

PRESS RELEASE

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For immediate release

SGR HOLDINGS BEGINS CONSTRUCTION OF THE SOUTHERN PINES ENERGY CENTER; SELLS 40 PERCENT INTEREST TO ARCLIGHT CAPITAL PARTNERS

Houston, Texas—(January 31, 2006)—SGR Holdings, L.L.C. announced today that its wholly-owned subsidiary, SG Resources Mississippi, L.L.C. (SGRM) has begun construction on Phase I of the Southern Pines Energy Center, a new salt-dome natural gas storage project located in Greene County, Mississippi.

Construction began following the January 27, 2006, close of financing for the Southern Pines Energy Center project and the sale of a 40 percent interest in SGRM to an entity controlled by ArcLight Capital Partners L.L.C., a leading energy investment firm. SGR Holdings retains a 60 percent interest in the Southern Pines project.

“We are excited about our strategic alliance with ArcLight in developing the Southern Pines Energy Center” said Anthony J. Clark President. “ArcLight invests in assets across the energy industry value chain and their in-depth knowledge of the natural gas storage business makes them an excellent partner for us in the development of Southern Pines.”

Phase I of the high-deliverability Southern Pines Energy Center storage facility has been designed to provide 8 billion cubic feet (Bcf) of natural gas storage capacity. The project is estimated to begin service in summer of 2007. SGRM plans a Phase II development starting in 2006, which will add a second 8 Bcf cavern on the 80-acre Southern Pines site.

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“Supply interruptions last fall with Hurricanes Katrina and Rita have underscored the importance of natural gas storage in the Gulf Coast Region,” said Mark D. Cook, SGRM’s Vice President. “With increasing price volatility natural gas storage is becoming a more valuable tool of the energy portfolio. In particular the southeast region of the US energy grid needs additional infrastructure to support the large growth in population and energy demand and to help synchronize natural gas supplies with the peaking needs of increasingly weather sensitive loads. The Southern Pines Energy Center is ideally located to serve as a transportation and storage hub for markets served by some of the nation’s largest pipelines, providing consumers with an additional source of supply in times of crisis.”

Southern Pines is authorized to provide 12 Bcf of natural gas storage capacity on an open-access basis at market-based rates subject to authorizations that have been granted by the Federal Energy Regulatory Commission. It plans to seek commission approval to expand the authorized storage capacity to 16 Bcf. Once completed, the Southern Pines project will be capable of withdrawing up to 1.2 Bcf and injecting up to 0.6 Bcf of natural gas per day.

Southern Pines has obtained authorization to interconnect with the Destin Pipeline Company, LLC, pipeline system. SGRM plans to seek authorization to construct additional interconnects with pipeline facilities operated by Florida Gas Transmission Company, Transcontinental Gas Pipe Line Corporation, and Gulfstream Natural Gas System, LLC. Southern Pines will also offer indirect access to the Southern Natural Gas Company, Tennessee Gas Pipeline Company, and Gulf South Pipeline Company, LP systems.

For more information about the Southern Pines Energy Center, contact Mark D. Cook at (713) 914-8187, or mdcook@sgr-holdings.com.

SGR Holdings, L.L.C., a privately held Houston-based company, develops, owns, and operates high-deliverability, salt cavern natural gas storage facilities. Prior to SGR Holdings’ formation, the company’s management led the Market Hub Partners group from its creation in 1994 to its attainment of industry-recognized status as the largest owner/operator of salt cavern natural gas storage facilities in the United States. Further information concerning SGR Holdings is available on the Internet at www.sgr-holdings.com.

