APPENDIX D

LETTER OF INTENT

BROADWATER

30 West Main St. | Riverhead, NY 11901
Phone: 631-208-8343 | Fax: 631-208-8346

November 9, 2004

Captain Peter Boynton
Captain of the Port, Long Island Sound
120 Woodward Avenue
New Haven, CT 06412

Re: Letter of Intent
Broadwater Energy Liquefied Natural Gas Terminal and Related Facilities
Long Island Sound, New York

Dear Captain Boynton:

Broadwater, a joint development project between TransCanada PipeLines USA Ltd. ("TransCanada") and Shell US Gas & Power LLC ("Shell"), intends to construct and own a liquefied natural gas ("LNG") terminal and sendout pipeline near the center of Long Island Sound (the "Project"). In accordance with the requirements contained in 33 C.F.R. 127, Broadwater submits the following information about the Project:

1. Name, address, and telephone number of the owner and operator

The Broadwater LNG terminal will be jointly owned by TransCanada and Shell, and operated by Broadwater.

TransCanada is a wholly-owned subsidiary of TransCanada PipeLines Limited, a leading North American energy company, which owns and operates 24,200 miles of natural gas pipelines used to transport the majority of western Canada's natural gas production to markets in Canada and the United States. TransCanada's address and telephone number are:

450 – 1 Street S.W.
Calgary, Alberta T2P 5H1
403-920-2000

Shell is a worldwide leader in exploration for and production of natural gas, production of LNG and transportation to markets throughout the world for over 40 years. It is the world's largest private producer of LNG and is a leader in developing LNG technology and establishing the safety of LNG operations and shipping standards used throughout the industry. Shell's address and telephone number are:

Two Shell Plaza
777 Walker Street
Houston, Texas 77002
713-241-6161

2. Name, address, and telephone number of the facility

The mailing address and telephone number for Broadwater's project management office are:

Broadwater
777 Walker Street, 22nd Floor
Houston, Texas 77002
713-241-8938

3. The physical location of the facility

The terminal will be located approximately 9 miles off the coast of the Town of Riverhead, New York in the Central Basin of Long Island Sound, and will connect with the existing subsea Iroquois Gas Transmission System ("Iroquois") in Long Island Sound at a subsea interconnection through an approximately 25 mile marine pipeline. A map of the proposed location is attached as Attachment 1. The current base case location is Latitude 41 deg 06 min 02.870 secs N. Longitude 72 deg 49 min 14.556 secs W, although this may be modified slightly as a result of the consultation process.

4. A description of the facility

The proposed Broadwater terminal will be a ship-like vessel, known as a Floating Storage and Regasification Unit ("FSRU"). The FSRU will be approximately 1,200 feet long, 180 feet wide and stand approximately 75 to 100 feet above the water line. The FSRU will be constructed in a shipyard, towed to the proposed location in Long Island Sound and attached to a mooring system. It will be equipped with multiple docking lines/stabilizing connections and four unloading arms to provide a berth to receive and discharge LNG carriers which will off-load their cargoes into the storage tanks of the FSRU.

The LNG will be stored onboard the FSRU in specially designed storage tanks supported by the ship's inner hull and built with special alloy materials and laminates. The FSRU is designed to have an onboard LNG storage capacity of approximately 8 billion cubic feet ("Bcf") of natural gas, and will have a peak sendout capacity of approximately 1.25 Bcf per day. Average send-out will be 1 Bcf per day.

The upper deck of the FSRU will house all of the pumps, pipeline and process equipment including regasification facilities to convert the LNG to gas by a submerged

combustion vaporization process. The regasified LNG will be transported to the market by a connecting pipeline to a subsea interconnection point on Iroquois, where the gas will enter the interstate natural gas transmission grid. The Broadwater pipeline will be 30 inches in diameter and approximately 25 miles in length. No compression of send-out natural gas will be required on the FSRU.

5. The LNG vessels' characteristics and the frequency of LNG shipments to the facility

The proposed Broadwater terminal will be designed to accept LNG carriers with capacities between 125,000 m^3 and 250,000 m^3 of LNG. The frequency of LNG shipments to the terminal is expected to be between 2 and 3 times per week on average.

6. Charts showing waterway channels and identifying commercial, industrial, environmentally sensitive, and residential areas in and adjacent to the waterway used by the LNG vessels en route to the facility, within 25 kilometers (15.5 miles) of the facility

A chart showing the waterway channels to be used by the LNG vessels en route to the facility is shown as Attachment 2. Attachment 2 also describes the proposed FSRU location, LNG carrier maneuvering area, and USCG area of investigation. The LNG carriers delivering LNG to the FSRU will pick up the USCG pilots at Block Island, and then follow normal commercial routing for transiting Long Island Sound.

Please feel free to contact Stephen Marr, Broadwater Permit Application Manager at (713) 241-8939 should the Coast Guard have any questions or require any further information.

Yours truly,

James A. Thompson, Jr.
LeBoeuf, Lamb, Greene & MacRae, LLP
Goodwin Square
225 Asylum Street, 13th Floor
Hartford, CT, 06103
tel 860-293-3507
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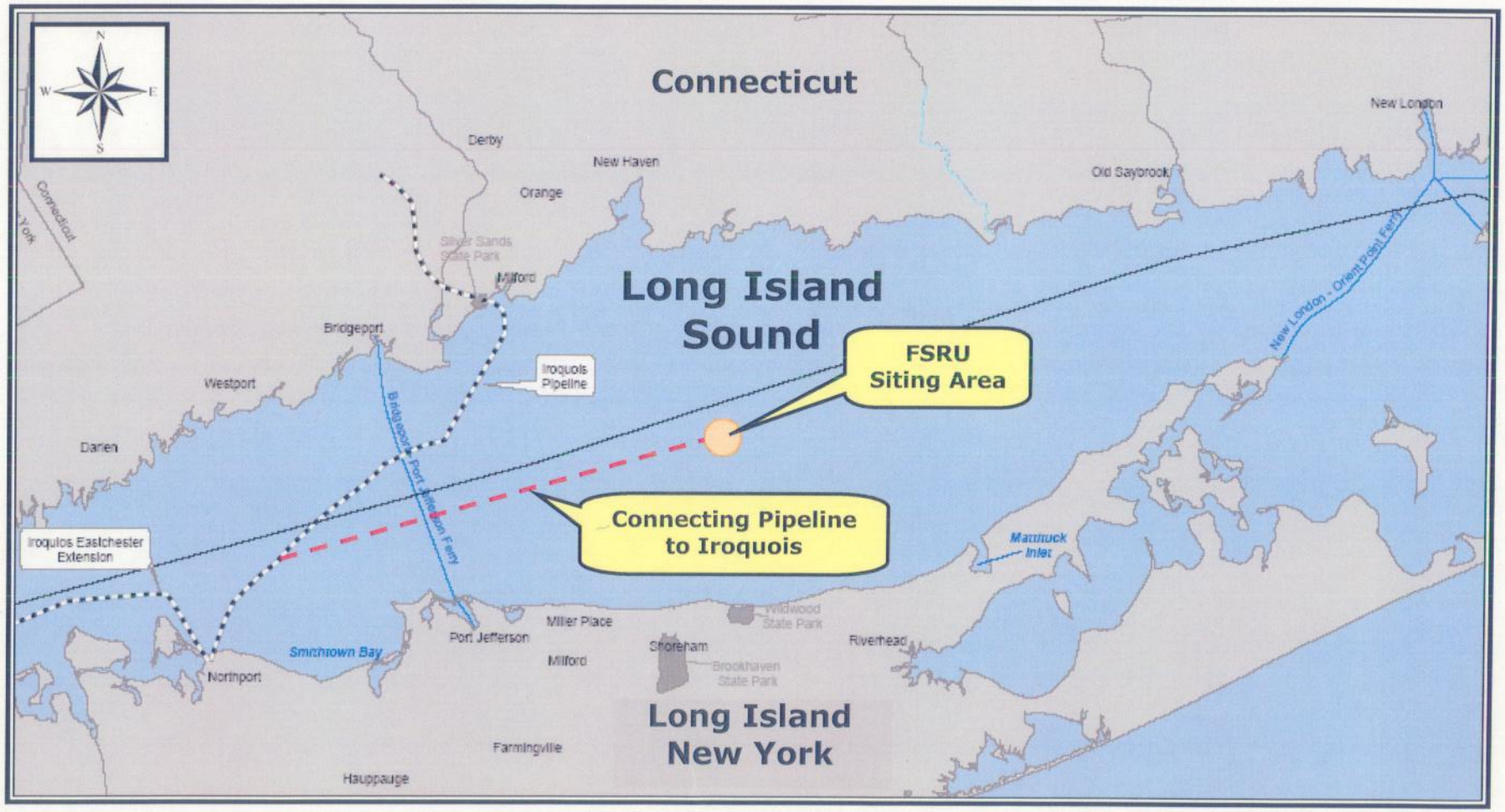
email: jthompso@llgm.com

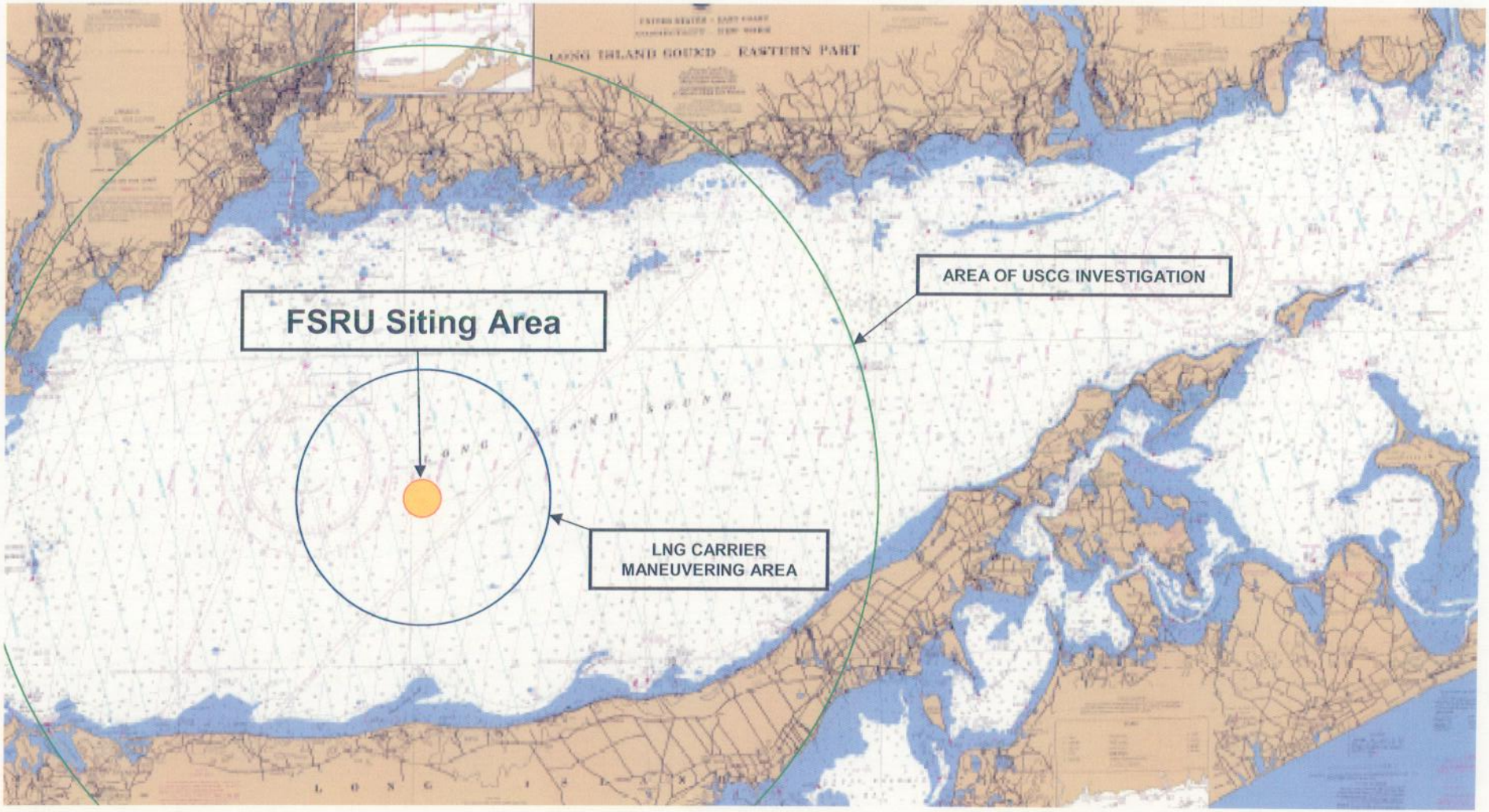
COUNSEL FOR BROADWATER

Attachment 1



BROADWATER

Attachment 2



BROADWATER

BROADWATER

30 West Main St. | Riverhead, NY 11901
Phone: 631-208-8343 | Fax: 631-208-8346

April 26, 2005

Captain Peter Boynton
Captain of the Port, Long Island Sound
120 Woodward Avenue
New Haven, CT 06412

Re: Amendment to the Letter of Intent dated November 9, 2004 (the "Letter of Intent")
Broadwater Energy Liquefied Natural Gas Terminal and Related Facilities
Long Island Sound, New York

Dear Captain Boynton:

Further to our Letter of Intent dated November 9, 2004 and in accordance with the requirements contained in 33 C.F.R. 127.007(e), Broadwater submits the following change to the information regarding the physical location of the facility.

Section 3 of the Letter of Intent stated in part:

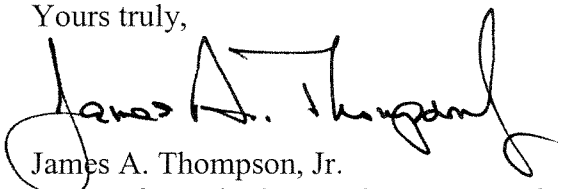
> *The current base case location is Latitude 41 deg 06 min 02.870 secs N. Longitude 72 deg 49 min 14.566 secs W, although this may be modified slightly as a result of the consultation process.*

As a result of the consultation process, the above referenced part of Section 3 of the Letter of Intent is hereby amended to state:

> *The current base location is Latitude 41 deg 06 min 01.31 secs N. Longitude 72 deg 50 min 44.56 secs W, although this may be modified slightly as a result of the consultation process.*

Please feel free to contact Stephen Marr, Broadwater Permit Application Manager at (713) 241-8939 should the Coast Guard have any questions or require any further information.

Yours truly,



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