



East Cheyenne Gas Storage Completes Initial Facilities for Gas Storage Operations

East Cheyenne Represents First Independent Gas Storage Project For the Rockies and Colorado's Front Range

Houston, Texas April 11, 2012 -- East Cheyenne Gas Storage, LLC ("ECGS") has completed and successfully commissioned facilities to allow for withdrawal of natural gas from its FERC-certificated storage reservoir in Logan County, in northeastern Colorado. The ECGS project received its amended FERC authorization on April 12, 2011 (CP10-34, CP11-40) to develop the West Peetz and Lewis Creek reservoirs for natural gas storage under the Commission's market-based rate structure.

ECGS began building the initial injection facilities in the summer of 2011 and commenced injections in November 2011. Withdrawal facility construction, which began shortly afterwards, was completed prior to April 1, 2012. Withdrawal tests have been completed and the facility now offers a full range of storage services as provided in its FERC-approved tariff. ECGS will continue to develop the reservoir capabilities to the facility's certificated 18.9 BCF of working gas capacity. Market interest in available storage capacity has strengthened due to the significant overhang in total US working gas from last season; which is reflected in the widening price gap between the current summer/winter NYMEX delivery contracts.

"As the first operational independent storage project in the Rockies and the Front Range of Colorado, we are pleased to begin offering a full range of storage services including firm storage service, park and loan and other similar hub services at Cheyenne," stated Andy Lang, President of East Cheyenne Gas Storage. "We are proud of the fact that our team has accomplished the construction, start-up and full demonstration of injection and withdrawal capabilities, all within a year of receiving amended FERC approval."

The commencement of operations provides incremental services to regional customers with Cheyenne Hub pricing liquidity. The facility is strategically located to provide long-term interruptible and firm storage services to facilitate Colorado's growth in demand for natural gas fired power generation, resulting from conversion of coal-fired facilities, and to support the mandates for renewable energy sources for electric generation. Natural gas transportation dynamics from the Rockies has changed dramatically as a result of new supply sources in the US and Canada, adding to the need for regional storage to balance pricing volatility in light of near-term supply pricing pressure, creating an added incentive to store more natural gas to take advantage of winter demand.

ECGS is currently connected to the Trailblazer pipeline and will eventually connect to Rockies Express, on the same right-of-way, as provided in its FERC authorization. Trailblazer can provide firm access to the Cheyenne Hub for injection and withdrawal on a year-round basis. Current capacity at ECGS is greater than 50,000 Dth per day for injection and withdrawal, with 3 BCF of working gas capacity available for

firm service and expanding up to 11.5 BCF of working capacity in the first phase of facility development at West Peetz.

East Cheyenne Gas Storage is a natural gas storage project being developed by Merchant Energy Holdings, LLC, itself a wholly owned affiliate of QNGS Holdings, LLC which is a joint venture between Quantum Energy Partners and Dr. Larry W. Bickle, an industry leader in the development of merchant gas storage facilities. For more information, visit the company's website at <http://mehllc.com/>.

About Quantum Energy Partners

Founded in 1998, Quantum Energy Partners is a leading provider of private equity capital to the global energy industry with more than \$6.5 billion of assets under management. For more information on Quantum, please visit www.quantumep.com.

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