

WYOMING BUSINESS REPORT

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Gov celebrates opening of Rockies Express Pipeline

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CHEYENNE — At 2 p.m. today, Gov. Dave Freudenthal and representatives from the Rockies Express natural gas pipeline, celebrated the completion of the line, one of the largest ever constructed in the United States. The final 195 miles of the eastern portion of the pipeline became operational last week, according to Kinder Morgan Energy Partners LP, which owns 50 percent of the line.

At 1,679-miles long, the pipeline connects the natural gas fields of Wyoming and the Rocky Mountain West with consumers in the Midwest and East, delivering of 1.8 billion cubic feet per day to eastern Ohio and points east through existing pipelines.

Doug Walker, president of Rockies Express Pipeline (REX), said completion of the \$6.8 billion project is a "significant accomplishment" for the nation's energy infrastructure but "almost bittersweet" for the nearly 20,000 people who worked on the pipeline. The gas carried in the pipeline can heat four million homes.

The governor called the pipeline as "an important step for the state's long-term energy future" by providing access to eastern markets, and he and other officials said it also expands the takeaway capacity for Rocky Mountain natural gas.

Until recently, state and regional pipelines were running at 85 percent or better capacity, and Wyoming gas producers were forced to accept lower prices if they wanted to get their natural gas to market. This is what is termed as the price differential between Wyoming collection centers or hubs, and other markets in the region or the country.

Depending upon the imbalance between natural gas production and pipeline capacity, the price differential was as much as \$4 per thousand cubic feet last year, between the Opal Hub in western Wyoming, and the Henry Hub in Louisiana.

Now, with new pipeline capacity coming on stream in Wyoming and the Rockies, the price differential has virtually disappeared, according to Rob Hurless, the governor's energy advisor, and Mark Dolger, a Casper geologist and chairman of the Wyoming Natural Gas Pipeline Authority, which helped facilitate REX.

The Rockies Express pipeline is a joint venture of Kinder Morgan Energy Partners L.P., along with Sempra Pipelines & Storage (a unit of Sempra Energy) and ConocoPhillips, which each own 25 percent of the pipeline.

Last week Jeff Sheets, ConocoPhillips' senior vice president of Planning & Strategy, told attendees of the Bank of America Merrill Lynch Energy Conference that the oil giant could sell its 25 percent stake in the Rockies Express as part of the company's plan to divest itself of \$10 billion in assets to improve its financial position. The company's third quarter earnings were \$1.5 billion, down 71 percent compared with the \$5.2 billion earned in the same period in 2008.

On the Web:

www.rexpipeline.com

www.kindermorgan.com

www.conocophillips.com