

Atmos Pipeline and Storage, LLC



FORT NECESSITY GAS STORAGE

Franklin Parish, Louisiana

NON-BINDING OPEN SEASON

June 2, 2008 through June 20, 2008

Dear Prospective Bidder:

Atmos Pipeline and Storage, LLC ('Atmos'), a subsidiary of Atmos Energy Corporation, is soliciting non-binding bid proposals from interested parties for up to fifteen (15) Bcf of firm, high-deliverability storage capacity available at its proposed Fort Necessity Gas Storage Facility (the 'Project'). The Project will consist of three natural gas storage caverns of approximately 5 Bcf of working gas capacity each, with the first cavern (Phase 1) expected to go into operation by 2011, and the other two caverns (Phases 2 & 3) by 2012 and 2014, respectively.

The high-deliverability natural gas salt dome storage facility will be located in Franklin Parish, Louisiana, approximately ten miles south of the City of Winnsboro. When complete, the Project will provide 15 Bcf of working gas storage capacity and will be capable of receiving and injecting gas at maximum rates of up to 375 MMcf/d and withdrawing and delivering gas at maximum rates of up to 750 MMcf/d.

The Project is strategically located within one mile of Tennessee Gas Pipeline's 30-inch 800 leg and Columbia Gulf's 30-inch and 36-inch mainlines and approximately eight miles from ANR Pipeline's 30-inch and 36-inch mainlines and Regency Energy Partners' 30-inch Winnsboro Extension, which is also connected to various other interstate pipelines, including Texas Gas Transmission and Trunkline Gas Company. Direct interconnects to Texas Gas Transmission and Trunkline Gas Company will be evaluated based on the expression of interest gathered from this Non-Binding Open Season.

In August 2008, Atmos intends to file with the Federal Energy Regulatory Commission ("FERC") an application for a Certificate of Public Convenience and Necessity pursuant to Section 7(c) of the Natural Gas Act to construct and operate the Project. Atmos has already received FERC permission to use its pre-filing review process. Use of the pre-filing review process will greatly improve the chances of identifying specific project issues and addressing them in a timely fashion. In addition to Firm and Interruptible Storage Services, Atmos will provide Park and Loan and Balancing Services, as well as Wheeling Services between its pipeline interconnections, on an open-access, non-discriminatory basis. As part of its FERC application, Atmos will be requesting the necessary approvals to charge market-based rates for all proposed storage, storage-related and wheeling services at the Project.

Any questions relating to this Open Season can be directed to Mark Walsh at (713) 316-8724 or Gayle Taggart at (713) 316-8723.

Additional information, can be found at Atmos' website www.atmosenergy.com/fortnecessity.

Sincerely,

Doug Schroeder

VP, Business Development

OPEN SEASON DETAILS

Open Season Begins:	June 2, 2008 at 8:00 AM CST	
Open Season Ends:	June 20, 2008 at 5:00 PM CST	
Earliest Start-Up Date:	2011	
Minimum Term of Service:	36 months	
Type of Service:	Firm Storage Service	
Fuel Reimbursement:	Negotiable	
Receipt and Delivery Points:	Tennessee Gas Pipeline Regency Intrastate Gas, LLC Texas Gas Transmission, LLC	Columbia Gulf Transmission ANR Pipeline Company Trunkline Gas Company

	Maximum Bids		
	<u>Phase 1</u>	<u>Phase 2</u>	<u>Phase 3</u>
Maximum Storage Quantity ("MSQ"):	5,000,000 Dth	5,000,000 Dth	5,000,000 Dth
Maximum Injection Quantity ("MDIQ"):	125,000 Dth/d	125,000 Dth/d	125,000 Dth/d
Maximum Withdrawal Quantity ("MDWQ"):	250,000 Dth/d	250,000 Dth/d	250,000 Dth/d

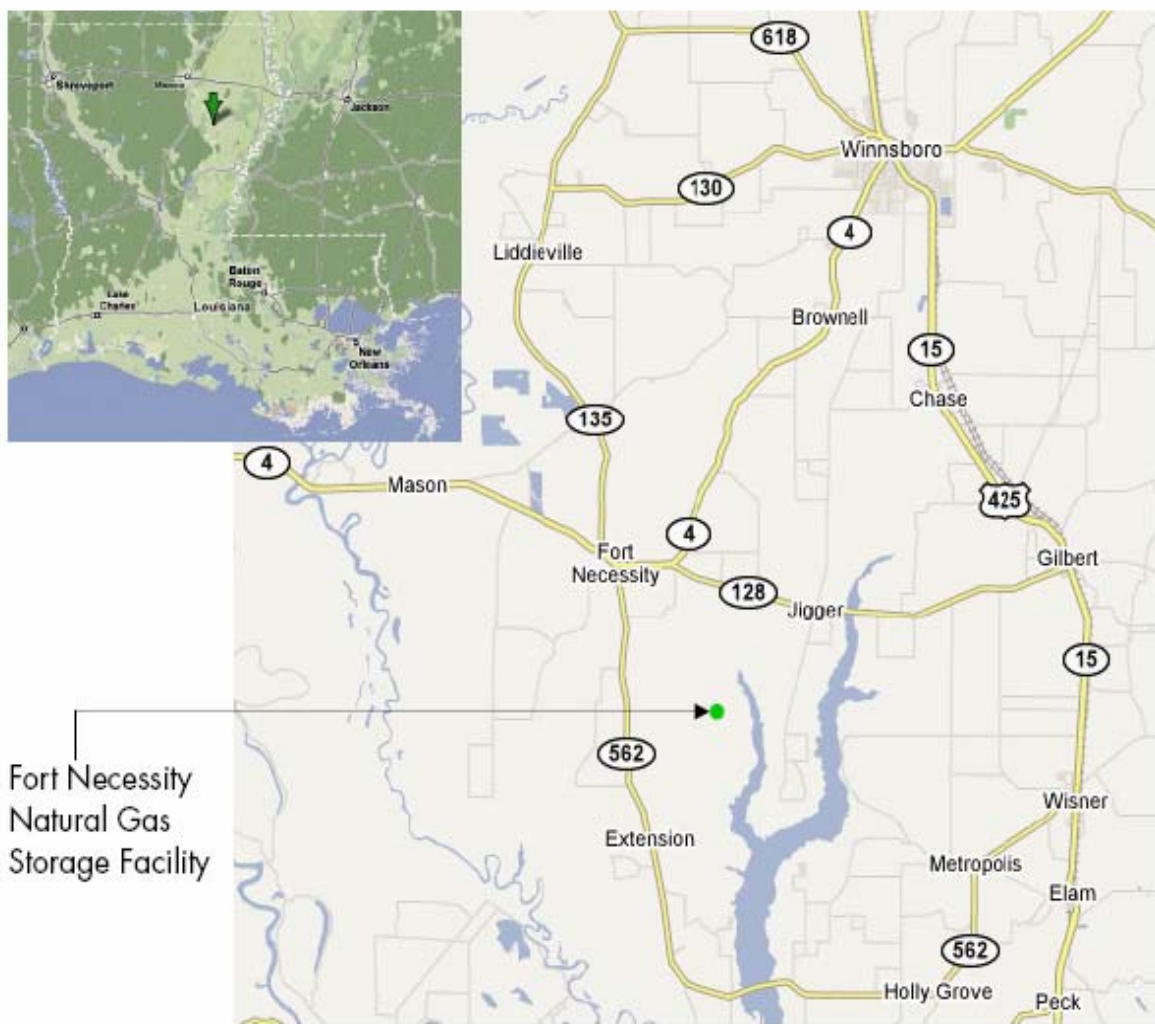
By submitting the enclosed Bid Response Form, the party submitting the form is making a non-binding expression of interest to enter into a binding Precedent Agreement upon the specific terms set forth in the Bid Response Form. The Bid Response Form must be completed in its entirety in order for a capacity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

Bids will be evaluated by Atmos and ranked according to highest "Net Present Value" based upon rate, quantity and term. If the non-binding expressions of interest by participants exceed the available capacity of the Project, capacity will be allocated, first based upon Net Present Value, and then on a "pro-rata" basis. If Participant's bid is deemed acceptable, Atmos will contact Participant within fifteen (15) business days from the conclusion of the Open Season period.

All participants must satisfy Atmos Pipeline and Storage'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 Atmos' creditworthiness standards.

Atmos reserves the right to modify the Open Season procedure, conduct the Open Season again, 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. Atmos, in its sole discretion, and on a non-discriminatory basis, reserves the right to reject any and all bids. Each successful bidder will be asked to execute a binding Precedent Agreement. Neither party is obligated until a definitive binding Precedent Agreement has been executed.

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



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Analyst
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AOL IM: [gayle1072](https://aol.com/realtime/gayle1072)

**Atmos Pipeline and Storage, LLC
NON-BINDING BID RESPONSE FORM
For FIRM STORAGE SERVICE**

Company Name: _____
 Contact Individual: _____
 Title: _____
 Telephone: _____ Fax: _____
 Email Address: _____
 Instant Messenger ID: _____ Messenger Service:
 (AOL, Yahoo, MSN) _____

Listing of phases is for the purpose of total project capacity and timing

	<u>Phase 1</u>		<u>Phase 2</u>		<u>Phase 3</u>
Maximum Storage Quantity ("MSQ")	_____ Dth		_____ Dth		_____ Dth
Term (months) (min. of 36 months):	_____ Mos.		_____ Mos.		_____ Mos.
Starting month:	_____				
Firm Storage Service Bid - Capacity Reservation: \$/Dth/Mo	_____ \$/Dth		_____ \$/Dth		_____ \$/Dth
Maximum Daily Injection Quantity ("MDIQ") by Receipt Point:					
Tennessee Gas Pipeline	_____ Dth/d		_____ Dth/d		_____ Dth/d
Columbia Gulf Transmission	_____ Dth/d		_____ Dth/d		_____ Dth/d
Regency Intrastate Gas, LLC	_____ Dth/d		_____ Dth/d		_____ Dth/d
ANR Pipeline Company	_____ Dth/d		_____ Dth/d		_____ Dth/d
Texas Gas Transmission, LLC	_____ Dth/d		_____ Dth/d		_____ Dth/d
Trunkline Gas Company	_____ Dth/d		_____ Dth/d		_____ Dth/d
Maximum Daily Withdrawal Quantity ("MDWQ") by Delivery Point:					
Tennessee Gas Pipeline	_____ Dth/d		_____ Dth/d		_____ Dth/d
Columbia Gulf Transmission	_____ Dth/d		_____ Dth/d		_____ Dth/d
Regency Intrastate Gas, LLC	_____ Dth/d		_____ Dth/d		_____ Dth/d
ANR Pipeline Company	_____ Dth/d		_____ Dth/d		_____ Dth/d
Texas Gas Transmission, LLC	_____ Dth/d		_____ Dth/d		_____ Dth/d
Trunkline Gas Company	_____ Dth/d		_____ Dth/d		_____ Dth/d

Fax, Email or Mail Bids To:
 Atmos Pipeline and Storage, LLC
 13430 Northwest Freeway, Suite 700
 Houston, Texas 77040

Attn: **Gayle Taggart, Analyst**
 Fax: **281-657-1996**
 Email: **gayle.taggart@atmosenergy.com**

ALL BIDS MUST BE RECEIVED NO LATER THAN 5:00PM ON FRIDAY, JUNE 20, 2008