OVERVIEW

Market Description

Industrial process requirements and power consumption are the fundamental drivers of the Southeast gas market. Florida is the biggest market, accounting for about 35 percent of overall regional demand; the power sector comprises more than 86 percent of Florida’s total demand. Overall storage capacity is the lowest of any region in the U.S.; regional storage facilities are concentrated in Mississippi. The lack of market area storage means that pipeline companies must issue notices warning customers to closely match their scheduled gas volumes with actual gas usage at times and this can result in higher basis. LNG and pipeline-related infrastructure improvements, however, have augmented regional supply diversification and altered traditional basis relationships. Over 6 Bcf/d of pipeline capacity was added between 2008 and first quarter 2009 to better link shale Texas and Oklahoma production with premium Southeast markets. Many of these new pipelines terminate at Transco station 85 at the Alabama and Mississippi border. As a result, Gulf and Southeast basis relationships have tightened. Principal gas supply sources include: shallow and deepwater Gulf offshore locations, various Gulf onshore locations, coalbed methane resources in the Black Warrior Basin, and imports from the Elba Island LNG terminal. Unconventional shale gas supply from South Texas and South Oklahoma is now available to the southeast market via new pipelines such as the Gulf Crossing Pipeline and Mid Continent Express.

Geography

States covered: Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, and Tennessee.

Major Trading Hubs

Florida Gas Transmission Zone 3, Texas Eastern M1, Transco Station 65, Transco Station 854, Transco Zone 5 (non-WGL), and Florida Gas Transmission Citygate*.

*Florida Citygates data are not reported on the Intercontinental Exchange, this hub data are sourced from Gas Daily.
Pipeline Flows

**Average Daily Deliveries into Florida**

- 2005: 2.2 Bcf/d
- 2006: 2.5 Bcf/d
- 2007: 2.6 Bcf/d
- 2008: 2.6 Bcf/d
- 2009: 2.7 Bcf/d (Jan-Jun)


**Average Daily Deliveries on Southern Natural Gas - Segment South of Franklinton**

- 2005: 0.8 Bcf/d
- 2006: 1.0 Bcf/d
- 2007: 1.0 Bcf/d
- 2008: 1.2 Bcf/d
- 2009: 1.1 Bcf/d (Jan-June)
Pipeline Flows (continued)

**Average Daily Deliveries through Texas Eastern M1 @ the Kosciusko**
- 2005: 0.9 Bcf/d
- 2006: 0.9 Bcf/d
- 2007: 1.1 Bcf/d
- 2008: 1.1 Bcf/d
- 2009: 1.3 Bcf/d (Jan-June)

**Average Daily Deliveries through Transcontinental Station 60**
- 2005: 1.7 Bcf/d
- 2006: 1.7 Bcf/d
- 2007: 1.8 Bcf/d
- 2008: 1.6 Bcf/d
- 2009: 1.6 Bcf/d (Jan-June)

**Imports and Exports**

**Average Daily Sendout at the Elba Island LNG terminal**
- 2005: 0.3 Bcf/d
- 2006: 0.4 Bcf/d
- 2007: 0.4 Bcf/d
- 2008: 0.3 Bcf/d
- 2009: 0.4 Bcf/d (Jan-June)

Major Importers: BG LNG and Marathon Oil are the principal importers of LNG at Elba Island. Re-gasified LNG is currently transported into the Southeast via the Southern Natural Gas pipeline.

**Contact Information**
For specific issues regarding the Southeast Natural Gas Region please contact the following analyst:

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## Annual Average Spot Hub Prices

### Southeast Natural Gas Market: Yearly Hub Prices

### Annual Average Day Ahead Prices ($/MMBtu)

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>5-Year Avg</th>
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<tbody>
<tr>
<td>Henry Hub</td>
<td>$6.74</td>
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<td>$8.85</td>
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</tbody>
</table>

Source: Derived from *Platts* data.

Updated January 10, 2011
Southeastern Day-Ahead Hub Spot Prices and Basis

Source: Derived from Platts data.
Southeast Natural Gas Market: Average Basis to Henry Hub

Southeastern Monthly Average Basis Value to Henry Hub

Basis ($/MMBtu)

- Florida Gas
- Texas Eastern M-1
- Transco Zone 3
- Transco Zone 5

Source: Derived from Platts data. Updated June 3, 2011
Published and Traded Daily Spot Volumes at Texas Eastern M-1 Kosi

Source: Derived from Platts and ICE data.

Updated June 3, 2011
Southeast Natural Gas Market: Trading Volumes at Transco Zone 3

Published and Traded Daily Spot Volumes at Transco Zone 3

Source: Derived from Platts and ICE data.
Daily Southeast Natural Gas Demand - All Sectors

Source: Derived from Bentek Energy and Weekly NOAA data.
Southeast Natural Gas Consumption for Power Generation

Source: Derived from Bentek Energy data.

Updated June 3, 2011
Southeast Infrastructure Additions

- **ETP’s Tiger Pipeline** – Will add 2.6 Bcf/d of takeaway capacity from the Haynesville, Bossier Sands, and Fort Worth supply basins into the Perryville Hub in northern LA. Will interconnect with Texas Gas, Tennessee, TETCO, Trunkline, ANR and SESH.

- **Texas Gas Greenville Lateral Stage 2 Expansion** - adds 250 MMcf/d of capacity in Mississippi through additional compression, giving Fayetteville shale producers increased access to markets served by ANR, Trunkline, Sonat and TETCO.

- **CenterPoint CP Line Phase IV** - Stage 4 compression expansion adds 340 MMcf/d of capacity to the CP Line.

- **Regency Energy Partners Haynesville Expansion and Red River Lateral** - This 1.2 Bcf/d intrastate line is designed to move Haynesville shale gas to interconnects with Texas Gas, Tennessee, Trunkline, Sonat, Columbia Gulf and ANR at the Perryville Hub.

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Source: Derived from Energy Velocity and Bentek Data

June 2011

Updated March 5, 2010