

Southeast Natural Gas Regions



Southeast Gas Market: Overview and Focal Points

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Overview:

Market Description

Industrial process requirements and power consumption are the fundamental drivers of the Southeast gas market. Florida is the biggest market for gas and accounts for about 30 percent of overall regional demand; the power sector comprises more than 80 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 seek 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. Principal gas supply sources include: East and South Texas, shallow and deepwater offshore locations, coalbed methane resources in the Black Warrior Basin, as well as various onshore locations, plus imports from the Lake Charles and Elba Island LNG terminals.

Geography

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

Major Trading Hubs

Florida Gas Zone 3, Texas Eastern M1, Transco Zone3, Transco Zone 4, and Transco Zone 5.

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Storage

State Capacity: Mississippi contains 88 percent of total Southeast capacity.

Aquifer Capacity: 0%

Depleted Field Capacity: 66%

Salt Cavern: 35%

Total Capacity: Southeast has 2 percent of total US storage capacity.

Major Storage Pipelines and Capacity:

Southern Natural Gas: 60 Bcf

Petal Gas Storage Company: 10.75 Bcf

Demand by Sector (2005):

- Residential: 16%
- Commercial: 13%
- Industrial: 28%

State: Alabama, Florida, Georgia, Mississippi and Virginia make up 77 percent of total Southeast demand and 10 percent of total U.S. demand.

Southeast Total: 2.7 Tcf which makes up 12 percent of total U.S. daily demand.

Consumer Total: 8.02 million which is approximately 12 percent of total consumers in the U.S.

Key Consuming States: Georgia, North Carolina, Tennessee and Virginia make up 67 percent of the total number of consumers in the Southeast and about 8 percent of the total number of consumers in the U.S.

Residential Consumers: 91%

Average Daily Deliveries through Transcontinental Station 60:

2005: 1.7 Bcfd

2006: 1.7 Bcfd

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Production

State: Alabama and Virginia make up 90 percent of total Southeast production which only contributes 2 percent to total U.S. production.

Total: Total Southeast production makes up a little over 2 percent of total U.S. production.

Pipeline Flows

Average Daily Deliveries into Florida: 2.1 Bcfd (2005) 2.4 Bcfd (2006)

Major Pipelines: Florida Gas Transmission, Gulfstream Natural Gas System, Southern Natural Gas Company, Texas Eastern Transmission and Transcontinental Gas Pipeline.

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

2005: 0.8 Bcfd

2006: 1.0 Bcfd

Average Daily Deliveries through Texas Eastern M1 @ the Kosciusko

2005: 0.9 Bcfd

2006: 0.9 Bcfd

Average Daily Deliveries through Transcontinental Station 65

2005: 0.7 Bcfd

2006: 1.7 Bcfd

Imports and Exports

Average Daily Sendout at the Elba Island LNG terminal:

2005: 0.3 Bcfd

2006: 0.4 Bcfd

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.

Annual Average Spot Hub Prices

Annual Average Day Ahead Prices (\$/MMBtu)						
	2004	2005	2006	2007	2008	5-Year Avg
Henry Hub	\$5.85	\$8.69	\$6.74	\$6.94	\$8.85	\$7.40
FGT Zone 3	\$5.92	\$9.25	\$7.01	\$7.32	\$9.13	\$7.73
Transco Station 65	\$5.88	\$8.98	\$6.84	\$7.05	\$8.92	\$7.54
Transco Zone 5	\$6.29	\$9.40	\$7.13	\$7.41	\$9.47	\$7.95
Tetco M1	\$5.93	\$8.93	\$6.79	\$7.06	\$8.98	\$7.54

Source: Derived from *Platts* data.

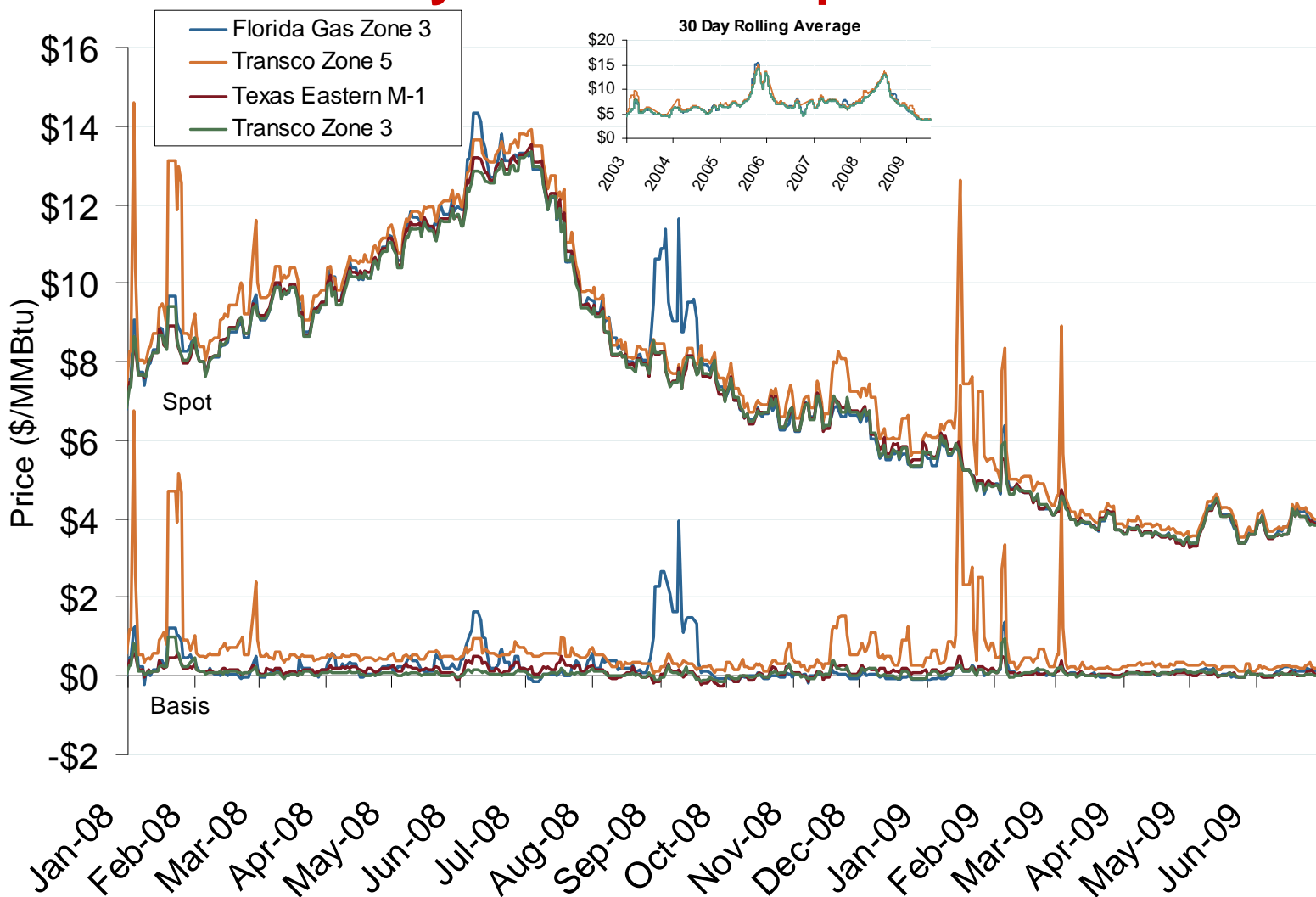
Updated January 23, 2009

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Southeast Natural Gas Market: Spot Prices and Basis

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Southeastern Day-Ahead Hub Spot Prices and Basis

Source: Derived from *Platts* data.

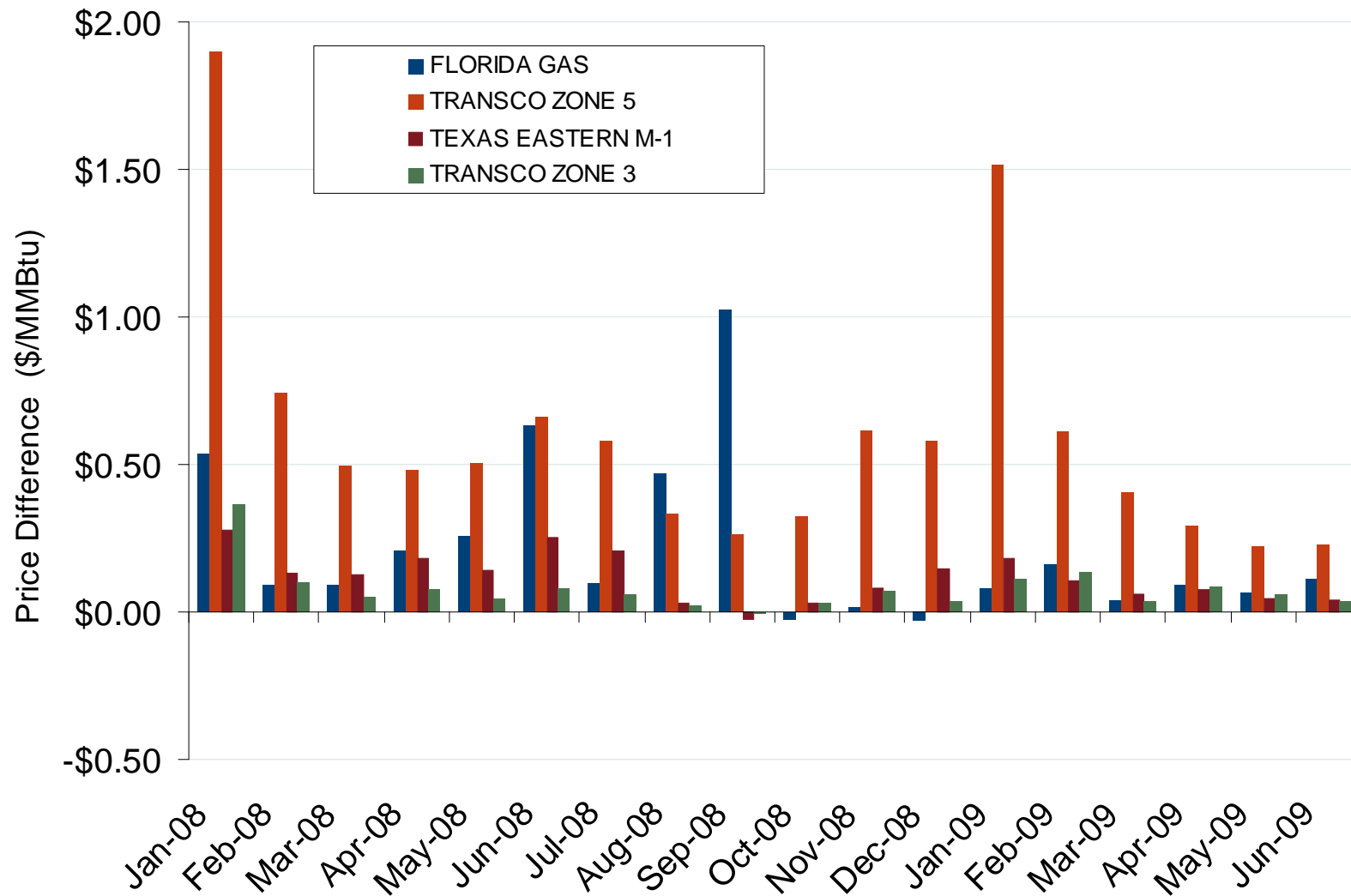
Updated July 8, 2009

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Southeast Natural Gas Market: Average Basis to Henry Hub

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Southeastern Monthly Average Basis Value to Henry Hub

Source: Derived from *Platts* data.

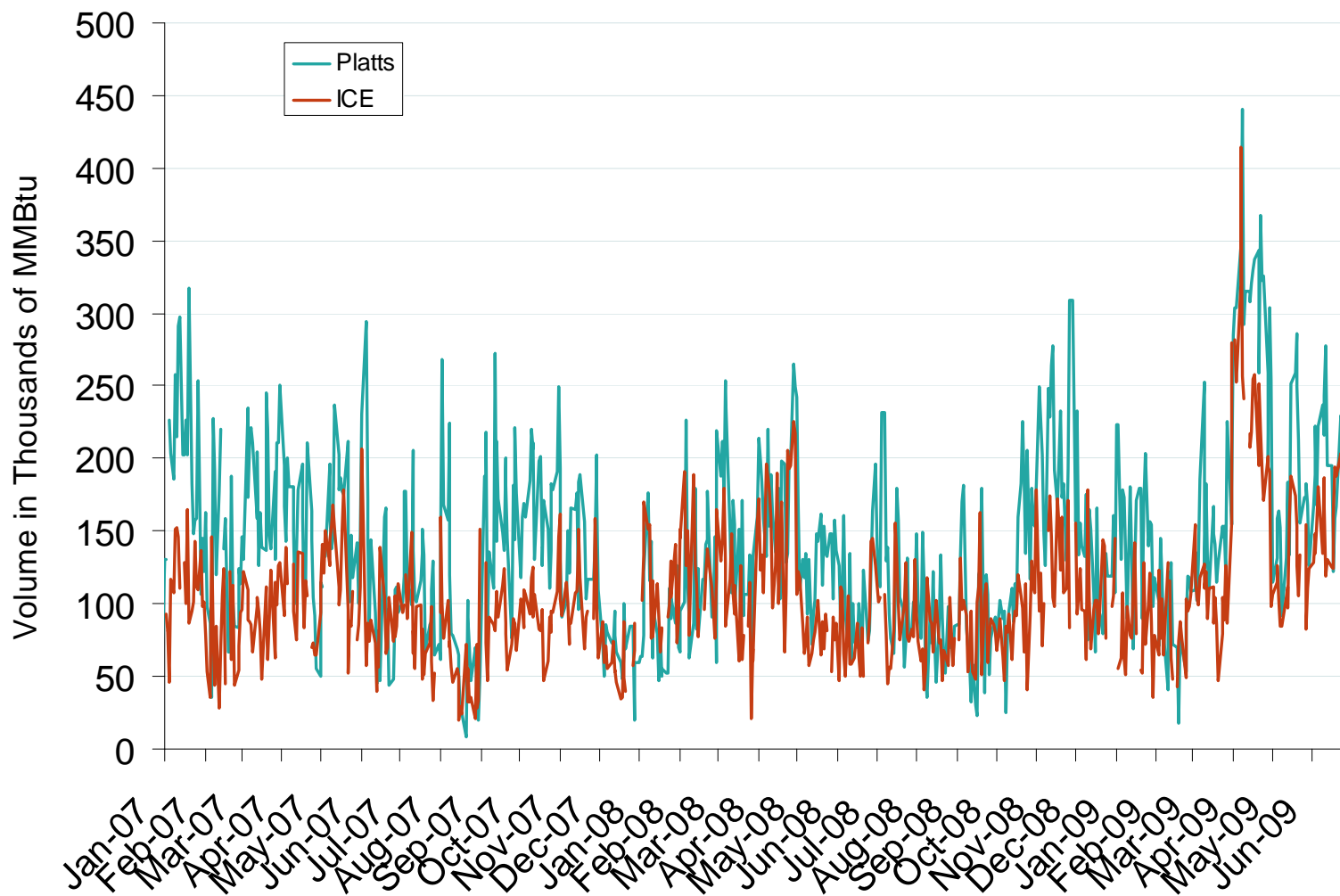
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Southeast Natural Gas Market: Trading Volumes at Texas Eastern M-1 Kosi

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Published and Traded Daily Spot Volumes at Texas Eastern M-1 Kosi

Source: Derived from *Platts* and *ICE* data.

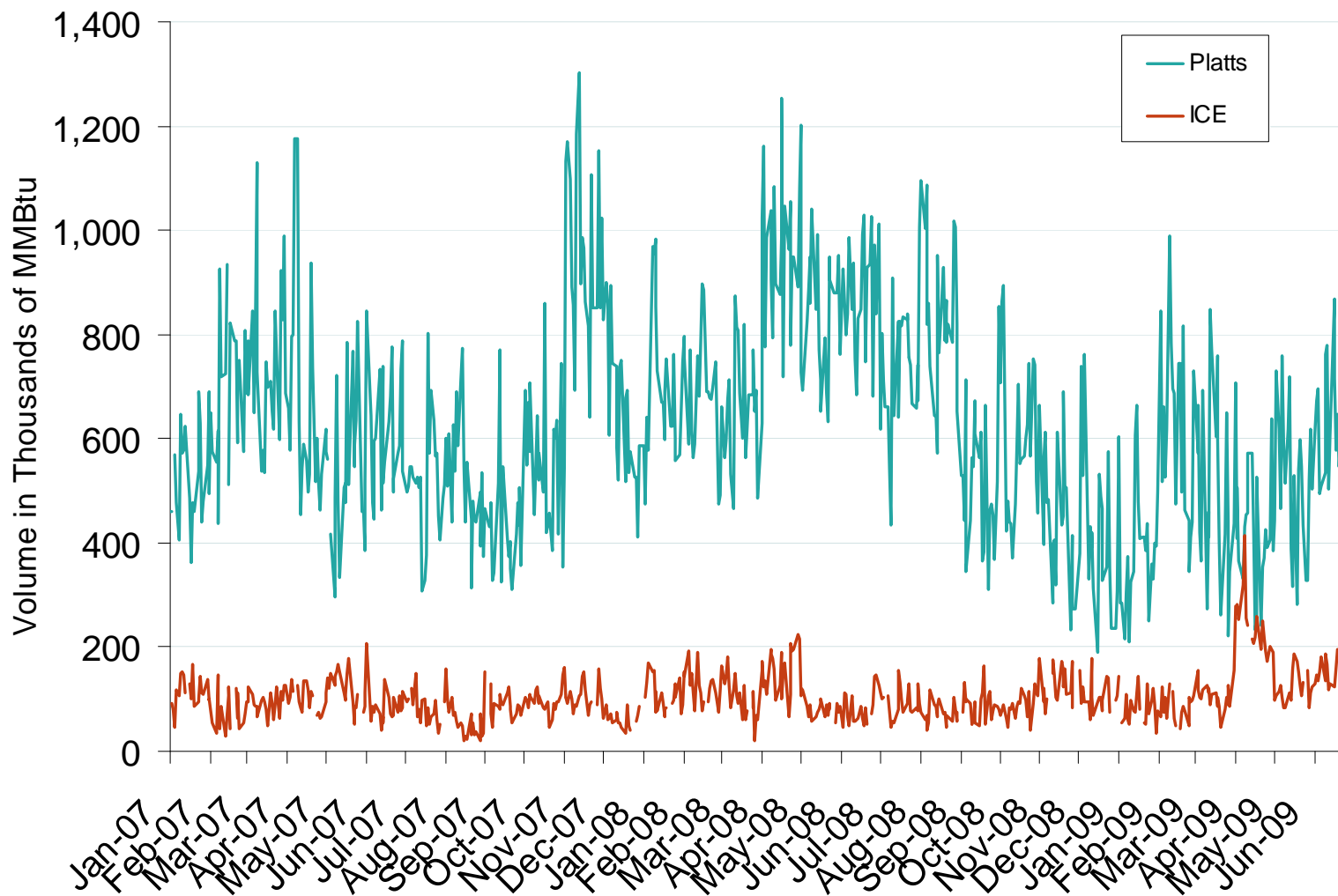
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Southeast Natural Gas Market: Trading Volumes at Transco Zone 3

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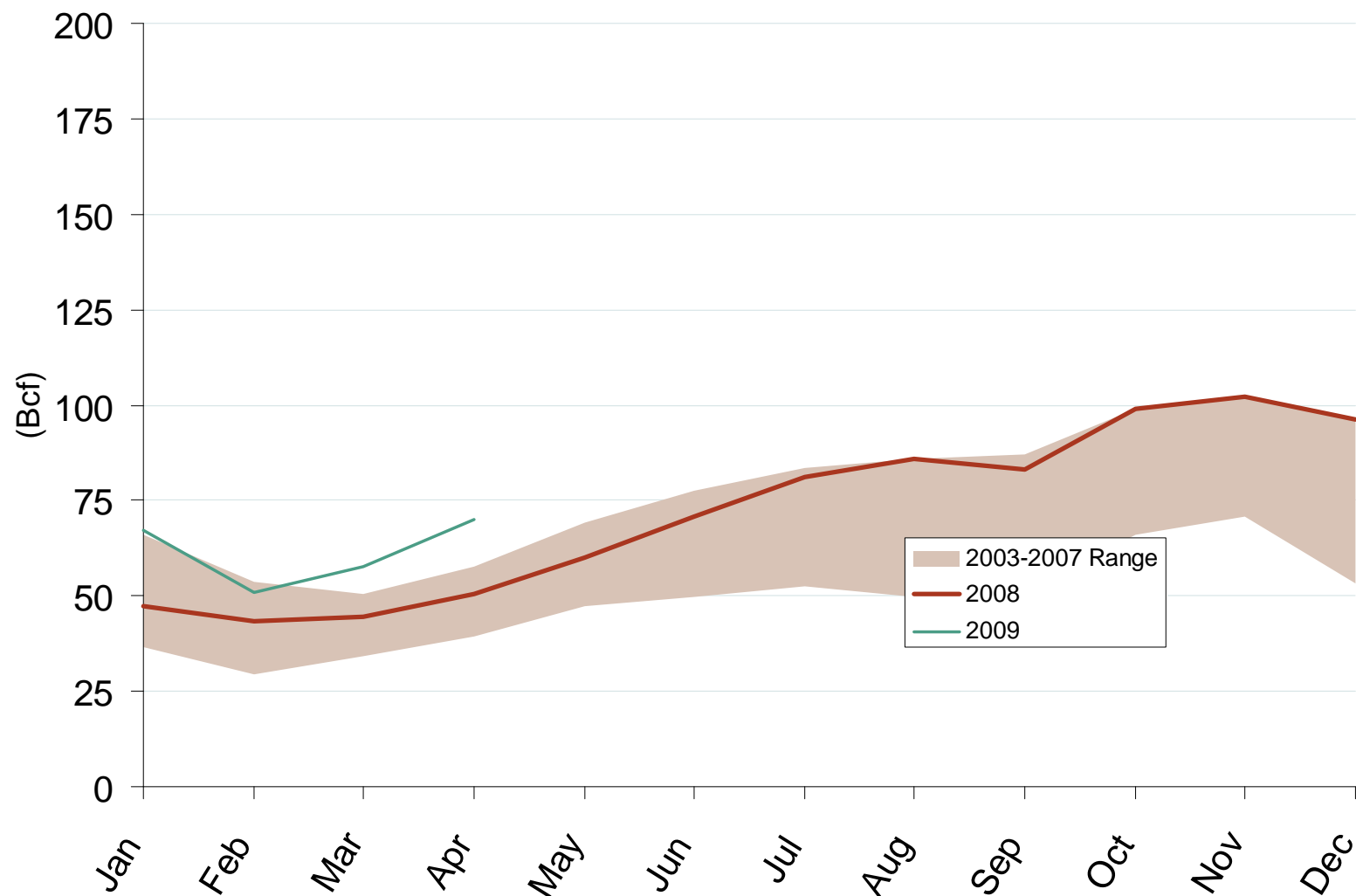
Published and Traded Daily Spot Volumes at Transco Zone 3

Source: Derived from *Platts* and *ICE* data.

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Southeast Region Underground Working NG In Storage

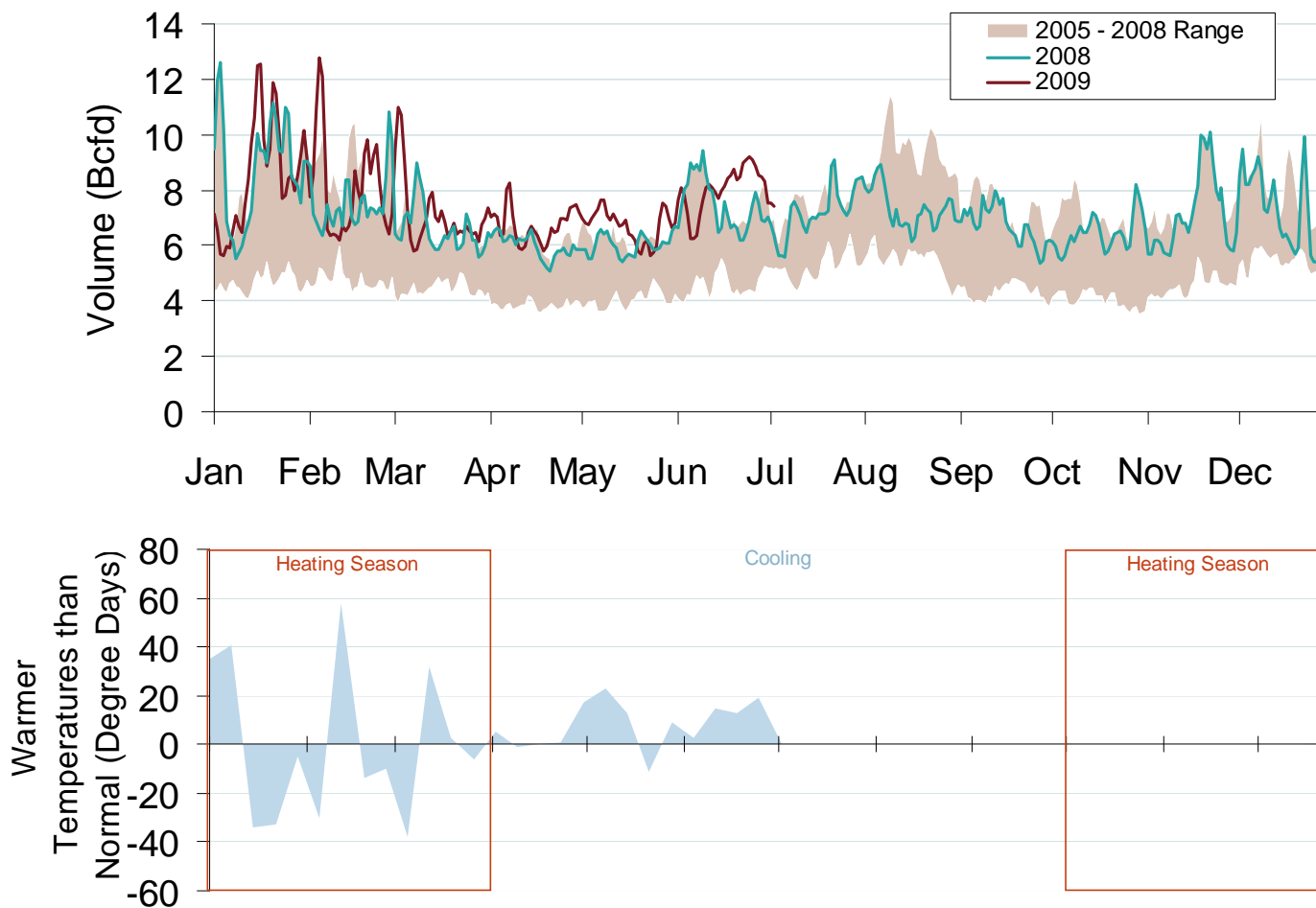


Source: Derived from EIA data.

Updated July 8, 2009

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Daily Southeast Natural Gas Demand All Sectors



Source: Derived from *Bentek* data.

Updated July 8, 2009

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