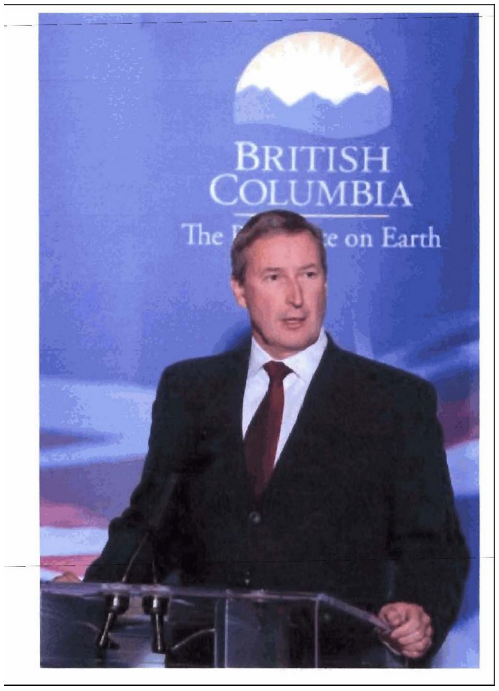
Fort Nelson CCS Feasibility Project Announced

Spectra Energy News Release
May 28, 2008

Doug Bloom, Spectra President



On Monday May 26, Doug Bloom, president, Spectra Energy Transmission (SET) West and Gary Weilinger, vice president, strategic development and external affairs for SET West, participated in a news conference in Victoria, British Columbia (BC), together with the provincial ministers of Energy and the Environment. The news conference unveiled $3.4 million in provincial funding as part of the $12.1-million feasibility study that will support the geological, technical and economic analysis of a potential large-scale Carbon Capture and Storage (CCS) project connected to Spectra Energy's existing Fort Nelson gas plant in northeast BC.

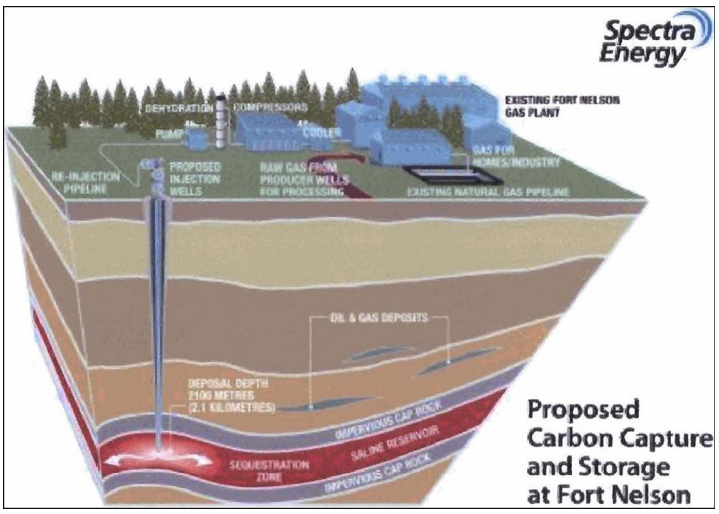
CCS is a proven, technically viable and environmentally friendly means of reducing emissions of greenhouse gases like carbon dioxide (CO,). CCS involves capturing CO, at the source and injecting it about two kilometres underground into geological formations such as depleted oil, gas or saline reservoirs for permanent storage. Because the raw natural gas stream sent to our plants for processing naturally contains CO, and because the process of "cleaning up" the gas (separating the water, CO,, methane and other compounds) produces CO, a CCS facility in close proximity to a large gas processing plant such as the Fort Nelson gas plant, holds significant promise for reduced emissions.

Spectra Energy has eight existing facilities in BC and Alberta which are equipped with this technology and together remove about 200,000 metric tonnes of CO, from the atmosphere each year. However, the proposed facility at Fort Nelson would be significantly larger than even our largest existing facility (the Kwoen facility), and therefore requires significant research and analysis before embarking on a full project. If successful, the project could be in operation by the end of 2011. It would be one of the largest such facilities in the world, capturing greenhouse gas emissions equivalent to the permanent removal of 250,000 cars from our roads.

Over the next few months, we will proceed with plans to drill two test wells to examine saline reservoirs located more than two kilometres underground, in addition to conducting technical and economic analysis to determine the feasibility of proceeding to full project design and implementation.

Backgrounder

Proposed Fort Nelson Carbon Capture and Storage Project



Fast Facts

- The proposed Carbon Capture and Storage (CCS) project has the potential to significantly advance British Columbia's dimate change objective of significantly reducing CO2 emissions.

- If proven viable, it has the potential to keep more than one million tonnes of C02 from reaching the atmosphere yearly (the equivalent of taking 250,000 cars off the road annually).

- The project, as envisioned, has the potential to be one of the largest CCS projects in the world.

- CCS is a proven technology and there are dozens of these projects of varying sizes already underway or operating in North America - some for more than a quarter of a century. Fortynine CCS projects of small scale and size are already underway in the Western Canadian Sedimentary Basin.

- Most existing CCS projects are of considerably smaller scale than the project being contemplated at Fort Nelson.

- The potential CCS storage sites Spectra Energy will be exploring at Fort Nelson are located more than two kilometres underground. The saline reservoirs (which exist at levels below all existing oil and gas production in the area), have been securely contained by caps of impermeable rock for millions of years.

Proiect overview

Most of the raw natural gas in BC is 'sour" meaning that it contains high levels of carbon dioxide (CO2), as well as other compounds. At Spectra Energy's processing facilities (such as its existing gas plant in Fort Nelson) these products are removed from the raw gas supplied by area producers.

At the Fort Nelson gas plant about 70 per cent of emissions is bmation C02 (that is, CO2 which is naturally present in the raw gas in the area) and removed from the raw natural

gas during processing to produce gas used for homes and businesses. The remainder is combustion CO2 which is produced as a by-product of processing natural gas.

Spectra Energy will be exploring CCS in deep saline reservoirs near the existing Fort Nelson gas plant. This will involve drilling two exploratory wells to identify the suitability of the geology for CCS. If the reservoirs prove viable from a geological, technical and economic point of view, the project would proceed to full project design (including modifications to our gas plant and the construction of facilities).