Natural Gas Pipelines

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KMP
Natural Gas Pipelines and Facilities

- Energy Partners, L.P.
- KMP
- Natural Gas Pipelines and Facilities

Map of KMP's natural gas pipelines and facilities, including:
- TransColorado
- Trailblazer
- REX
- KMLP
- MEP

Legend:
- Red lines: Natural Gas Pipelines
- Orange circles: Natural Gas Storage
- Diamond: Natural Gas Processing
- Rockies Express Pipeline
- In-Service

Number of facilities in specific areas indicated by (2, 3, 8).
KM Headquarters located at (2, 3, 8).

(2, 3, 8) indicates number of facilities in area.
★ KM Headquarters.
KMP Natural Gas Pipelines

Texas Intrastates
Trailblazer Pipeline
Kinder Morgan Interstate Gas Transmission
TransColorado
Midcontinent Express Pipeline
Rockies Express Pipeline
Kinder Morgan Louisiana Pipeline
Texas Intrastate Pipelines

- 6,000 miles of pipeline
- 5 Bcf/d capacity
- 123 Bcf on-system storage
- 915 MMcf/d processing capacity
- 250 MMcf/d CO2 treating capacity
**Texas Intrastate Pipelines**

**Continued Growth**

**Expansion of Existing Assets:**
- **Completed in 2007:**
  - 13 miles of 24” pipeline, $18 million – East Texas Expansion
  - 7 Bcf, $41 million – Markham storage expansion
- **Under Construction in 2008:**
  - 63 miles of 24” pipeline, $70 million - Goodrich Pipeline, in-service summer of 2008
  - An additional 13.5 Bcf of salt storage for in-service in 2008 through 2010
- **Future Growth Projects:**
  - Continued Storage Expansions
  - Potential of 11 gas fired electric power plant projects planned thru 2010 near our assets with a potential of up to 1 Bcf/d of incremental load
  - Various pipeline expansion projects: Katy, Goodrich, Motiva refinery and Mexico imports

*Large asset footprint provides real and continued opportunities for Expansion Capital Investment!*
Texas Intrastate Pipelines
Continued Growth

Growth from Existing Assets:

- Higher premiums for ratable / swing services, end-user gas sales, and transport
  - Value of storage services continues to increase
  - Rollovers of sales contracts at higher margins providing year on year growth
  - Improving transport margins on all customers, big CenterPoint contract started in 2007 with full-year benefit in 2008

- Strong performance from processing, treating and conditioning
  - Restructured third party processing contracts, providing more value to KM with no downside risk. Optimizing pipeline systems to isolate rich gas for transport to processing plants.
  - Gas purchase and transport contracts have treating and conditioning provisions
  - Market value for liquids in 2007 very good; trend to continue in 2008

- Steady performance in GLU

Continued “base hits” add up to continued year on year growth!
**Trailblazer Pipeline Company**

- **436 Miles of Pipe**
- **3 Compressor Locations with 58,000 HP**
- **Max Throughput = 0.878 Bcf/d**
- **Low cost pipeline out of region**
- **Long term contracts**

**Map Details**
- **Cheyenne Hub**
- **Huntsman Storage**
- **Lincoln**
- **Denver**
- **Colorado Springs**
- **Wyoming**
- **Nebraska**
- **Kansas**

**Legend**
- Purple: Trailblazer Pipeline
- Green: NGPL
- Orange: KMIGT
Kinder Morgan Interstate Gas Transmission (KMIGT)

- 4,500 miles of various diameter pipelines
- Markets:
  - LDCs, Industrials, & Ag. In NE, KS, & MO
  - Marketers transporting to mid-continent pipelines
  - End Users including Ethanol Plants
- Growth:
  - Colorado Lateral
  - Storage
  - Ethanol Plants
- Capacity
  - Transp. 830 MDth/d
  - Storage 10 Bcf
KMIGT Growth Projects...

■ **New LDC Connection - Colorado Lateral** is a new pipeline along the front range.
  - KMIGT has a long term binding transport agreement and is moving forward to construct a $29 million pipeline
  - In-service October 1\(^{st}\), 2008
  - Potential of future expansions to serve market

■ **Demand from Ethanol Plants** - In excess of 100 MDth/d of potential demand exists via proposed new ethanol plants or plant expansions
  - Initial $22 million expansion under way
    - In-service Sept 1\(^{st}\), 2008
    - Provides incremental service to five plants
    - Long-term binding contracts with high steady flow rates and credit support
  - Potential for additional expansion projects totaling from $25 to $50 million

■ **Storage Opportunities**
  - Evaluating small economic 1 to 3 Bcf expansions of existing storage fields.
  - Acquired rights to green field storage project with potential of up to 5 Bcf of working gas
TransColorado Pipeline

- 301 miles of 22” & 24” pipeline
- Originates at Greasewood CO
- Terminates at Blanco, NM
- Bidirectional Flow
  - Capacity North - 650 MDth/d
  - Capacity South
    - Phase I - 150 MDth/d
    - Phase II - 425 MDth/d
TransColorado Growth Projects...

Completed 250,000/day expansion for northbound capacity from Blanco to REX Pipeline
- $68 million capital investment
- Fully subscribed by ConocoPhillips
- In-service Jan 2008

Potential:
- New Producer Interconnects for example, Exxon Piceance Creek
- TransColorado Hub Service
- New Flexible Firm Services
- Phase 1 (Blanco) expansion
## Project Facilities Summary

<table>
<thead>
<tr>
<th>Diameter</th>
<th>Miles</th>
<th>Zone</th>
<th>Capacity</th>
<th>From - To</th>
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<tbody>
<tr>
<td>30”</td>
<td>40</td>
<td>1</td>
<td>850,000</td>
<td>Enogex to 802</td>
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<tr>
<td>42”</td>
<td>262</td>
<td>1</td>
<td>1,400,000</td>
<td>802 to End of Zone 1</td>
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<tr>
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<td>197</td>
<td>2</td>
<td>1,000,000</td>
<td>Begin Zone 2 to Transco</td>
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<tr>
<td>Total</td>
<td>499</td>
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Midcontinent Express Pipeline (MEP)

- **50/50 Joint Venture with ETC**
  - Key driver – Increasing production in Texas and Oklahoma
  - Kinder Morgan coordinating construction and will operate

- **MEP to Construct:**
  - 40 miles of 30”, 257 miles of 42” and 197 miles of 36”
  - 70,900 of horsepower at two compressor stations
  - **Total projected cost $1.3 Billion**

- **Customer Commitments:**
  - 1.0 Bcf/d of long term, binding commitments finalized in 2007
  - 0.25 Bcf/d of commitments being finalized in January ’08
  - Expect to sell out the project prior to in-service

- **Future Expansion Opportunity is Real:**
  - Significant production increases in the area upstream of the project
  - Kinder Morgan & ETC footprints provide supply access to the project
  - Potential greenfield storage development along the route
Midcontinent Express Pipeline (MEP)

Key Items:

- Major material acquired within budget (pipe, compression & valves)
- Agreements executed with construction contractors
- In-service date for entire system projected March 1, 2009

Schedule going forward:

- Draft EIS – Feb ‘08
- Final EIS – June ‘08
- FERC Certificate – July ‘08
- Begin Construction – July/Aug ‘08
- In-service – March 1st, 09 (potential early in-service for segments)
Rockies Express Pipeline (REX)

<table>
<thead>
<tr>
<th>OVER-THRUST CAPACITY LEASE</th>
<th>ROCKIES EXPRESS PIPELINE</th>
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<tr>
<td>REX IN-SERVICE</td>
<td>REX EAST</td>
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<tr>
<td>1,500,000 Dth/d - 2/2008</td>
<td>1,600,000 Dth/d - 12/2008</td>
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<tr>
<td>1,800,000 Dth/d - 7/2009</td>
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PIPELINE – 1,679 MILES

COMPRESSION – 460,000 Hp

- Rockies Express Pipeline-In-service
- Rockies Express Pipeline-REX East
- Lease of Overthrust Pipeline Capacity
- REX Compressor Station
- REX East Compressor Station
- Hub

Natural Gas Pipeline Company of America
Kinder Morgan Interstate Gas Transmission
TransColorado Gas Transmission
Trailblazer Pipeline
REX West Spreads
In-service Jan 12th up to the ANR Interconnect
Project Overview – Rockies Express

- **REX West – Construction is winding down:**
  - Commenced Interim Service Deliveries into NNG, NGPL and ANR on January 12, 2008
    - 1.4 Bcf of capacity
  - Expect to Commence Full Service on REX West to include PEPL (Audrain County, Mo.) in mid February, 2008
    - 1.5 Bcf/d of capacity

- **REX East – Will be constructed in 2008 & 2009:**
  - Expect to Commence Deliveries at Clarington, Ohio near the end of 2008

- **REX Pipeline capacity is sold out under long term binding commitments**

- **Total Projected Cost (Entrega & REX) = $4.89 Billion (up from $4.43)**
  - Entrega & REX West under budget, REX East projected to be over budget
  - As of In-service of the pipeline ownership will be: Kinder Morgan 50 %, Sempra Pipelines & Storage 25% and Conoco 25%
REX East Detail

2008 Construction:
- FERC approval anticipated in Spring 2008.
- Commencement of construction soon after FERC approval received.
- Partial in-service date for REX East Dec 31st, 2008 (to Clarington).
- Full 1.8 Bcf in-service (all compression) June 1st, 2009.

Material and Contractor update:
- Pipe on order and on schedule for construction
- Compression ordered and on schedule for construction
- Right-of-way 60% acquired
- Construction contractor agreements in place
  - Projecting cost increases above budget for pipeline construction (labor, equipment and incidentals have all seen escalations)
Significant additional growth potential via other opportunities to be captured…

- **Storage and Park and Loan Service**
  - Development and sale of storage off the pipeline

- **Interruptible and short haul service**

- **Hub service at various key locations**

- **Extensions and expansions off the project**
  - Continue to look at opportunities to extend the pipeline further east
  - Opportunities to connect additional markets along the way
Proposed REX Northeast Express

- **1.0 Bcf/d Expansion**
- **1.5 Bcf/d Extension**

Key Locations:
- Lebanon
- Clarington
- Oakford
- Princeton

Hub Service
Proposed REX / NGPL Chicago Project

- **Opal to Wamsutter 138 miles**
- **Wamsutter to Arlington CS 102 miles**
- **Arlington CS to NGPL CS#109 735 miles**

**Proposed REX Route (approx. miles):**
- REX-Meeker to Wamsutter
- REX-Opal to Wamsutter
- REX-Wamsutter to Arlington CS
- REX-Arlington CS to NGPL CS#109

**Proposed NGPL Route (approx. miles):**
- NGPL-CS#109 to Chicago

**Legend:**
- Rockies Express Pipeline-In-service
- Natural Gas Pipeline Company of America Trailblazer Pipeline
- Rockies Express Pipeline-REX East
- Kinder Morgan Interstate Gas Transmission
- Lease of Overthrust Pipeline Capacity
- TransColorado Gas Transmission
- Vector Pipeline
- Northern Border Pipeline
Kinder Morgan Louisiana Pipeline

Capital - $510 MM
- Construction has commenced!!

Project Description
- Rayne Lateral (Leg 1)
  - 137 miles 42"
  - 2,130,000 Dth/d
  - In-service Jan 1st, 2009
- NGPL Lateral (Leg 2)
  - 1 mile 36"
  - 1,597,500 Dth/d
  - Includes 200,000 Dth/d of lease capacity on NGPL to Johnson’s Bayou Southwest Loop area
  - In-service by September 1st, 2008
Kinder Morgan Louisiana Pipeline

Initial Project Capacity is Sold Out...

Executed Precedent Agreement with Chevron USA
- MDQ: 1,697,500 Dth
- Negotiated Rate: Fixed for term of contract
- Term: 20 years

Executed Precedent Agreement with Total Gas & Power North America, Inc
- MDQ: 1,697,500 Dth/d
- Negotiated Rate: Fixed for term of contract
- Term: 20 years
Beyond the Initial Project... Future Growth Potential:

- Continue discussions with multiple parties to potentially expand the capacity of the pipeline (with LNG upstream supply schedules extending discussions have continued)
  - Potential for an additional 300,000 to 1 Bcf of expansion capacity
  - Capex ranging from an additional $50 - $150 million

- Potential to connect to additional LNG Plants and / or storage facilities

- Smaller Opportunities Include:
  - Short-haul, IT and PALs services
KMP Gas Pipeline Group
The Future...

Base business growth on existing assets...

- Re-contract existing pipeline and storage capacity
- Capture margin growth on existing capacity

Growth opportunities from new projects focused on...

- Midcontinent Express, Rockies Express and KM Louisiana Pipeline
- New Projects to enhance or expand these Major Projects
- Storage (acquisition, development and expansions)
- Continued development of pipeline and storage projects off the existing asset base
- Continue to compete for new projects like MEP

Reinvest in existing assets...

- Operate a safe and reliable pipeline
- Continue as smart low cost operator