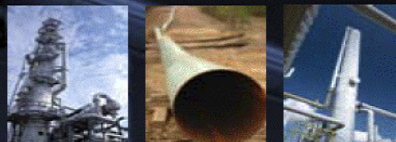


# A Leading Midstream Energy Company



## MIDSTREAM GLOSSARY

**Base gas** – The amount of gas needed in a storage asset to provide the pressure to turn over the normal storage volume.

**Base load gas** – The minimum amount of gas is consumed at a steady rate; the normal level of gas demand.

**BTU** – British thermal unit; a unit of measurement for energy representing the amount of heat necessary to raise the temperature of one pound of water one degree Fahrenheit.

**Coalbed methane (CBM)** – Methane found in coal seams; one of the fastest growing new sources of natural gas supply.

**Compression** – To transport gas through a pipeline; it must be compressed to save space and to push it farther down the line; most gas is compressed at 1,000 psi (per square inch).

**Cyrogenic** – Very low temperature facility such as those used to store liquid natural gas.

**Cycling** – A storage process in which the same quantity of gas is injected into and withdrawn from storage within a prescribed time period.

**Distribution pipeline system** – Main pipelines, services and equipment that transport gas from a local supply source to the sales meters.

**Field plants** – Plants that remove natural gas liquids (NGLs) from raw natural gas collected in a field gathering system or from gas shipped to the plant for the purpose of removing the NGLs.

**Field storage** – A subsurface reservoir, usually a depleted natural gas field, used for storing natural gas.

**Fractionation** – The separation of a “raw make” stream of natural gas liquids into individual liquid hydrocarbons.

**Fraction spread (frac spread)** – The difference in price between natural gas liquids and natural gas on a BTU-equivalent basis.

**Henry Hub** – An interstate pipeline interchange that also serves as the delivery point for Nymex natural gas futures contracts, located in Vermilion Parish, Louisiana. Many natural gas sales contracts are priced as of the Henry Hub benchmark price.

**Hydrocarbon** – An organic compound made up of carbon and hydrogen atoms used as sources of energy and including natural gas, coal and crude oil.

**Injection season** – April 1 through October 31. Months during which producers and pipelines inject natural gas into storage facilities in preparation for winter. U.S. capacity is 4 TCF.

**Land and lease fuel** – Natural gas used near the production site for drilling operations and for facilities such as heaters and field compressors.

**Liquefaction** – Any process that changes the state of natural gas from a gaseous phase to a liquid phase.

**Looping** – Laying additional pipeline next to an existing pipeline to increase the capacity of the system.

**MMCF** – A volume unit of million cubic feet, commonly used to measure gas. Also used as MCF (thousand cubic feet), BCF (billion cubic feet) and TCF (trillion cubic feet); 1 MCF has a heating value of 1 MMBTU.

**Methane** – Commonly known as natural gas, it is the most common hydrocarbon gas and is colorless, odorless and flammable.

**NGLs** – Natural gas liquids; light hydrocarbon mixtures removed from natural gas streams at processing plants through condensation or absorption; includes ethane, butane, propane, isobutene and natural gasoline.

**Parking** – Temporarily storing gas for a pipeline customer so the customer does not have to sell the gas at a low price.

**Pipeline quality gas** – Gas with impurities removed; 95% methane.

**Pricing differential** – The difference between a pipeline’s contractual cost of gas supply and a market price.

**Production decline rate** – A measure of the decrease of production from subsurface reserves that takes place during a period of time.

**Spurs** – Small, lateral pipelines that branch out from a main line to provide connections.

**Straddle plant** – A natural gas processing plant constructed near a transmission pipeline, downstream from the fields where the gas in the pipeline has been produced; also called an “on-line” plant. It does not purchase and resell natural gas, but provides only a processing service for the gas owner.

**Stripper wells** – Natural gas wells that produce less than 6 MCF per day of gas, primarily from onshore reserves.

**Take-or-pay clause** – Under a take-or-pay clause, the contracted amount of product (gas) that the buyer is obligated to pay for, regardless of whether the buyer takes delivery of the amount of product.

**Treating** – Removal from raw gas from wellhead, contaminates such as carbon dioxide or hydrogen sulfide, to allow for safe and efficient transportation and processing.

**Utilization factor** – A ratio of the maximum demand of a pipeline system or part of a system to its rated capacity.

**Variable cost** – The total cost incurred to produce energy, excluding fixed costs, which are incurred regardless of whether the resource is operating. Variable costs usually include fuel, increased maintenance and additional labor.

**Wellhead price** – The price received by the producer for sales at the well; price includes the charge for natural gas liquids removed from the gas as well as gathering and compression charges.

**Withdrawal season** – November 1 through March 30. The span of time in which gas storage quantities are depleted for consumption, primarily for heating season.