

by Rita Tubb ■ Managing Editor

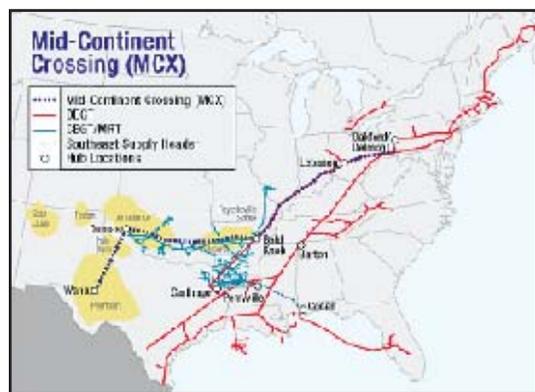
Despite Price Fluctuations, U.S. Demand Drives Pipeline Construction

With domestic natural gas demand projected to increase by 3.4 percent in 2007, pipeline companies are showing renewed interest in the construction of high pressure natural gas pipelines throughout the U.S. As a result, the pipeline construction market is booming and new pipeline projects are being announced almost daily. Some of the recently announced projects are being developed to provide access to major and prolific basins, while the aim of others is to relieve severe gas gathering and transportation constraints that burdened area natural gas producers.

Following is a brief rundown on several recently announced projects.

1,600-Mile Pipeline

CenterPoint Energy Gas Transmission (CEGT), in partnership with Duke Energy



Gas Transmission (DEGT), has announced plans to build a 1,600-mile natural gas pipeline.

If present schedules hold, the Mid-Continent Crossing pipeline will stretch from the Waha Hub near Plains, TX, to the Oakford/Delmont, PA, area and be in service by the 4Q 2008.

In a conference call with reporters, Byron Kelley, group president, CenterPoint Energy, Pipeline & Field Services, and Martha Wyrsh, president, Duke Energy Gas Transmission, explained the benefits of the proposed project.

Kelley said, "CEGT's initial open season for the Mid-Continent Crossing project was to solicit interest in a pipeline originating in Dumas, TX, and terminating in Barton, AL. Based on the initial interest received during the open season, a clear message emerged

from the marketplace that indicated we should consider a significant expansion of the scope of the original project in both the supply and market areas."

That's exactly what CEGT is proposing to do jointly with DEGT.

The proposed expanded pipeline, with a capacity of between 1.50 to 1.75 Bcf/d, will transport gas from points beginning near Plains, better known as Waha, TX, to an interconnection with Texas Eastern near Oakford/Delmont.

"Our market research shows that our overall gas consumption is going to continue to rise rapidly, particularly in the Southeast and Northeast markets," Kelley explained. "In these markets, customers are looking for security of supply. This project provides those markets in both the Southeast and Northeast access to a number of growing and reliable basins, including the Rockies, San Juan, Permian, Delaware, Granite Wash, Raton, Palo Duro, Anadarko, Arkoma and Fayetteville Shale."

Wyrsh noted that the Mid-Continent Crossing provides an important link for natural gas supply from these basins to reach the eastern markets.

"The eastern markets are premium markets," she said. "Markets that can support a significant increase in natural gas consumption and markets that will continue to grow when we can offer secure, long-term supply.

"Our customers are looking for supply diversification and access to reliable supply sources and producers are seeking outlets from these prolific supply basins. The Mid-Continent Crossing is a competitive alternative for producers to access these key markets and for customers in the Mid-west and East to access secure supply.

"One of the key benefits of the planned pipeline is that it will follow both companies' existing rights-of-way for the majority of the route. It seems simple, but anyone building a pipeline today knows that working on existing rights-of-way is an invaluable advantage for anyone trying to build a greenfield project. As a result of this right-of-way advantage, we anticipate this pipeline should come to market faster and with minimal environmental, community and land-owner impacts," she said.

The non-binding open season for the Mid-Continent Crossing ran until July 31. Shippers seeking information on the project should contact Brian McKerlie (DEGT) at bmckerlie@duke-energy.com or 713-627-4582 or John Haynes at john.haynes@CenterPointEnergy.com or 713-207-5130.

Southeast Supply Header

Also in recent weeks, the FERC approved plans by CEGT and DEGT to begin the



pre-filing process for the construction of approximately 270 miles of new 36-inch diameter natural gas pipeline as well as new compression from the Perryville Hub in northern Louisiana to the Gulfstream Natural Gas System near southern Mobile County, AL.

The proposed project, known as the Southeast Supply Header, would link the onshore natural gas supply basins of east Texas and northern Louisiana to Southeast markets now predominantly served by offshore natural gas supplies from the Gulf of Mexico. This pipeline would give customers an important alternative to offshore supply, which can be vulnerable to weather-related service disruptions.

Along its route, the Southeast Supply Header would interconnect with several interstate natural gas pipelines, providing opportunities for supply to reach Mississippi and Alabama customers. The pipeline is anticipated to be in service in the summer of 2008.

KMP's Calneve Pipeline Expansion

Kinder Morgan Energy Partners, L.P. recently approved the funding to begin engineering and design work to substantially

Pipeline Construction

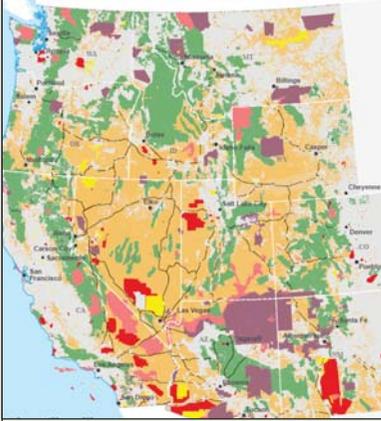
Joint Venture Pipeline Proposal

Boardwalk Pipeline Partners, LP Energy Transfer Partners LP and ONEOK Partners LP have signed a letter of intent regarding the formation of a joint venture to construct a new interstate pipeline originating in North Central Texas, crossing the states of Oklahoma, Arkansas and terminating in Coahoma County, MS, at a new interconnect with Texas Gas Transmission LLC. The proposed project would have initial capacity of up to 1.0 Bcf/d. Together, the three sponsors collectively bring value to the project: Boardwalk with access to numerous markets in the Midwest, Northeast and Southeast through interconnects on Texas Gas and Gulf South; Energy Transfer and ONEOK Partners with extensive intrastate pipelines and gathering assets in Texas and Oklahoma.

The parties are also in discussions to commit to subscribing for substantial capacity in support of the project. ■

Feds Propose Corridors For Pipelines In 11 Western States

Federal agencies are finalizing designated energy corridors on federal lands in 11 western states to minimize the time it takes to site and approve oil, natural gas, electric transmission and hydrogen pipelines. The accompanying map of the preliminary corridors was developed using comments received during a public scoping period last year in the affected states.



The corridor designation mapping effort is a joint project of the Department of Energy, the Bureau of Land Management, the USDA Forest Service and the Department of Defense.

According to agency officials, designating corridors where pipelines and transmission lines may be built in the future will help reduce environmental impact and conflicts with other uses of federal lands. Individual projects proposed for these corridors will be analyzed further under the National Environmental Policy Act (NEPA) for their environmental impact.

The BLM is quick to note that the preliminary energy corridor locations depicted on the map represent ongoing work by the agencies. Therefore, the corridor locations shown are subject to change until they are officially established in August 2007. The majority of the preliminary energy corridors use existing corridors and/or rights-of-way, however, there are a small number of potential new corridor locations.