right-of-Way Agents assist in the development of new pipeline facilities and the expansion of existing facilities.

Working closely with landowners and project personnel, Right-of-Way Agents work to ensure that all activities – from route selection to construction and restoration – minimize impacts and disruptions to individual properties, communities and the environment. To help develop new projects, Right-of-Way Agents:

- Identify landowners from local property records along the proposed corridor;
- Notify landowners of a proposed project;
- Meet with landowners to explain the details of the project, the process for acquiring rights-of-way and potential impacts along the proposed pipeline route;
- Identify specific concerns landowners may have with the proposed route and facilities;
- Work with landowners, project engineers and environmental specialists to address these concerns; and
- Arrange meetings to begin negotiations for the necessary rights-of-way (easements).

Note to Landowners: *If any portion of the proposed permanent or temporary rights-of-way for a new pipeline is located on your property or if your property abuts an existing compressor station with proposed new facilities, you will be notified by letter and in the majority of cases, a Right-of-Way Agent will meet with you personally to discuss the project and listen to your concerns.*

Typically, right-of-way acquisition refers to negotiations for permanent easements to construct, operate and maintain the pipeline. Temporary workspace adjacent to the permanent easement is also often necessary for use during construction.

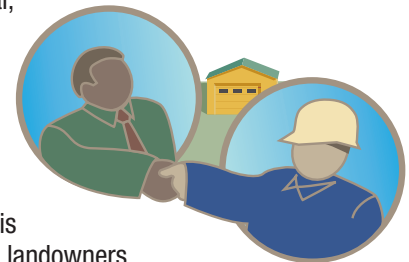
Federal Regulation of Natural Gas Pipelines

The Federal Energy Regulatory Commission (FERC) and the U.S. Department of Transportation regulate interstate pipelines.

FERC has jurisdiction over Spectra Energy's interstate natural gas pipelines and authorizes the construction and operation of new facilities. This authorization is granted only after FERC has determined the project is necessary and in the public interest and, along with other regulatory agencies, has thoroughly reviewed potential impacts.

Initial Project Activities (pre-acquisition)

During the initial stages of the proposed project, each landowner with property located within a proposed survey corridor will be contacted by a Right-of-Way Agent to request permission to survey and stake the preliminary pipeline route for environmental, engineering and construction evaluations. These surveys will be conducted only with permission from the landowner. Because it is important to us that all landowners understand the proposed features of the pipeline and project – including the alignment of the pipeline, underground depth, pipe size, temporary and permanent widths of the easement, and the aboveground facilities proposed for construction, our Right-of-Way Agents will be available to meet with individual landowners while the surveys are taking place.



Negotiations and Acquisition of Easement Rights

Compensation to Landowners:

Before beginning negotiations for new permanent easement rights, Spectra Energy retains the services of an independent real estate appraiser who has professional qualifications and is familiar with the project area. The appraiser will develop a market study of land values based on recent sales in the communities where we propose a new or expanded pipeline route.

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Based upon the appraiser's market study as well as other factors, Spectra Energy will determine the value (or compensation) for the necessary permanent and temporary easement rights.

If permanent and/or temporary easement rights are necessary, a Right-of-Way Agent will review the calculated values with the landowner in an effort to purchase the Grant of Easement and reach an agreement for compensation. After an agreement is reached on the amount of compensation and the language of the Grant of Easement, the easement agreement is executed and a check is issued by the Right-of-Way Agent to the landowner.

Spectra Energy will compensate each landowner fairly for two different aspects relative to the property:

- *Easement Rights* – Spectra Energy will pay fair market value for the rights and interest being acquired as it crosses the landowner's property. Spectra Energy also will pay a rental value for any additional land rights required on a temporary basis for use during construction.
- *Damages* – In accordance with the provisions contained in the easement or related agreements, Spectra Energy will pay for damages to any structures, landscaping or decorative trees directly impacted by the construction of the facilities. Spectra Energy will repair such items as drain tiles, fences, streets, roads and driveways and will restore the property as near as practicable to its pre-construction contours. If future maintenance activities are required on the easement, Spectra Energy will compensate the landowners for damages associated with that activity.

Landowner Retention of Ownership:

The permanent easement agreement will give Spectra Energy certain rights to construct, maintain and operate the pipeline, but the landowner will actually retain the ownership of the land covered by the easement. In most cases, the landowner's

use of the land within the easement area, with certain limitations, will remain the same as before construction. If the property is sold, the rights and responsibilities under the easement will stay with the property under the new owner.

Temporary easement rights, obtained for construction purposes, typically will expire once the temporary workspace is re-established and stabilized consistent with FERC's approval. Upon expiration of these rights, the landowner will resume full use and ownership of the land.

Eminent Domain:

Spectra Energy begins each and every easement negotiation with the expectation that a mutual agreement can be reached with the landowner. In the unlikely event that we cannot reach an agreement with a landowner and must obtain the easement interests through the eminent domain process, a court will determine the appropriate compensation in a valuation proceeding. For further information, please refer to FERC's brochure "*An Interstate Natural Gas Facility on My Land? What Do I Need to Know?*" which may be found on FERC's web site at www.ferc.gov.

Please be assured that Spectra Energy does not and will not use the eminent domain authority as a negotiating tool. We will only exercise that right as a means of last resort.

Advance Notification of Construction Activities

The Rights-of-Way and Land Department will notify the landowner and/or tenant of the actual timing of construction as far in advance as possible. Our early notification will include a general timeline and description of construction activities in order to allow the landowner to schedule activities with construction in mind. Land Agents also will be available throughout the construction process to immediately respond to any concerns that the landowner may have during the construction phase of the project.