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## NiSource, Hilcorp Announce Major Utica Shale Venture

### Midstream and minerals agreements leverage NiSource asset value, generate long-term growth

MERRILLVILLE, Ind., July 9, 2012 /PRNewswire/ -- NiSource Inc.'s (NYSE: NI) Midstream & Minerals Group, LLC, today announced a joint venture with affiliates of Hilcorp Energy Company ("Hilcorp"), a privately owned oil and gas exploration and development company based in Houston, Texas, to construct new gathering pipeline infrastructure and natural gas liquids (NGL) processing facilities to support natural gas production in the Utica Shale region of northeast Ohio and western Pennsylvania. The first phase of the venture's investment program, amounting to approximately \$300 million, is planned for later this year.

As part of the agreement, NiSource also announced that it will participate in a separate joint venture with Hilcorp to develop the hydrocarbon potential on a significant combined acreage block in the Utica/Point Pleasant Shale formation in northeast Ohio and western Pennsylvania. NiSource will participate in the joint venture as a non-operating working interest owner in the total acreage position. Hilcorp will serve as operator and manage the development of the combined acreage.

"This joint venture, involving one of America's most respected and successful independent energy production firms, leverages NiSource's extensive asset base and operating experience in the Utica Shale region to create near-term value, as well as long-term sustainable growth for our customers and shareholders," NiSource President and CEO **Robert C. Skaggs, Jr.** said. "This is a tangible example of the various upstream and midstream growth options available to NiSource across the shale energy region. We will continue to build our inventory of growth and investment projects as development and delineation of the shale play unfolds."

### Supplying Critical Utica Pipeline and Processing Infrastructure

The newly named midstream joint venture, Pennant Midstream, LLC, will initially invest in the construction of 50 miles of 20-inch gathering pipeline facilities in northeast Ohio and western Pennsylvania. In addition, Pennant will invest in the construction and installation of a cryogenic NGL processing plant in Ohio with initial capacity of 200 million cubic feet (Mmcf) per day.

NiSource Midstream Services, LLC, will operate the system, which is expected to initially provide approximately 400 Mmcf per day of both wet and dry gas gathering, with significant anticipated expansion opportunities based on production activity in the area. The Hilcorp/NiSource upstream joint venture will anchor the project with a long-term gathering and processing agreement, while additional capacity will be marketed to other active producers in the area. The project is expected to be in service by the third quarter of 2013. Pennant is also reviewing multiple downstream NGL options with several parties, including the development of its own fractionation facilities.

"This project reinforces our leadership position in the Utica and our ability to quickly respond to the critical needs of our producer customers," **Jimmy D. Staton**, executive vice president and NiSource Gas Transmission & Storage group CEO, said. "We continue to evaluate a variety of options focused on leveraging our additional acreage holdings and asset position in the Utica Shale, and we expect the timing of future projects to correspond generally to the producer activity in those areas."

### About NiSource

NiSource Inc., based in Merrillville, Ind., is a Fortune 500 company engaged in natural gas transmission, storage and distribution, as well as electric generation, transmission and distribution. NiSource operating companies deliver energy to 3.8 million customers located within the high-demand energy corridor stretching from the Gulf Coast through the Midwest to New England. Information about NiSource and its subsidiaries is available via the Internet at [www.nisource.com](http://www.nisource.com). NI-F

### About Hilcorp

Hilcorp Energy Company is currently one of the largest privately-owned independent oil and natural gas companies in the United States. Headquartered in Houston, Texas, Hilcorp has over 1000 employees and engages in oil and gas exploration, development, and production in eleven operating areas, including the Cook Inlet region of Alaska, the Texas/Louisiana Gulf Coast, the Utica shale, the Gulf of Mexico, and the Rockies. Hilcorp's pipeline affiliates operate natural gas and oil pipelines in many of the geographic areas where Hilcorp has production.

### Forward Looking Statements

This news release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Those statements include statements regarding the intent, plans, belief or current expectations of NiSource and its management. Although NiSource believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Readers are cautioned that the forward-looking statements in this release are not guarantees of future performance and involve a number of risks and uncertainties, and that actual results could differ materially from those indicated by such forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include, but are not limited to, the matters set forth in the "Risk Factors" Section and the Note regarding forward-looking statements in NiSource's 2011 Form 10-K and subsequent filings on Form 10-Q, many of which are risks beyond the control of NiSource. NiSource expressly disclaims a duty to update any of the forward-looking statements contained in this release.

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