

NEWS RELEASE

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Public Gas Partners Completes Acquisition of Natural Gas Reserves

Public Gas Partners, Inc. (PGP) announced this week that it closed on the last of a series of transactions in which it purchased approximately 115 Bcfe of proved natural gas reserves, of which approximately 73% are proved, developed and producing. Current production from the combined properties totals about 35,000 Mcfe/day and is 75% natural gas. The assets include over 30 Bcf of probable and possible reserves as well as significant seismic and other contract rights. The combined cost of the four acquisitions totals approximately \$330 million.

PGP is an innovative non-profit gas agency formed by seven municipally-owned gas and electric utilities in five states. It was created to secure economical, long-term wholesale natural gas supplies for its member agencies to stabilize and reduce the cost of natural gas for the mutual benefit of all their customers.

The latest transaction is structured like the previously announced deals which include long-term agreements with experienced partners for the management and future development of the properties. The combined assets represent a diverse portfolio of properties, with working interests in over 2,000 predominantly gas wells located in nine states. Susan Reeves, president of PGP, stated, “This transaction adds to a portfolio with great promise for our agency. We are pleased with the property characteristics and future development opportunities of these reserves, and continue to build on the relationships PGP has developed with industry experts to provide the technical and operational support we need to maximize the assets.” Roger Fontes, Chairman of the Board of PGP, stated, “The latest transaction will continue to help meet the long-term supply needs of our Members, and the citizens they serve, at stable, economical prices. In light of the market’s high price levels and the volatility of those prices, it’s imperative that we protect our customers. The development of this venture is an important tool for all PGP’s Members in reaching this goal.” PGP’s share of current natural gas production will fill about 25% of the delivery requirements already authorized for acquisition by PGP in its two initial gas supply pools and will provide a solid base of assets on which to build.

Members of PGP include the Municipal Gas Authority of Georgia (which also acts as the day-to-day manager of PGP), Florida Municipal Power Agency, Florida Gas Utility, Lower Alabama Gas District, Patriots Energy Group, The Southeast Alabama Gas District, and Tennessee Energy Acquisition Corporation. Through these Member organizations, over 180 cities and other municipal utilities are participating in PGP’s gas supply projects. Mitchell Energy Advisors acted as buy-side advisor to PGP on one of the transactions.

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