

EnergyPoint

RESEARCH



**2006
CUSTOMER
SATISFACTION
SURVEY**

**NATURAL GAS
MIDSTREAM SERVICES**

MarketPartners[®]
Report

2006 CUSTOMER SATISFACTION SURVEY

NATURAL GAS MIDSTREAM SERVICES

SURVEY DESCRIPTION

This report summarizes results from one of the most unique customer satisfaction surveys ever conducted on independent U.S. natural gas midstream service providers. It is based on opinions collected through more than 790 evaluations completed from April 2005 through March 2006 by 188 respondents at 175 producers, marketing companies and industrials. All respondents indicated having "significant experience" in selecting or utilizing natural gas midstream service providers in the U.S. A total of 16 providers received the minimum number of evaluations required to be included in this report.

SERVICE CATEGORIES

For purposes of the survey, a company is considered a natural gas midstream service provider if it provides services in any of the survey's ten service categories. These categories, which are further defined on page 6, include:

- Onshore Gas Gathering
- Offshore Gas Gathering & Infrastructure
- Gas Processing & Treating
- Gas Transportation
- Gas Storage
- NGL Transportation
- NGL Fractionation
- NGL Storage
- Gas Purchasing
- NGL Purchasing

AREAS OF EVALUATION

Survey respondents rated companies on an overall basis as providers of natural gas midstream services, as well as by service category and region of use (see page 3 for additional details regarding survey content). Companies were also rated across multiple dimensions in each of the following attributes:

- Pricing & Contract Terms
- Operations
- Project Development
- Service & Professionalism
- Quality of Personnel
- Systems & Administration
- Corporate Capabilities

RATINGS & RANKINGS

All satisfaction ratings and rankings in this report, unless otherwise noted, are derived from 1-to-10 point rating scales used in the survey, with 1 indicating respondents are "Very Dissatisfied" and 10 indicating they are "Very Satisfied." After the data set was reviewed, cleansed, and sorted by EnergyPoint Research, ratings were totaled and companies were ranked in descending order according to their Total Satisfaction rating. In the case of ties, companies were listed alphabetically. Companies were then assigned "ribboned" ratings, with four ribbons representing the highest designation.

ATTRIBUTE RATINGS

The letter rating applied to each service attribute on page 5 corresponds to the rank the company achieved versus its listed peers for that particular attribute. An "A" indicates the company ranked in the top third for that attribute, while a "C" indicates the company placed in the bottom third. Each attribute rating is based on results from three underlying attribute-related questions. See item 7 on page 3 for specific attribute-related questions.

PURPOSE & SCOPE

This report is intended to provide readers with independently gathered information regarding customers' satisfaction with the natural gas midstream services they utilize in the U.S. The scores and ratings contained in this report reflect only the responses of persons who chose to complete the survey. EnergyPoint Research does not maintain or represent that the information, ratings, and conclusions presented in this report necessarily reflect the perspective of all customers utilizing the services or providers covered in this report. Furthermore, nothing contained in this report should be construed to constitute any kind of recommendation on the part of EnergyPoint Research or survey participants.

BEHIND THE RESULTS

PROVIDERS & RESPONDENTS

Respondents chose from a list of 27 companies identified by industry participants and EnergyPoint Research as major providers of natural gas midstream services. Other providers not listed were able to be selected through a “write-in” feature of the survey. Based upon information provided by respondents and gathered by EnergyPoint, a breakdown of the resulting pool of evaluations is provided below.

<u>Respondent Type</u>	<u>No. of Evaluations</u>	<u>% of Evaluations</u>
Large Producer ¹	151	19.0%
Independent Producer	590	74.4%
Marketer/Aggregator	22	2.8%
Industrial	30	3.8%
 <u>Role in Selection of Providers</u>		
Primary Decision-maker	524	66.1%
Contributor to Process	244	30.8%
User of Services Only	25	3.1%
 <u>Years of Upstream Experience</u>		
0 – 4	11	1.4%
5 – 9	18	2.3%
10 – 19	233	29.4%
20 – 29	391	49.3%
30 +	140	17.6%
 TOTAL	 793²	 100.0%

SAMPLE SIZES

Results for companies that received 12 or more evaluations in the area of overall satisfaction are included in this report. This minimum, and a corresponding minimum of 10 evaluations (in most cases) for service category and region of use, was set in an effort to help reduce uncertainty in ratings and rankings due to sampling error. EnergyPoint does not maintain that the survey or this report includes all companies that could be viewed as major providers of natural gas midstream services. Inclusion in or exclusion from the survey or this report is not intended to reflect a company’s market share or prominence in any service category or region.

DESIGN & DEVELOPMENT

The survey was designed, managed and funded on an independent basis by EnergyPoint Research to facilitate the collection of customers’ opinions regarding providers of natural gas midstream services. EnergyPoint was not hired to perform the survey nor publish this report by any provider or user of natural gas midstream services. In developing the survey, EnergyPoint worked with industry professionals to develop questions focused on the attributes believed to impact customers’ satisfaction with providers of natural gas midstream services. The survey was conducted by traditional mail as well as online via a secure web-based platform.³

¹Includes supermajors, majors, and large independents. ²A total of 569 evaluations were completed on the 16 providers included in this report. ³Approximately 90% of evaluations were completed via traditional mail.

SURVEY CONTENT

Below is a **summary outline** of the survey upon which the results in this report are based.

1. Confirm your **name, company, title, job function** and **years of industry experience**.
2. Indicate your **role in the selection of midstream service providers** within your company (Primary Decision-maker, Contributor to Process, User of Services Only, or Other).
3. Indicate the **type of company** for which you work (Supermajor, Major, Large Independent, Independent, Small Independent, National Oil Company, Marketer, Consultant, Industrial, or Other).
4. Indicate where your company is **headquartered**.
5. On a 1-to-10 scale, where 1 = "Least Important" and 10 = "Most Important," indicate the **level of importance** you assign to each of the following when selecting or evaluating midstream service providers: Pricing & Contract Terms, Quality of Operations, Project Development Capabilities, Service & Professionalism, Quality of Personnel, Systems & Administration, and Corporate Capabilities.
6. Indicate the **midstream service providers** with whom you have significant experience and would like to evaluate (companies in **bold** are those included in this report).

AEP / Houston Pipe Line

AltaGas Services

ATCO

CenterPoint Energy Field Services

Copano Energy

Crosstex Energy

Duke Energy Field Services

Dynegy Midstream

Enbridge

Enerflex

Energy Transfer / TXU

Enogex

Enterprise Products

GulfTerra / El Paso Field Services

Kinder Morgan

Koch

MarkWest

Millennium Midstream

Northern Border

ONEOK Field Services

Red Cedar / Aka Energy Group

Regency Gas Services

SemGroup

Sid Richardson

Targa Resources

TEPPCO

Williams Midstream

Other (specify) _____

7. Using a 1-to-10 scale, where 1 = "Very Dissatisfied" and 10 = "Very Satisfied," indicate **your satisfaction** with the midstream services of each company you selected in the following areas:
 - a. **Pricing & Contract Terms:** i) general prices and contract terms, ii) prices and contract terms vs. competitors, iii) prices and contract terms vs. quality of service received (overall value).
 - b. **Operations:** i) reliability, capacity and condition of field assets, ii) productivity and efficiency of operations, iii) health, safety and environmental practices.
 - c. **Project Development:** i) ability to complete and manage projects on time and as specified, ii) ability to develop projects and solutions that are value-adding, iii) technical soundness and sophistication of developed projects.
 - d. **Service & Professionalism:** i) flexibility and responsiveness to customers' needs, ii) accountability in resolving problems and disputes, iii) integrity and ethical behavior.
 - e. **Personnel:** i) quality and capabilities of commercial and business development personnel, ii) quality and capabilities of engineering and operations personnel, iii) quality and capabilities of administrative, scheduling and accounting personnel.
 - f. **Systems & Administration:** i) ease and accuracy of nominations/scheduling processes and systems, ii) quality, availability and timeliness of measurement and field information, iii) timeliness and accuracy of invoices, notices and bulletins.
 - g. **Corporate Capabilities:** i) overall capabilities and resources of company as a provider of midstream services, ii) depth and breadth of company's midstream services, iii) geographic coverage of company's midstream services.
8. Indicate your **overall satisfaction** with the midstream service providers you selected. Also, indicate your satisfaction with the provider's services for the specific **service categories** and **regions** for which you utilize them.
9. How likely would you be to **recommend this company as a provider of midstream services** to others (1 = "Very Unlikely" and 10 = "Very Likely")?
10. Please provide any **additional comments** you have regarding the company or this survey.

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Ratings & Rankings

Overall Rank ¹	Company (Headquarters)	No. of Evaluations	Overall Rating ²	RANK BY Customer Type		RANK BY Service Type		RANK BY Provider Type	
				Large Customers	Small Customers	Gas – Oriented	NGL – Oriented	Large / Diversified	Regionals / Independents
1	MarkWest (Englewood, Co)	13		–	1	1	–	–	1
2	Copano Energy (Houston, Tx)	15		–	4	2	–	–	2
3	TEPPCO (Houston, Tx)	14		–	–	–	1	–	3
4	Regency Gas Services (Dallas, Tx)	14		–	–	6	–	–	4
5	Crosstex Energy (Dallas, Tx)	33		1	6	8	4	1	–
6	Targa Resources (Houston, Tx) ³	48		11	3	5	2	2	–
7	Kinder Morgan (Houston, Tx)	32		4	2	3	–	3	–
8	CenterPoint Field Services (Houston, Tx)	28		8	5	10	–	–	5
9	Williams Midstream (Tulsa, Ok)	26		7	7	7	6	4	–
10	Enbridge Energy (Houston, Tx)	56		2	9	9	3	5	–
11	Enterprise Products (Houston, Tx) ⁴	53		5	8	11	7	6	–
12	Energy Transfer (San Antonio, Tx) ⁵	44		3	13	4	5	7	–
13	Sid Richardson (Fort Worth, Tx)	27		6	11	12	8	–	6
14	Duke Energy Field Services (Denver, Co)	108		10	10	13	9	8	–
15	ONEOK Field Services (Tulsa, Ok)	29		9	12	14	10	–	7
16	Enogex (Oklahoma City, Ok)	29		12	14	15	11	–	8

¹Derived from the average ratings received in the areas of “Overall Satisfaction” and “Willingness to Recommend.” ²Based on a combination of a company’s standing relative to the providers included in this survey and to providers rated in other EnergyPoint surveys conducted since 2003. Ratings are out of a maximum of four ribbons. ³Includes Dynege Midstream ratings. ⁴Includes GulfTerra and El Paso Field Services ratings. ⁵Includes Houston Pipe Line ratings. A dash indicates the category does not apply to the company or the company did not receive the minimum number of evaluations needed to be included in this report.



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Attributes & Commentary

Attribute Rankings ^{1,2}

Overall Rank	Company (Headquarters)	Attribute Rankings ^{1,2}						Commentary & Analysis
		Operations	Project Development	Service & Professionalism	Personnel	Systems & Administration	Corporate Capabilities	
1	MarkWest (Englewood, Co)	A	A	A	A	A	B	Ratings mostly reflect satisfied customers in the areas of gas gathering and purchasing. Its strong performance suggests the company has what it takes to please customers in a fickle marketplace.
2	Copano Energy (Houston, Tx)	A	A	A	A	A	B	As Copano continues to expand its area of operations, quality and service don't appear to have been compromised. Faired well with respondents at larger companies. Back office functions also a strength.
3	TEPPCO (Houston, Tx)	A	A	A	A	A	A	This master limited partnership competes in a number of industry segments outside the scope of our survey. Nevertheless, customers like what they see in the midstream portion of its business.
4	Regency Gas Services (Dallas, Tx)	B	B	B	B	C	B	Attractive pricing appears to be what excited many respondents. The Dallas-based provider ranked well with both large and small customers, despite lacking the size and scope of some industry peers.
5	Crosstex Energy (Dallas, Tx)	A	A	A	A	A	C	Registered high marks for its ability to develop value-adding projects and solutions for customers. Sits atop our list of larger providers that can offer a broader range of services and geographic coverages.
6	Targa Resources (Houston, Tx)	B	B	B	B	C	B	Its acquisition of Dynegy's midstream group in 2005 made Targa an instant hitter in NGLs. Some of its systems and administrative functions, however, might need some attention from the front office.
7	Kinder Morgan (Houston, Tx)	B	A	A	A	B	A	A deft industry leader, Kinder Morgan held its own in our survey overall. Despite mediocre ratings in onshore gas gathering and transportation, the on-the-move company still bested many of its rivals.
8	CenterPoint Field Services (Houston, Tx)	C	C	B	B	B	C	Faired well in the highly-competitive Mid-Continent. The productivity and efficiency of its operations emerged as a relative soft spot, with the speed of well hookups a possible drag on its ratings.
9	Williams Midstream (Tulsa, Ok)	B	C	C	C	B	A	A major player in key gas producing regions, Williams realized solid scores in many areas. However, our info suggests its approach to developing projects with customers could benefit from an overhaul.
10	Enbridge Energy (Houston, Tx)	C	B	B	B	A	A	Received the second largest number of evaluations in the survey. If certain problem areas can be effectively addressed, substantial gains in satisfaction could be in store for the company.
11	Enterprise Products (Houston, Tx)	B	B	B	C	C	B	Enjoys a commanding ratings lead offshore after inheriting an enviable position in the Gulf with its acquisition of El Paso's midstream holdings. Garnered less noteworthy reviews onshore, however.
12	Energy Transfer (San Antonio, Tx)	A	C	B	B	B	B	Independents have real gripes with Houston Pipe Line's pricing and contract terms. Outside of HPL's low overall ratings, the company appears to be doing many things right in the eyes of respondents.
13	Sid Richardson (Fort Worth, Tx)	C	B	C	C	B	C	Too early to tell how SR's new ownership will impact this long-standing midstream player. As a group, service providers in the Permian Basin received the lowest overall ratings of any region in the survey.
14	Duke Energy Field Services (Denver, Co)	B	B	C	B	B	A	An industry heavyweight with standing in every service category and region in our report. Unfortunately, its size may hamper its ability to provide the kind of customer experience that makes a difference.
15	ONEOK Field Services (Tulsa, Ok)	C	C	C	C	C	C	This year's survey revealed few bright spots for ONEOK. The reliability and condition of its assets stood out as a sore spot with some, as did its lack of flexibility and responsiveness in dealing with customers.
16	Enogex (Oklahoma City, Ok)	C	C	C	C	C	C	Company's rating is one of the lowest we've seen since EnergyPoint began conducting surveys in the oil patch in 2003. Low marks for service and professionalism appear to be just part of the problem.

¹Top five of the survey group received an "A," Middle six of the survey group received a "B," Bottom five of the survey group received a "C." See page 3 for questions underlying attribute grades. ²The ratings and other information included in this report should not be construed as making any assertions or conclusions regarding any company's financial condition or compliance with any applicable laws or regulations. EnergyPoint makes no representations or warranties as to the accuracy or completeness of the information, data, and commentary included in this report. Readers should rely solely upon their own independent judgments, estimates, experience, and knowledge with respect to any conclusions or decisions related to providers or services covered in this report.

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SERVICE CATEGORY DESCRIPTIONS

Onshore Gas Gathering	The service of collecting onshore field gas at or near the well-head and delivering it to the inlet of a gas processing / treating plant or transportation pipeline.
Offshore Gas Gathering & Infrastructure	The service of collecting offshore field gas at or near the well-head and delivering it to the inlet of a gas processing / treating plant or transportation pipeline. Also includes platform and other offshore infrastructure assets and services.
Gas Processing & Treating	The service of extracting natural gas liquids, condensate, water, entrained solids, and contaminants such as carbon dioxide and hydrogen sulfide from field gas.
Gas Transportation	The service of shipping natural gas (typically on an intrastate basis) primarily from the outlet of a gathering system, processing / treating plant, storage facility, or transportation pipeline to an LDC, industrial end-user, gas storage facility, or transportation pipeline.
Gas Storage	The service of injecting, holding and withdrawing natural gas into, in or from an underground storage facility.
NGL Transportation	The service of shipping NGLs or natural gas liquid products from a gas processing or NGL fractionation plant, NGL transportation pipeline, or NGL storage facility to a fractionation plant, industrial end-user, NGL storage facility, or NGL transportation pipeline.
NGL Fractionation	The service of separating mixed NGLs into natural gas liquid products such as ethane, propane, butane, pentane, natural gasoline, and condensate.
NGL Storage	The service of injecting, holding and withdrawing NGLs or natural gas liquid products into, in or from an NGL storage facility.
Gas Purchasing	The service of purchasing customers' natural gas as an ancillary midstream service.
NGL Purchasing	The service of purchasing customers' NGLs and / or natural gas liquid products as an ancillary midstream service.

Note – The survey focused only on the natural gas midstream service categories listed above. It did not cover crude midstream services, regulated interstate or “long-haul” gas transmission, crude refining, or refined product transportation services.

2006 NATURAL GAS MIDSTREAM SERVICES SURVEY

SATISFACTION RANKINGS BY SERVICE TYPE & REGION

Number of Evaluations Shown in Parentheses

SERVICE TYPE

GATHERING & PROCESSING

- 1 MarkWest (10)
- 2 Copano Energy (11)
- 2 Kinder Morgan (17)
- 4 Regency Gas Services (10)
- 5 Targa Resources (39)
- 6 Enbridge Energy (43)
- 7 Williams Midstream (22)
- 8 Crosstex Energy (24)
- 9 Enterprise Products (39)
- 10 CenterPoint Field Services (21)
- 11 Sid Richardson (23)
- 12 Duke Energy Field Services (89)
- 13 Energy Transfer (31)
- 14 ONEOK Field Services (21)
- 15 Enogex (23)

GAS TRANSPORTATION & STORAGE

- 1 Williams Midstream (13)
- 2 Energy Transfer (26)
- 3 Kinder Morgan (11)
- 4 Enbridge Energy (28)
- 5 Targa Resources (14)
- 6 Crosstex Energy (13)
- 7 Enogex (12)
- 8 Enterprise Products (27)
- 9 Sid Richardson (13)
- 10 Duke Energy Field Services (40)
- 11 CenterPoint Field Services (10)

GAS PURCHASING

- 1 Targa Resources (31)
- 2 Crosstex Energy (14)
- 3 Enbridge Energy (32)
- 4 Kinder Morgan (28)
- 5 CenterPoint Field Services (15)
- 6 Energy Transfer (32)
- 7 Duke Energy Field Services (57)
- 8 Sid Richardson (17)
- 9 Enterprise Products (23)
- 10 ONEOK Field Services (17)
- 11 Enogex (14)

NGL SERVICES

- 1 Targa Resources (14)
- 2 Enterprise Products (11)
- 3 Duke Energy Field Services (20)

REGION

ONSHORE GULF COAST

- 1 Kinder Morgan (13)
- 2 Crosstex Energy (14)
- 3 Duke Energy Field Services (21)
- 4 Energy Transfer (22)
- 5 Enterprise Products (15)

ARKLATEX & MID-CONTINENT

- 1 MarkWest (9)
- 2 Kinder Morgan (13)
- 3 Energy Transfer (12)
- 4 Enbridge Energy (26)
- 5 Regency Gas Services (11)
- 6 CenterPoint Field Services (21)
- 7 Targa Resources (11)
- 8 Duke Energy Field Services (50)
- 9 Enogex (22)
- 10 ONEOK Field Services (24)

PERMIAN & TEXAS INTRASTATE

- 1 Energy Transfer (27)
- 2 Targa Resources (31)
- 3 Crosstex Energy (9)
- 4 Sid Richardson (25)
- 5 Kinder Morgan (9)
- 6 Enbridge Energy (22)
- 7 Enterprise Products (20)
- 8 Duke Energy Field Services (43)

ROCKIES & SAN JUAN

- 1 Enterprise Products (17)
- 2 Williams Midstream (16)
- 3 Duke Energy Field Services (9)

OFFSHORE GULF OF MEXICO

- 1 Enterprise Products (18)
- 2 Duke Energy Field Services (14)
- 3 Williams Midstream (13)

ABOUT ENERGYPOINT RESEARCH

OUR FOCUS

EnergyPoint Research provides independent research regarding oil and gas industry participants' satisfaction with the products and services they purchase and utilize. We offer industry professionals and their employers opportunities to provide **comprehensive** and **confidential** feedback to suppliers through objective and independent evaluation processes. In return for participating in our surveys, respondents and their employers receive **complimentary survey results** in the form of EnergyPoint's highly-regarded *MarketPartners*[®] Reports.

MARKETPARTNERS[®] PROGRAM

Through our *MarketPartners*[®] Program, EnergyPoint regularly surveys significant cross-sections of experienced industry participants involved in the selection and utilization of product and service providers. Survey participants range from managers at some of the world's largest energy companies to field personnel at regional independents. For more information on EnergyPoint Research and our *MarketPartners*[®] Program, go to www.energypointresearch.com.

SURVEYS & REPORTS

To help ensure that our research is both relevant and timely, EnergyPoint's surveys focus on the areas industry participants tell us are most important. We design our surveys to measure satisfaction by service and product attribute, customer and provider type, product and service category, geographic region, well and application type, respondent title and experience, and other appropriate measures. We provide survey results in two primary forms:

MARKETPARTNERS[®] REPORTS — Through the *MarketPartners*[®] Program, EnergyPoint provides complimentary survey results to all survey participants and their employers in the form of our *MarketPartners*[®] Reports. These high-quality reports are designed to **set a standard** for market-based evaluations in the industry and provide insightful information regarding the performance of product and service providers.

DETAILED DATA & ANALYSIS REPORTS — EnergyPoint also publishes comprehensive reports and data related to its surveys for sale to the providers rated. These same reports and data are also made available to other parties interested in our detailed survey results including exploration and production companies, consultants, analysts, investors, researchers, etc. These proprietary reports and data, for which EnergyPoint charges a fee, contain detailed results from our surveys plus **insightful analysis** designed to assist readers in identifying **specific factors** customers consider when assessing their satisfaction with suppliers. By providing comprehensive information that builds on the data presented in our *MarketPartners*[®] Reports, EnergyPoint believes its reports help foster improvements in product and service quality.

CONFIDENTIALITY

EnergyPoint takes great care to maintain high levels of **confidentiality** and **anonymity** related to the data it collects and publishes. While individuals' responses are included in EnergyPoint's various published reports and data packages, the names of individual respondents and their employers are not divulged.

LEARN MORE

To learn more about EnergyPoint Research and our commitment to the oil and gas industry, visit the company's website at www.energypointresearch.com. You may also e-mail us at marketpartners@epresearch.com or call us at 713.529.9450.

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