



News Release

Media Contacts:

Ron Bahr (713) 316-6600
Gerald Hunter (972) 855-3116

Analyst Contact:

Susan Kappes Giles (972) 855-3729

Atmos Energy Subsidiary to Build Low-Pressure Natural Gas Gathering System in Western Kentucky

DALLAS (December 19, 2006)—Atmos Energy Corporation (NYSE:ATO) said today that its Atmos Pipeline and Storage, LLC, unit has executed agreements with Resource Energy Technologies, LLC, (RET) of Bardstown, Kentucky, to construct a low-pressure natural gas gathering system in Edmonson County, Kentucky. Atmos Energy said the new system should help relieve severe gas gathering and transportation constraints that have burdened natural gas producers in the area and should improve delivery reliability to gas customers.

Atmos Energy said its proposed Park City Gathering System initially will gather natural gas from 47 of RET's 60 shallow gas wells that are currently shut in without a market. The gas will be processed, compressed and delivered to Texas Gas Transmission's pipeline east of Bowling Green, Kentucky, for redelivery to consumers in the area.

The project, estimated to cost between \$2 million to \$3 million, will consist of 25 miles of low-pressure, polyethylene pipeline to gather wellhead gas and deliver it to a processing plant to be operated by HNNG Development, LLC, of Houston. Natural gas liquids and nitrogen will be removed from the gas before it is delivered to Texas Gas Transmission.

"We expect our Park City project to spur natural gas drilling and production in Edmonson and surrounding counties by providing the needed infrastructure for gas producers to move their gas to market," said Mark H. Johnson, senior vice president, nonutility operations, of Atmos Energy Corporation.

"It has been long known that this part of western Kentucky contains significant shallow natural gas reserves from several different formations, including the Ft. Payne Limestone, New Albany Shale and Silurian/Devonian carbonates, but these resources have remained underdeveloped because of the lack of gathering pipelines," Johnson said. "Our gathering system not only should help producers, but also should benefit area natural gas customers by bringing more gas supplies to market as demand continues to grow."

Johnson said the estimated economic benefit to Kentucky of the new gathering system could be significant. He said that, if drilling in the area increases as Atmos Energy expects, the state could realize an economic gain from increased wellhead sales revenues, severance taxes, property taxes and royalty-owner revenues.

The gathering system and processing plant are expected to begin operation in the fourth quarter of 2007, Johnson said.

Forward-Looking Statements

The matters discussed in this news release may contain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included in this news release are forward-looking statements made in good faith by the company and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. When used in this news release or in any of the company’s other documents or oral presentations, the words “anticipate,” “believe,” “estimate,” “expect,” “forecast,” “goal,” “intend,” “objective,” “plan,” “projection,” “seek,” “strategy” or similar words are intended to identify forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in this news release, including the risks and uncertainties relating to regulatory trends and decisions, the company’s ability to continue to access the capital markets and the other factors discussed in the company’s filings with the Securities and Exchange Commission. These factors include the risks and uncertainties discussed in the company’s Annual Report on Form 10-K for the fiscal year ended September 30, 2006. Although the company believes these forward-looking statements to be reasonable, there can be no assurance that they will approximate actual experience or that the expectations derived from them will be realized. Further, the company undertakes no obligation to update or revise any of its forward-looking statements, whether as a result of new information, future events or otherwise.

About Atmos Energy

Atmos Energy Corporation, headquartered in Dallas, is the country’s largest natural-gas-only distributor, serving about 3.2 million gas utility customers. Atmos Energy’s utility operations serve more than 1,500 communities in 12 states from the Blue Ridge Mountains in the East to the Rocky Mountains in the West. Atmos Energy’s nonutility operations, organized under Atmos Energy Holdings, Inc., operate in 22 states. They provide natural gas marketing and procurement services to industrial, commercial and municipal customers and manage company-owned natural gas storage and pipeline assets, including one of the largest intrastate natural gas pipelines in Texas. Atmos Energy is a Fortune 500 company. For more information, visit www.atmosenergy.com.

Atmos Pipeline and Storage, LLC, based in Houston, is a unit of Atmos Energy Holdings.

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