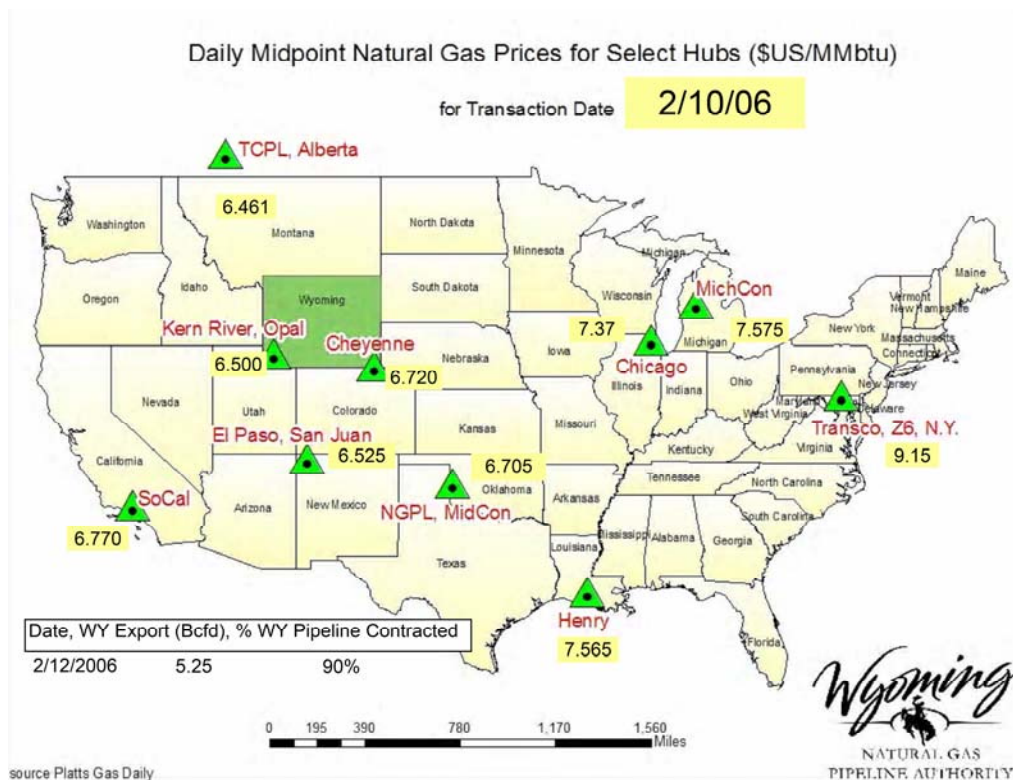


## WYOMING NATURAL GAS PIPELINE AUTHORITY

On Friday, February 10, 2006, the differential between the Cheyenne Hub<sup>1</sup> and Henry Hub was \$0.845 per MMBtu. Marked against the Wyoming Natural Gas Pipeline Authority's stated goal of maintaining a differential of \$0.50 per MMBtu between Wyoming and Henry Hubs, the State could gain incremental revenue if a pipeline to the upper Midwest and East Coast existed today. This differential is in large part due to the restricted export pipeline capacity. As of February 12, 90% of the existing pipeline export capacity from the State was being utilized. As producers continue to ramp up their efforts to meet the national demand for natural gas, it is imperative that Wyoming supports any efforts to increase export capacity. Continued production growth without increasing export capacity will most assuredly develop gas-on-gas competition<sup>2</sup> for Wyoming producers.



<sup>1</sup> Hub - a geographic reference point where gas is traded. There are numerous hubs throughout the country where natural gas volumes are concentrated and then redirected to a demand market for consumption. The more volume and flow, the more important the hub. The Henry Hub has historically been the benchmark trading point for the nation due to the large volumes of gulf coast and mid-continent gas production and liquefied natural gas (LNG) imports. Two important hubs exist in Wyoming: Opal and Cheyenne.

<sup>2</sup> With limited transportation, producers must forsake price for volume. When supply is larger than demand, price must give. This phenomenon will drive the price potentially down so low that it will be uneconomic to maintain existing operations or explore for new resources.