



D'Lo Gas Storage, LLC  
D'Lo Gas Storage Project  
Simpson County, MS

## Open Season

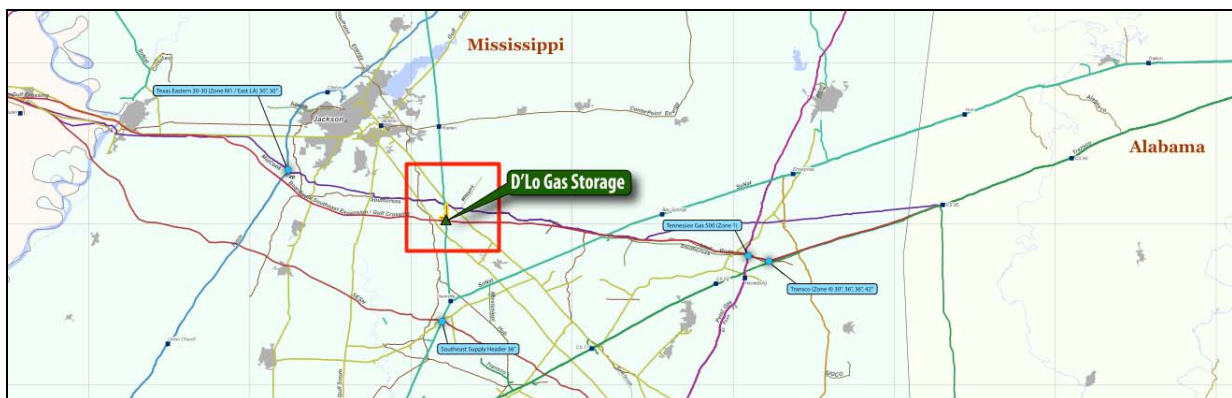
March 22<sup>nd</sup> – May 7<sup>th</sup>, 2012

D'Lo Gas Storage, LLC ("DGS" or "Project") is conducting a non-binding open season to gauge interest of prospective costumers in its multi-cycle salt cavern, interstate natural gas storage facility located in Simpson County, MS. This strategically located facility provides access to markets in the Southeast, Mid-Atlantic and Northeast. Through this non-binding open season, DGS is soliciting market interest in subscribing to firm storage capacity of up to 8 million Dth of firm storage capacity in the first cavern to come online in July 2015. Two additional caverns are to enter service in June 2016 and January 2018, respectively. DGS foresees holding an open season for the subsequent caverns closer to their in-service dates. Each cavern will have injection capacity of 196,667 Dth/d and withdrawal capacity of 400,000 Dth/d. The facility will interconnect with Boardwalk Southeast Expansion (Zone 5), Kinder Morgan Midcontinent Express (Zone 2), Southern Natural Gas Company (Zone 1), Gulf South (Zone 3, Area 1) and Southcross Energy (intrastate).

The non-binding open season begins at 8 am CDT on March 22<sup>nd</sup>, 2012 and will end at 5 pm CDT on May 7<sup>th</sup>, 2012. Parties interested in requesting firm storage capacity in DGS should submit a completed non-binding bid form by fax at 337-261-1457 or email to [lborder@dlogasstorage.com](mailto:lborder@dlogasstorage.com). The non-binding bid form, map and further information can be found on the Project website at [www.dlogasstorage.com](http://www.dlogasstorage.com).

## Project Description

The Project is located outside the town of D'Lo along U.S. Route 49, approximately 25 miles southeast of Jackson, MS.



DGS will offer high-deliverability, multi-cycle natural gas storage services at a midpoint between the Perryville/Delhi Hub to the west, Transco Station 85 to the east and Kosciusko to the north, which, in addition to conventional production from the Gulf of Mexico and onshore Gulf Coast, service growing supplies from the Barnett, Eagle Ford and Haynesville shale plays. DGS will construct interconnections with one intrastate and four interstate pipelines providing prospective costumers access to the premium markets along the eastern seaboard.

Each of DGS's three caverns will have 8,000,000 Dth of working gas storage capacity supported by a total of 36,735 horsepower natural gas-fired compression for a cumulative daily injection capacity of 590,000 Dth and daily withdrawal capacity of 1,200,000 Dth resulting in an annual 6 turn service. The interconnections with Kinder Morgan Midcontinent Express and Boardwalk Southeast Expansion are each designed for receipt and delivery capacities of 500,000 Dth per day; the interconnection with Southern Natural Gas Company will have a 250,000 Dth per day receipt and delivery capacity and both, the Southcross and Gulf South interconnections, will each have a 50,000 Dth per day receipt and delivery capacity.

## **FERC Application**

DGS filed its application for a certificate of public convenience and necessity to construct, own and operate a natural gas storage facility ("Application") with the Federal Energy Regulatory Commission ("FERC") on December 29<sup>th</sup>, 2011 ([www.ferc.gov](http://www.ferc.gov); eLibrary, docket number CP12-39). The Application includes a request for authority to charge market-based rates for a full range of firm and interruptible storage and hub services. DGS requested FERC issue the certificate of public convenience and necessity by July 2012 for the first gas to be injected in the summer of 2015. Under an exemption for temporary acts and operations, DGS has successfully drilled test salt core, source water and salt water disposal wells.

## **Services Offered**

DGS is seeking non-binding indications of interest in contracting for firm storage service. DGS's tariff, filed as part of its FERC Application, sets forth all proposed terms of service ([www.ferc.gov](http://www.ferc.gov); eLibrary, docket number CP12-39).

## **Rates**

Capacity demand charge rates for firm storage service will be negotiated market-based rates. All injections and withdrawals are subject to a \$0.01/Dth charge, while a fuel reimbursement charge of 1.60% will be applied on all injections.

## **Open Season Process**

Prospective costumers interested in entering into a binding precedent agreement for firm storage capacity should submit a non-binding bid form during the Open Season from March 22<sup>nd</sup>, 2012 until May 7<sup>th</sup>, 2012.

DGS will evaluate and rank, on a fair and non-discriminatory basis, all bids according to their overall economic value based on rate, quantity and term.

## **Contact Information**

D'Lo Gas Storage, LLC  
1002 E. St. Mary Blvd.  
Lafayette, LA 70503  
Tel.: (337) 234-4122  
Fax: (337) 261-1457  
Email: lborder@dlogasstorage.com

<b>D'LO GAS STORAGE, LLC</b> <b>Non-Binding Open Season Details</b>
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<b>Open Season Period</b>	<u>Start Date</u> 3/22/12	<u>End Date</u> 5/7/12		
<b><u>Cavern Parameters</u></b>	<u>Cavern 1</u>	<u>Cavern 2</u>	<u>Cavern 3</u>	<u>Total</u>
In-Service Date	7/7/15	6/10/16	1/23/18	
Maximum Storage Quantity ("MSQ") (Dth)	8,000,000	8,000,000	8,000,000	24,000,000
Maximum Injection Quantity ("MIQ") (Dth/d)	196,667	196,667	196,667	590,000
Maximum Withdrawal Quantity ("MWQ") (Dth/d)	400,000	400,000	400,000	1,200,000

*Please fill out separate forms for separate volumes of storage capacity with discrete in-service dates, withdrawal/injection capacities, etc.*

*Caverns 2 and 3 will enter service in June 2016 and January 2018, respectively.*

*DGS plans to hold open seasons for both subsequent caverns closer to their in-service dates. Please indicate on a separate sheet if you are interested in capacity in Cavern 2 and/or Cavern 3 at this time.*

**Storage Service Parameters**

Types of Storage Service	Firm, Interruptible
 <u>Storage Fees &amp; Fuel</u>	
Capacity Storage Fee	Negotiated
Injection/Withdrawal Fee:	\$0.01/Dth
Fuel Reimbursement:	1.60% on all volumes nominated for injection.
 Interconnections:	
	Boardwalk Gulf Crossing/SE Expansion (Zone 5)
	Gulf South (Zone 3, Area 1)
	Kinder Morgan Midcontinent Express (Zone 2)
	SONAT (Zone 1)
	Southcross Energy (Intrastate MS)

**Special Notes:**

By submitting a non-binding proposal, participants will be expressing an indication of interest to contract for storage capacity under the terms set out on the Bid Sheet. The Bid Sheet must be completed in its entirety in order for a proposal to be considered by DGS. Proposals will be ranked according to overall economic value to DGS.

DGS, in its sole discretion, and on a non-discriminatory basis, reserves the right to reject any and all bids.

The treatment of all proposals and the Project are subject to all applicable federal, state and local laws and regulations.



**D'LO GAS STORAGE, LLC**  
**NON-BINDING BID FOR FIRM GAS STORAGE CAPACITY**

Company Name: \_\_\_\_\_

Contact Individual, Title: \_\_\_\_\_

Email Address: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

Company DUNS #: \_\_\_\_\_ Company Credit Rating: \_\_\_\_\_  
 (please specify S&P, Fitch, Moody's, etc. or Parent Guarantee)

Type of Service Requested: \_\_\_\_\_ Firm \_\_\_\_\_ Interruptible (Note: only 1 Type per Bid sheet)

	Cavern 1	Cavern 2	Cavern 3
Maximum Storage Quantity ("MSQ") (Dth):	_____	_____	_____

Maximum Injection Quantity ("MIQ") (Dth/d):	_____	_____	_____
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Maximum Withdrawal Quantity ("MWQ")(Dth/d):	_____	_____	_____
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Commencement Date (mm/dd/yyyy): \_\_\_\_\_ Term Requested (months): \_\_\_\_\_

Receipt/Delivery Points:

	Receipt Points	Delivery Points
Boardwalk SE Expansion/Gulf Crossing (Zone 5)	_____ Dth/d	_____ Dth/d
Gulf South (Zone 3, Area 1)	_____ Dth/d	_____ Dth/d
Kinder Morgan Midcontinent Express (Zone 2)	_____ Dth/d	_____ Dth/d
SONAT (Zone 1)	_____ Dth/d	_____ Dth/d
Southcross Energy (Intrastate MS)	_____ Dth/d	_____ Dth/d
Other	_____ Dth/d	_____ Dth/d

Totals: \_\_\_\_\_ Dth/d \_\_\_\_\_ Dth/d\*

\* total withdrawal capacity of Cavern 1 is 400,000 Dth/d, total injection capacity is 196,667 Dth/d.

Demand Reservation Fee: \_\_\_\_\_/Dth of MSQ/month

Injection Fee: \_\_\_\_\_ \$0.01 /Dth

Withdrawal Fee: \_\_\_\_\_ \$0.01 /Dth

Fuel Reimbursement: 1.60% on all volumes nominated for injection.

**Other Bid Terms and Conditions: Please attach any bid terms and conditions to this form.**

Please email duly completed form to lborder@dlogasstorage.com or send by facsimile to: (337) 261-1457.

