NGI's Published Natural Gas Indices

prepared for:
NAESB's Wholesale Gas Quadrant
Executive Committee Meeting

Ellen Beswick
Founder and Publisher
Intelligence Press, Inc.
June 25, 2008
A Brief History of Intelligence Press, Inc....

1981  *NGI* founded and first issue of the weekly *Natural Gas Intelligence* Newsletter is published

1983  *NGI* becomes first to publish a table of natural gas prices

1987  *NGI* hosts first GasMart conference and tradeshow

1988  *NGI* first publishes the Weekly Gas Price Index

1993  *NGI* publishes the first issue of Daily Gas Price Index

2001  *NGI* publishes first issue of Power Market Today

2004  *NGI* adopts FERC standards for Gas Price Index Developers

2008  *NGI* becomes only natural gas Index Developer to include ICE transactions in its indexes
FERC Policy Statement on Natural Gas and Electric Price Indices  (Issued July 24, 2003)

- **Set Forth Guidelines for Data Providers**
  - Make public and adopt a "Code of Conduct"
  - Data is reported from department that is independent of the trading group
  - Report all applicable transactions at all locations, in granular form (no combining of trades)
  - Submit corrections and respond to Index Developer in timely manner
  - Retain Data for a minimum of three years. Arrange for independent review of processes and implementation annually.
FERC Policy Statement on Natural Gas and Electric Price Indices (continued)

- Set Forth Guidelines for Index Developers
  - Make public and adopt a "Code of Conduct" (Price Methodology)
  - Maximize Transparency through collection and dissemination of Data
  - Data Verification, Error Correction and Monitoring
  - Independent outside verification of processes and implementation
  - Subject to Confidentiality Provisions, Index Developer will provide FERC access to certain relevant Data
NGI's Bidweek Price Table

NGI's Bidweek Survey™
Supplement to NGI’s Weekly Gas Price Index

June 2008 Bidweek
Gas Traded May 23 - 30 for June Baseload Delivery

Most Points See Strong Index Gains: Rockies Soft Despite REX Advance

Chalk it up to the start of hurricane season. Lingering concerns about whether the annual storage refill will be adequate, fear of a very hot summer — or whatever. Most points continued to record strong advances in June indexes despite generally mild weather throughout May and some above-expected storage injections that occurred even though the Gulf of Mexico’s 1 Bcf/d-capable Independence Hub has been out of service for nearly two months.

One might expect Rockies prices to be flourishing in the first bidweek since the advent of full Rockies Express-West service all the way to Panhandle Eastern in Missouri. Instead, the region accounted for nearly all of the index results ranging from

<table>
<thead>
<tr>
<th>Region</th>
<th>range</th>
<th>avg.</th>
<th>chg.</th>
<th>vol.</th>
<th>deals</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Texas</td>
<td>11.67-11.74</td>
<td>11.71</td>
<td>+89</td>
<td>43</td>
<td>3</td>
</tr>
<tr>
<td>Agua Dulce</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>El Paso GTT (Valero)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Florida Gas Zone 1</td>
<td>11.82-11.89</td>
<td>11.85</td>
<td>+64</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>NGPL S. TX</td>
<td>11.41-11.66</td>
<td>11.56</td>
<td>+57</td>
<td>420</td>
<td>38</td>
</tr>
<tr>
<td>Tennessee</td>
<td>11.21-11.74</td>
<td>11.49</td>
<td>+61</td>
<td>160</td>
<td>28</td>
</tr>
<tr>
<td>Texas Eastern S. TX</td>
<td>11.06-11.72</td>
<td>11.46</td>
<td>+56</td>
<td>444</td>
<td>81</td>
</tr>
<tr>
<td>Transco St. 30</td>
<td>11.70-11.84</td>
<td>11.75</td>
<td>+63</td>
<td>154</td>
<td>40</td>
</tr>
<tr>
<td>Regional Avg.</td>
<td>11.06-11.89</td>
<td>11.64</td>
<td>+66</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>East Texas</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Carthage</td>
<td>11.50-11.80</td>
<td>11.62</td>
<td>+58</td>
<td>28</td>
<td>9</td>
</tr>
<tr>
<td>Houston Ship Channel</td>
<td>11.21-11.85</td>
<td>11.66</td>
<td>+83</td>
<td>1728</td>
<td>211</td>
</tr>
<tr>
<td>Katy</td>
<td>11.52-11.82</td>
<td>11.62</td>
<td>+68</td>
<td>131</td>
<td>16</td>
</tr>
<tr>
<td>NGPL TexOk</td>
<td>11.01-11.65</td>
<td>11.49</td>
<td>+89</td>
<td>860</td>
<td>133</td>
</tr>
</tbody>
</table>
NGI's Daily Price Table

Monday June 23, 2008

Regional Heat Lets Rockies Avoid Overall Softness

Thursday’s July futures dive of 34.9 cents and forecasts for a weekend reversal of modest warming trends that had been occurring in the Midwest and Northeast resulted in double-digit drops at most points in trading for the first weekend of summer Friday. The decline of industrial load that accompanies a weekend market also played a part.

All but one of the exceptions to overall softness were in the Rockies, where regional heat drove numbers higher by anywhere from a little less than 15 cents to about half a dollar. Denver temperatures were expected to peak around 90 degrees Saturday, according to Madison, WI-based Weather Central, and The Weather

JUNE CASH MARKET PRICES

<table>
<thead>
<tr>
<th>South Texas</th>
<th>range</th>
<th>avg.</th>
<th>chg.</th>
<th>vol.</th>
<th>deals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agua Dulce</td>
<td>$12.43-$12.52</td>
<td>$12.49</td>
<td>-29</td>
<td>56</td>
<td>6</td>
</tr>
<tr>
<td>El Paso GTT (Valero)</td>
<td>$12.44-$12.44</td>
<td>$12.44</td>
<td>-29</td>
<td>11</td>
<td>2</td>
</tr>
<tr>
<td>Florida Gas Zone 1</td>
<td>$12.59-$12.64</td>
<td>$12.63</td>
<td>-37</td>
<td>28</td>
<td>10</td>
</tr>
<tr>
<td>NGPL S. TX</td>
<td>$12.44-$12.62</td>
<td>$12.48</td>
<td>-25</td>
<td>368</td>
<td>50</td>
</tr>
<tr>
<td>Tennessee</td>
<td>$12.39-$12.45</td>
<td>$12.41</td>
<td>-34</td>
<td>299</td>
<td>39</td>
</tr>
<tr>
<td>Texas Eastern S. TX</td>
<td>$12.26-$12.69</td>
<td>$12.40</td>
<td>-30</td>
<td>254</td>
<td>52</td>
</tr>
<tr>
<td>Transco St. 30</td>
<td>$12.40-$12.70</td>
<td>$12.44</td>
<td>-35</td>
<td>173</td>
<td>34</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>East Texas</th>
<th>range</th>
<th>avg.</th>
<th>chg.</th>
<th>vol.</th>
<th>deals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carthage</td>
<td>$12.38-$12.70</td>
<td>$12.45</td>
<td>-29</td>
<td>254</td>
<td>56</td>
</tr>
<tr>
<td>Houston Ship Channel</td>
<td>$12.42-$12.83</td>
<td>$12.47</td>
<td>-41</td>
<td>1500</td>
<td>152</td>
</tr>
</tbody>
</table>
NGI's Bidweek Price Table

<table>
<thead>
<tr>
<th>Location</th>
<th>Price</th>
<th>Change</th>
<th>Price</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>SoCal Citygate: New Index Location</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malin</td>
<td>10.30-11.02</td>
<td>+46</td>
<td>648</td>
<td>104</td>
</tr>
<tr>
<td>PG&amp;E Citygate</td>
<td>10.81-11.58</td>
<td>+47</td>
<td>581</td>
<td>115</td>
</tr>
<tr>
<td>Southern Border, PG&amp;E</td>
<td>9.84-10.63</td>
<td>-3</td>
<td>139</td>
<td>27</td>
</tr>
<tr>
<td>Southern Border, SoCal</td>
<td>9.90-10.75</td>
<td>+13</td>
<td>1304</td>
<td>218</td>
</tr>
<tr>
<td>Southern Cal. Bdr. Avg.</td>
<td>9.90-10.75</td>
<td>+13</td>
<td>1304</td>
<td>218</td>
</tr>
<tr>
<td>Regional Avg.</td>
<td>9.94-11.58</td>
<td>+23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Spot Gas Avg.</td>
<td>8.25-12.92</td>
<td>+49</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**California**

**Canada**

- NOVA/AECO C Cdn$/GJ | 9.30-10.03 | +6   | 2877  | 444 |
- Westcoast St.2 Cdn$/GJ | 9.37-10.00 | +14  | 57    | 13  |

**Notes to Bidweek Spot Gas Prices table:** Survey taken May 23 - 30 of baseload fixed price and physical basis transactions for the month of June. Prices are in US$/MMBtu except for prices in the Canada section, which are expressed in Cdn$/GJ. Changes are calculated from the May bidweek. The deals column represents the number of transaction reports used by NGI in the calculation of the price and the volume column represents the sum of the volume of those deals, expressed in thousand MMBtu/day. Pricing points may be marked with an asterisk in the volume column to denote NGI has used editorial judgment based on confirmed bids or asks, or relationships to other market locations in determining the published price.

For more information, please see NGI's Price Methodology at: [http://intelligencepress.com/methodology.html](http://intelligencepress.com/methodology.html)

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Blair, a broker with Rafferty Technical Research in New York. “We basically got to a high of $13.350 on Thursday, which is almost on top of our major resistance level of $13.365. When we failed, we dropped to a low of $12.625 — which is very near our major support numbers — before rallying. We are playing it back and forth between our numbers. While the 57 Bcf [storage] injection report Thursday was expected, it does put us further behind both year-ago and five-year average levels. That does not help with perception. In addition, we’ve got eyes on the tropical weather situation. While it is still early for major development, you never know.”

Blair noted that the petroleum markets once again “stole the show” on Friday with renewed tension in the Middle East and the continued problems in Nigeria. Partially recovering from Thursday’s $4.75/bbl drop, July crude on Friday regained $2.69 to close at $134.62/bbl. “There is a lot of attention being paid to the petroleum sector right now, which leaves the natural gas market as the forgotten child,” he said. “Natural gas is going to come to the forefront in the next couple of weeks as we get closer to the real potential of severe tropical weather.”

<table>
<thead>
<tr>
<th>NOVA/AECO C Cdn$/GJ</th>
<th>$10.85-$11.06</th>
<th>$10.94</th>
<th>-16</th>
<th>1326</th>
<th>113</th>
</tr>
</thead>
<tbody>
<tr>
<td>Westcoast Station 2 Cdn$/GJ</td>
<td>$10.91-$10.95</td>
<td>$10.93</td>
<td>-23</td>
<td>76</td>
<td>18</td>
</tr>
</tbody>
</table>

**Notes:** Prices traded Friday, June 20 for June 21 - 23 delivery. Changes are calculated from prices traded June 19 for June 20 delivery. A blank in the change column indicates information was not available for either the current or prior period. Prices are in U.S./AM$ except for locations in the Canada section which are in Cdn$/GJ. The deals column represents the number of transaction reports used by NGI in the calculation of the price and the volume column represents the sum of the volume of those deals, expressed in thousand MM$Btu/day. Pricing points may be marked with an asterisk (since this issue) to denote NGI has used editorial judgment based on confirmed bids or asks, or relationships to other market locations in determining the price.

For more information, please see NGI’s Price Methodology at: http://intelligencepress.com/methodology.html

**Previous 5 Days**

<table>
<thead>
<tr>
<th>Date</th>
<th>June Henry Hub</th>
<th>July Nymex</th>
<th>3 Month Strip</th>
<th>6 Month Strip</th>
<th>12 Month Strip</th>
<th>18 Month Strip</th>
<th>24 Month Strip</th>
</tr>
</thead>
</table>

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NGI's Code of Conduct and Price Index Methodology

entire document available here: http://intelligencepress.com/methodology.html

- Broad Industry Participation
- Confidentiality
- Code of Conduct
- Requirements of Data Accepted
- Data isParsed into NGI Systems
- Outliers and Anomalous Data
- Data Published and Increased Transparency
- Assessments
Guide to Providing Data to NGI

- Report all negotiated, fixed-price, non-affiliate natural gas transactions for both daily "incremental" and monthly (bidweek) "baseload" delivery.
  - Daily data includes all fixed price deals done each business day (where a business day is any day the IntercontinentalExchange offers trading of daily/next day physical gas) before the 12:30 p.m. EPT pipeline nomination deadline for gas to flow the next day or over the weekend, as is the case Fridays.
  - Monthly bidweek data includes transactions done on the last five business days of the month (where a business day is any day Nymex is trading) for gas to be delivered in the following month.
  - Nymex physical basis deals done during bidweek should be denoted as such and included.
- Each transaction should be listed separately and should include the following: trading location, transaction date, beginning flow date, ending flow date (may be the same as beginning flow date, volume, price ($/MMBtu or C$/Gigajoule for Canadian trading location, buy/sell indicator, counterparty (currently optional).
- Provide data from a central, mid- or back-office reporting source within the company.
- Data providers should make all reasonable efforts to send price data to prices@intelligencepress.com by 4:00 p.m. (EPT) on the business day before the beginning flow date of the data being submitted.
- List the contact information of data provider representatives that can answer questions about the data.
- If the data provider becomes aware of errors or omissions to submitted data within three business days, the data provider should make reasonable efforts to notify NGI of those errors or omissions. To submit a correction, email prices@intelligencepress.com with a corrected data submission in the same or similar format as the original submission.
How Data is Used to Set Indexes

NGI does not use a “midpoint” but rather a volumetric weighted average of the deals reported, minus the excluded outliers. The volumetric weighted average formula is expressed as:

\[ A = \frac{\sum (P \times V)}{TV} \]

where \( A \) = average price, \( P \) = price per individual transaction, \( V \) = volume of each individual transaction, \( P \times V \) cumulative total of each transaction multiplied by its volume, \( TV \) = total volume.

Example:

<table>
<thead>
<tr>
<th>Price</th>
<th>Volume (in thousand MMBtus)</th>
<th>Factor (P*V)</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.25</td>
<td>5</td>
<td>36.25</td>
</tr>
<tr>
<td>7.36</td>
<td>10</td>
<td>73.6</td>
</tr>
<tr>
<td>7.22</td>
<td>10</td>
<td>72.2</td>
</tr>
<tr>
<td>7.15</td>
<td>15</td>
<td>107.25</td>
</tr>
<tr>
<td>7.43</td>
<td>7.5</td>
<td>55.725</td>
</tr>
<tr>
<td>sum:</td>
<td>47.5</td>
<td>345.025</td>
</tr>
<tr>
<td>Average (345.03/47.5)=</td>
<td></td>
<td>7.264</td>
</tr>
</tbody>
</table>

**Average rounded** = $7.26
Facts and Statistics about NGI Indexes

- With more than 60 Data Providers participating, including 8 of Top 10 Marketers/Traders, NGI receives a vast majority of “reportable transactions” consummated in the marketplace.

- This robustness of “direct” data, combined NGI's unique ability to include transactions from the ICE trading platform gives NGI a breadth and volume of data unparalleled by other Index Developers in the industry.

- Statistics for the June Bidweek:
  - Indexes Published: 82
  - Individual Deals used to calculate those 82 Indexes: 5,394
  - Total Volume of those 5,394 Deals: 32.3 Bcf/day (32,300,000 MMBtus/day)
  - Average # of Deals per Index: 66
  - Average Volume per Index: 400,000 MMBtus/day (nearly half a Bcf/day)
  - Average Volume per deal: 6,000 MMBtu/day
Statistics for NGI Daily Prices Published June 24, 2008

- Indexes Published: 87
- Individual Deals used to calculate those 87 Indexes: 7,081
- Total Volume of those 7,081 Deals: 45 Bcf/day (45,000,000 MMBtus/day)
- Average # of Deals per Index: 81
- Average Volume per Index: 517,000 MMBtus/day (more than half a Bcf/day)
- Average Volume per deal: 6,356 MMBtu/day
NGI Pricing Point Locations

South Texas
- Agua Dulce
- El Paso GTT (Valero)
- Florida Gas Zone 1
- NGPL S. TX
- Tennessee
- Texas Eastern S. TX
- Transco St. 30

East Texas
- Carthage
- Houston Ship Channel
- Katy
- NGPL TexOk
- Texas Eastern E. TX
- Texas Gas zone 1
- Transco St. 45

West Texas
- El Paso Permian
- Transwestern
- Waha

Midwest
- Alliance
- ANR ML7
- Chicago Citygate
- Consumers Energy
- Dawn
- Michigan Consolidated

Midcontinent
- ANR SW
- CenterPoint East
- CenterPoint West
- NGPL Amarillo Mainline
- NGPL Midcontinent
- Northern Natural Demarc
- Northern Natural Ventura
- OGT
- Panhandle Eastern
- Southern Star

Louisiana
- ANR SE
- Columbia Gulf Mainline
- Columbia Gulf Onshore
- Florida Gas Zone 2
- Florida Gas Zone 3
- Henry Hub
- Miss. River Trans.
- NGPL LA
- Southern Natural
- Tennessee Line 500
- Tennessee Line 800
- Texas Eastern E. LA
- Texas Eastern W. LA
- Texas Gas Zone SL
- Transco St. 65
- Trunkline E. LA
- Trunkline W. LA

Alabama/Mississippi
- Texas Eastern M-1, 24
- Texas Eastern M-1, 30
- Transco St. 85

Florida
- FGT Citygate
- Rocky Mountains
  - Cheyenne Hub
  - CIG
  - El Paso Bondad
  - El Paso non-Bondad
  - Kern River
  - Kingsgate
  - Northwest Domestic
  - Northwest S. of Green River
  - Northwest Sumas
  - Opal
  - Questar
  - Stanfield

Northeast
- Niagara
- Tennessee Zone 6
- Texas Eastern M-2,30
- Texas Eastern M-3
- Transco Zone 5
- Transco Zone 6 non-NY
- Transco Zone 6 NY

Arizona/Nevada
- El Paso S. Mainline/N. Baja
- Kern Delivery

California
- Malin
- PG&E Citygate
- Southern Border, PG&E
- Southern Border, SoCal*
- Southern California Border Avg

Canada
- NOVA/AECO C Cdn$/GJ
- Westcoast Station 2 Cdn$/GJ

* Bidweek only
Announcing

GasMart 2009
Chicago
May 19-21

Sheraton Chicago Hotel & Towers

gasmart.com