



April 14, 2010

Dear Prospective Bidder:

Delhi Gas Storage, LLC ("Delhi"), a wholly-owned affiliate of Icon NGS, LLC, as agent for Atmos Pipeline and Storage, LLC ("APS"), is soliciting non-binding bid proposals from interested parties for up to three (3) MMDth of firm, high-deliverability working storage capacity available in the first cavern of the Ft. Necessity Gas Storage Project ("The Project"). The anticipated in-service date for the Project is September 1, 2012. Upon completion of the Open Season, Delhi intends to promptly convert qualifying bids into binding precedent agreements with the successful bidder(s). The Project will be capable of receiving and injecting gas into storage at maximum rates of 75 MDth/d and delivering gas out of storage at maximum rates of up to 150 MDth/d for this 3 MMDth of working gas capacity.

Located near Delhi, Louisiana, this high-deliverability natural gas storage facility will access a critical point in the existing natural gas infrastructure that serves growing natural gas supplies from the Haynesville, Barnett and Fayetteville shales, the Gulf of Mexico and Gulf Coast liquefied natural gas facilities. The Delhi area also provides access to multiple premium markets, including those located in the Midwest, Ohio Valley, Northeast and Southeast. Initial interconnects associated with this open season on the first cavern capacity include Tennessee Gas Pipeline's 800 leg and Columbia Gulf's mainline. Delhi will also consider interconnects to ANR Pipeline and the Regency Intrastate Winnsboro Extension.

In June 2009, the Federal Energy Regulatory Commission ("FERC") issued APS a Certificate of Public Convenience and Necessity for the Project (Docket No. CP09-22) for 15 MMDth of working gas capacity. The certificate authorized the construction of the facility with interconnections to Columbia Gulf Transmission, Tennessee Gas Pipeline (800 Line), ANR Pipeline, and Regency Intrastate. APS and its subsidiary, Fort Necessity Gas Storage, LLC ("Ft. Necessity"), subsequently filed a joint application with the FERC in September 2009 (Docket. No. CP09-469) to transfer the previously granted APS certificate authorizations to Fort Necessity. FERC approval of the September 2009 application is expected shortly. Precedent Agreements executed pursuant to the open season will be entered into in the name of the then current certificate holder. Once executed, however, they will be binding on any successor certificate holder of the Project in accordance with their terms.



The Open Season process will commence on April 15, 2010 with bids due to Delhi by 5:00pm CDT May 19, 2010. Bidders should receive email confirmation from Delhi of their submittal by May 21, 2010. If a confirmation email is not received, bidders should notify Delhi by email at [alang@icon-ngs.com](mailto:alang@icon-ngs.com).

Any questions related to this open season or the project in general can be directed to Mark Fullerton at (713) 403 6454 or Andy Lang at (713) 403 6464.

Additional information, including the Bid Response Form, can be found at Icon's website ([www.icon-ngs.com](http://www.icon-ngs.com)).

Sincerely,

William A. Lang  
President,  
Delhi Gas Storage, LLC



## Open Season Details

<b>Open Season Begins:</b>	April 15, 2010
<b>Open Season Ends:</b>	May 19, 2010
<b>Service Start Date:</b>	September 2012
<b>Type of Service:</b>	Firm Storage Service
<b>Fuel Re-imbusement:</b>	1.5% of Injected Quantity as fuel in kind
<b>Commodity Charges:</b>	\$0.01 /Dth on injection and withdrawal
<b>Receipt and Delivery Points:</b>	Tennessee Gas Pipeline      Columbia Gulf Transmission ANR Pipeline Company      Regency Intrastate
<b>Maximum Storage Quantity ("MSQ"):</b>	3,000,000 Dth
<b>Maximum Daily Injection Quantity ("MDIQ"):</b>	75,000 Dth/d
<b>Maximum Daily Withdrawal Quantity ("MDWQ"):</b>	150,000 Dth/d

By submitting the enclosed Bid Response Form, the party submitting the form is making a non-binding expression of interest to enter into a binding Precedent Agreement upon the specific terms set forth in the Bid Response Form. The Bid Response Form must be completed in its entirety for a capacity bid to be considered by Delhi. The bids received via the Bid Response Form will define a queue by which Delhi will approach bidders to negotiate binding Precedent Agreements.

Bids will be evaluated by Delhi and ranked according to highest "Net Present Value" ('NPV') [of cash flow] based upon rate, quantity and term. Delhi will evaluate all bids in a fair and non-discriminatory manner. If the non-binding expressions of interest exceed the available capacity of this offering, capacity will be allocated. Allocations will occur first upon a NPV basis, and then "pro-rata" thereafter. If Participant's bid is deemed acceptable, Delhi will contact Participant within fifteen (15) business days from the conclusion of the Open Season period.

All participants must satisfy Fort Necessity's creditworthiness requirements in order to be eligible to execute Precedent Agreements. The submission of a complete Bid Response Form by a Participant signifies its commitment to satisfy Fort Necessity's creditworthiness standards. A complete copy of the Ft. Necessity Tariff as approved for the Project is available at [www.iconings.com/](http://www.iconings.com/)

Delhi reserves the right, without qualification, to modify the Open Season procedures, re-conduct the Open Season, reschedule the due date for submitting bids, and/or decide not to



enter into further negotiations concerning gas storage services at any time during or following this Open Season. Delhi, in its sole discretion and on a non-discriminatory basis, reserves the right to reject any and all bids irrespective of the Open Season process. Bidders who submit bids do so without recourse against Delhi, APS, or their affiliates. Each successful bidder will be asked to execute a binding Precedent Agreement with APS, or the then current certificate holder of the Ft. Necessity Project. Neither party is obligated until a definitive binding Precedent Agreement has been executed.

The Open Season, any bids submitted in the Open Season, and the Project generally are subject to all applicable rulings by FERC.



Delhi Gas Storage, LLC

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Houston, TX 77098

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[www.icon-ngs.com](http://www.icon-ngs.com)

Andy Lang

President/CEO

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Mark Fullerton

COO

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Cell: (281) 450 8171

[mfullerton@icon-ngs.com](mailto:mfullerton@icon-ngs.com)



Fort Necessity  
**NON-BINDING BID RESPONSE FORM**  
 For FIRM STORAGE SERVICE

Company Name: \_\_\_\_\_  
 Contact Individual: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_  
 Email Address: \_\_\_\_\_

**Maximum Storage Quantity ("MSQ"):** \_\_\_\_\_ Dth  
**Term (months) (min. of 36):** \_\_\_\_\_ Mos.  
**Starting Month:** \_\_\_\_\_  
**Firm Storage Service Bid-Capacity Reservation:** \_\_\_\_\_ \$/Dth/Mo  
**Fuel Reimbursement:** 1.5% % of injected volumes  
**Commodity Charge on Injection:** \_\_\_\_\_ \$/Dth  
**Commodity Charge on Withdrawal:** \_\_\_\_\_ \$/Dth

**Maximum Daily Injection Quantity ("MDIQ") by Receipt Point:**

Tennessee Gas Pipeline <sup>1</sup>	_____	Dth/d
Columbia Gulf Transmission <sup>1</sup>	_____	Dth/d
ANR Pipeline Company	_____	Dth/d
Regency Intrastate Gas, LLC	_____	Dth/d

**Maximum Daily Withdrawal Quantity ("MDWQ") by Delivery Point:**

Tennessee Gas Pipeline <sup>1</sup>	_____	Dth/d
Columbia Gulf Transmission <sup>1</sup>	_____	Dth/d
ANR Pipeline Company	_____	Dth/d
Regency Intrastate Gas, LLC	_____	Dth/d

**Fax, Email or Mail Bids To:**

Delhi Gas Storage	Attn: Andy Lang
3700 Buffalo Speedway, Suite 520	Fax: (713) 403 6461
Houston, Texas 77098	Email: <a href="mailto:alang@icon-ngs.com">alang@icon-ngs.com</a>

<sup>1</sup> Initial development of the First Cavern will focus on interconnects to Tennessee and Columbia Gulf. Delhi will consider receipt and delivery points at ANR and Regency, but will use the additional construction costs in its NPV analysis of the bids.

**ALL BIDS MUST BE RECEIVED NO LATER THAN 5:00 PM ON WEDNESDAY MAY 19, 2010**