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Natural Gas Pipelines

Scott Parker

President Natural Gas Pipeline Group

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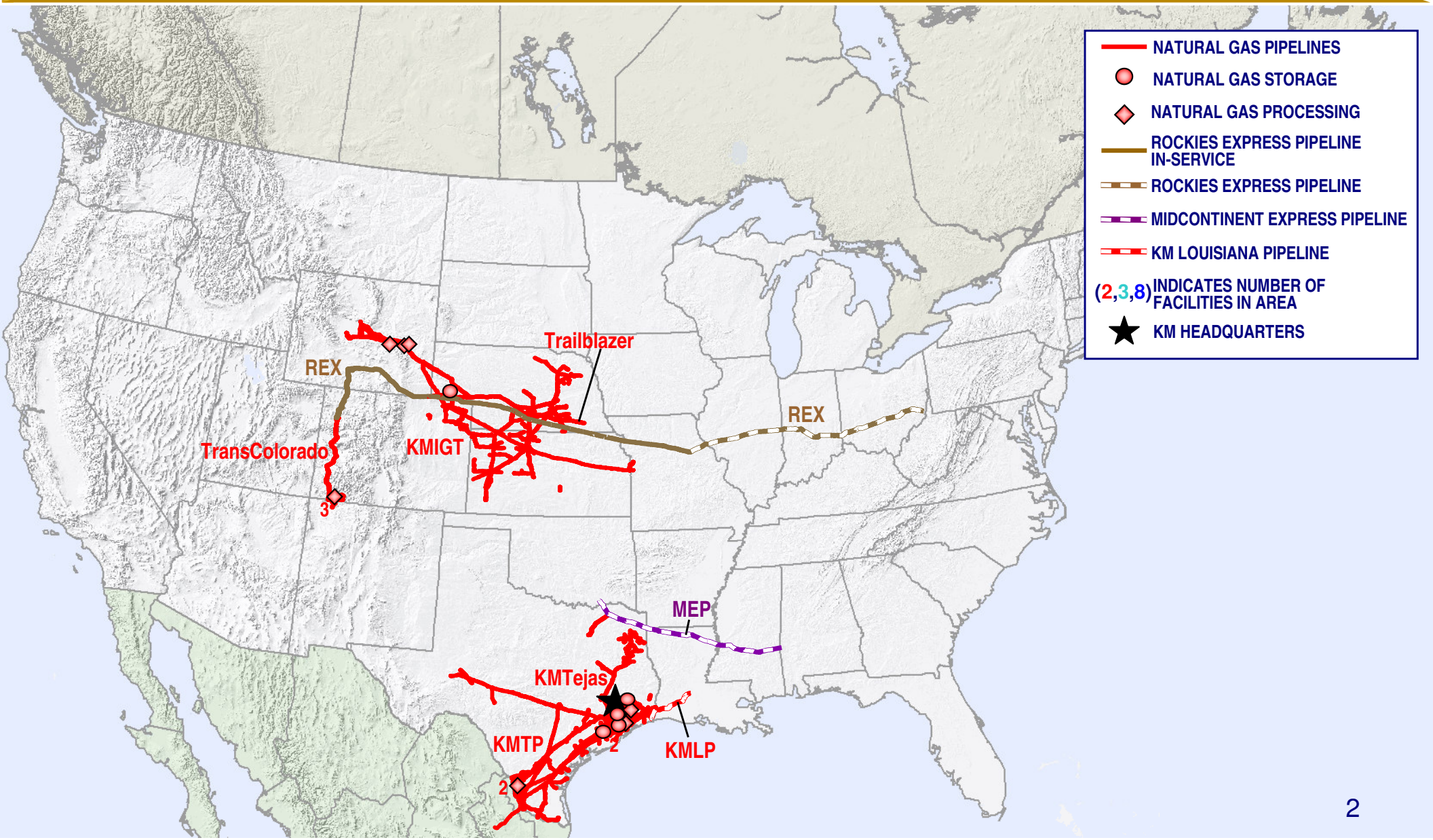
KMP

Natural Gas Pipelines and Facilities



KMP Natural Gas Pipelines

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

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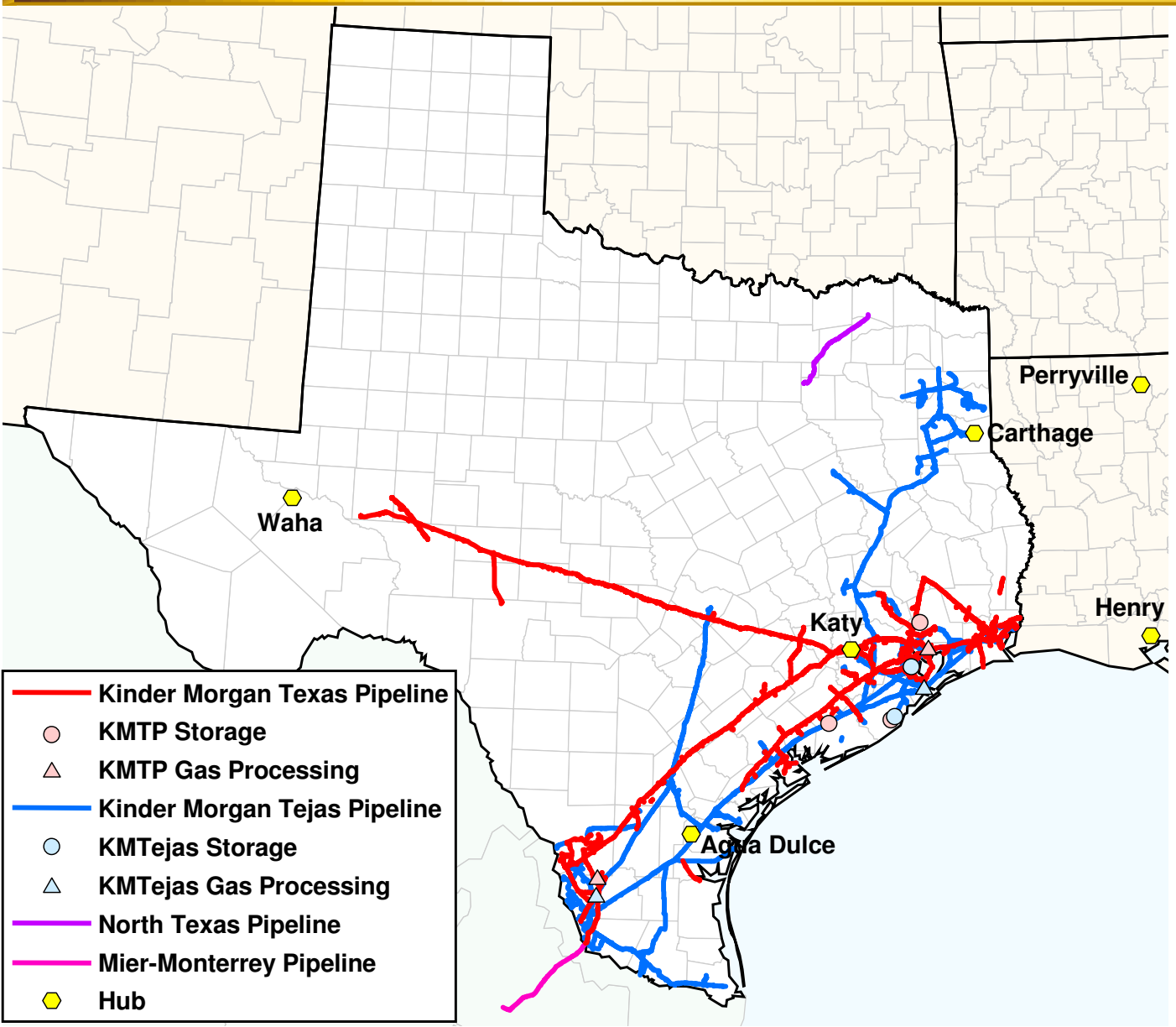
Texas Intrastate Pipelines



- 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

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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!

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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!

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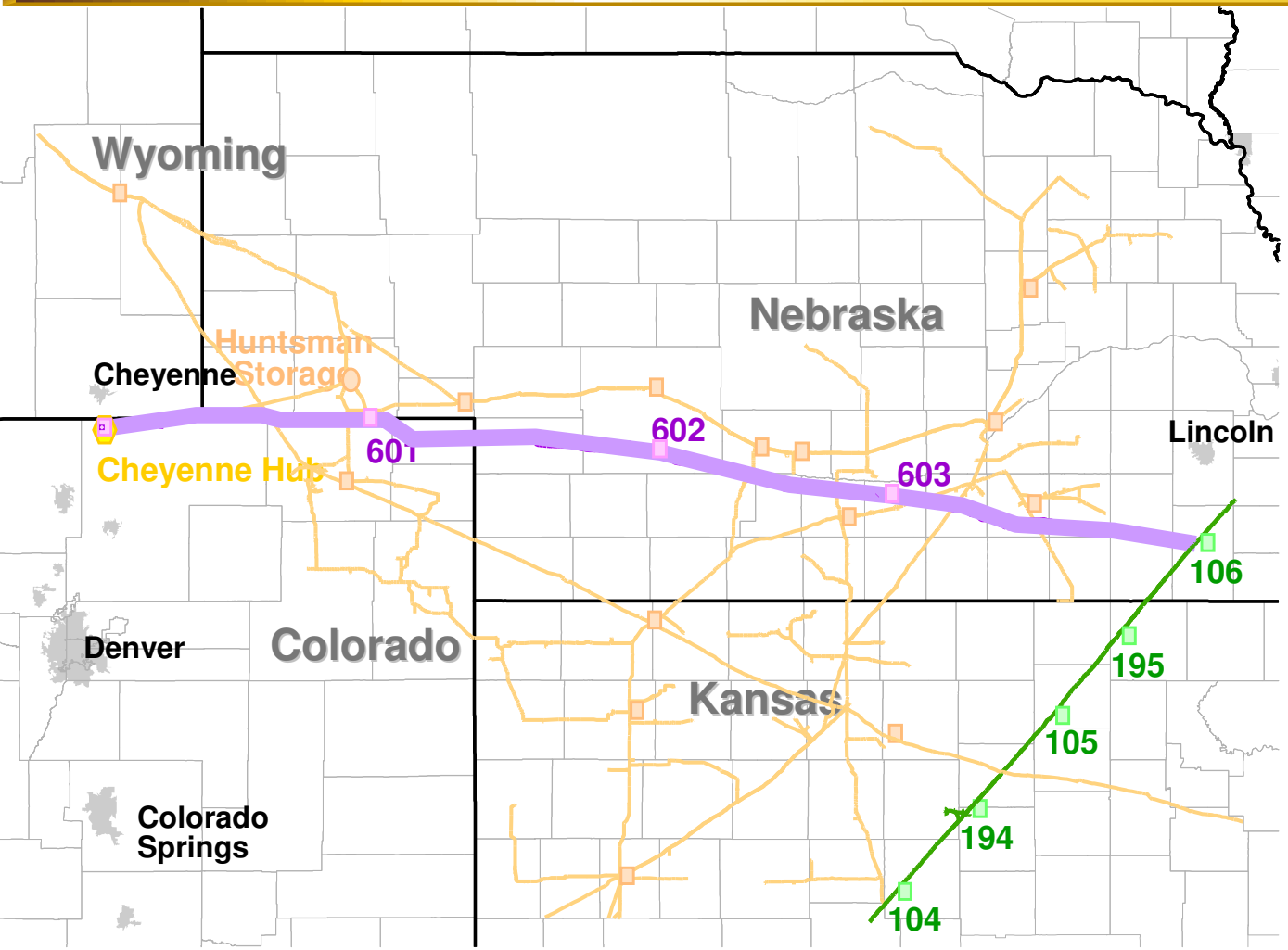
Trailblazer Pipeline Company



Trailblazer

- 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

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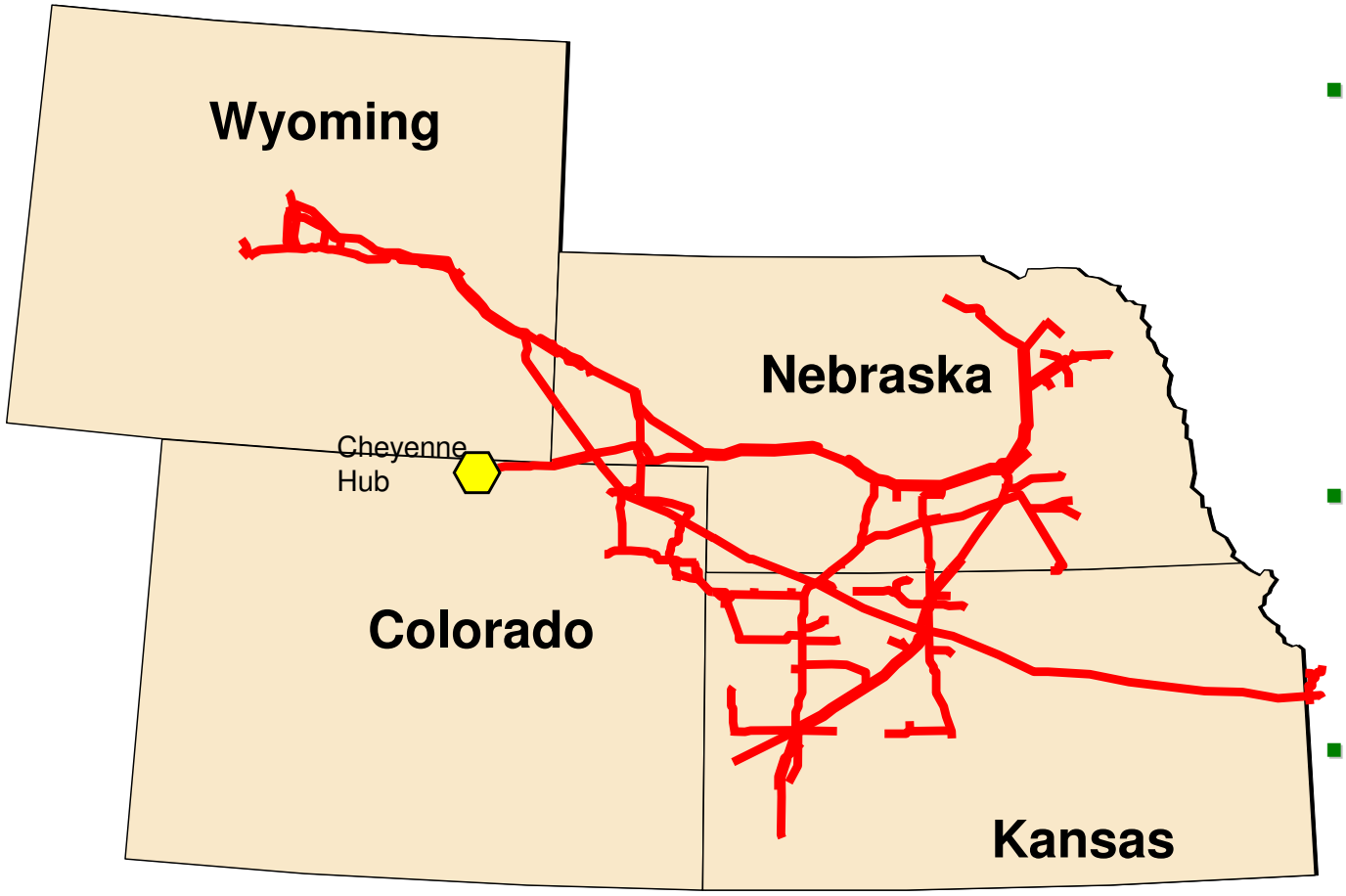
Kinder Morgan Interstate Gas Transmission (KMIGT)



- **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

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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 1st, 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 1st, 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

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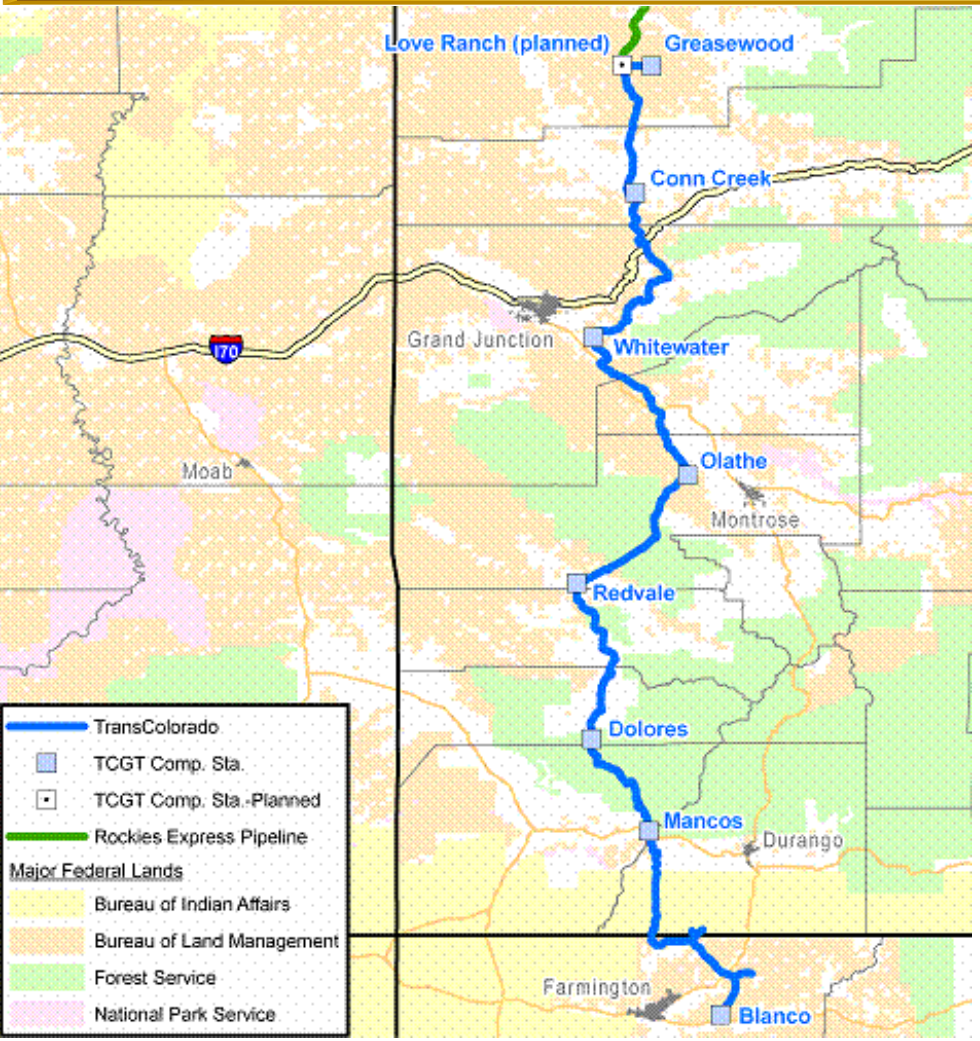
TransColorado Pipeline



TransColorado

- 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

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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

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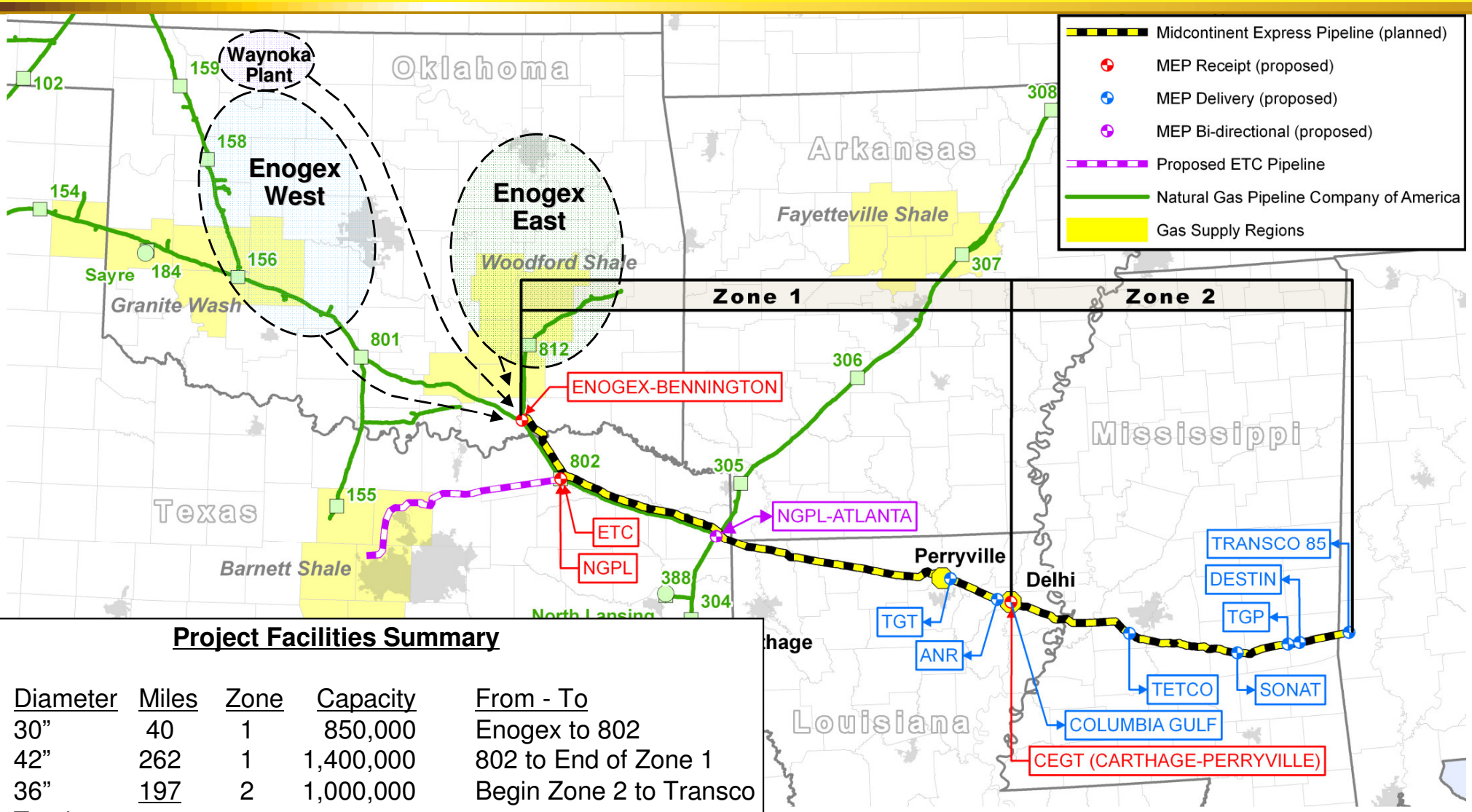
Midcontinent Express Pipeline



Project Facilities Summary

Diameter	Miles	Zone	Capacity	From - To
30”	40	1	850,000	Enogex to 802
42”	262	1	1,400,000	802 to End of Zone 1
36”	197	2	1,000,000	Begin Zone 2 to Transco
Total	499			

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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)

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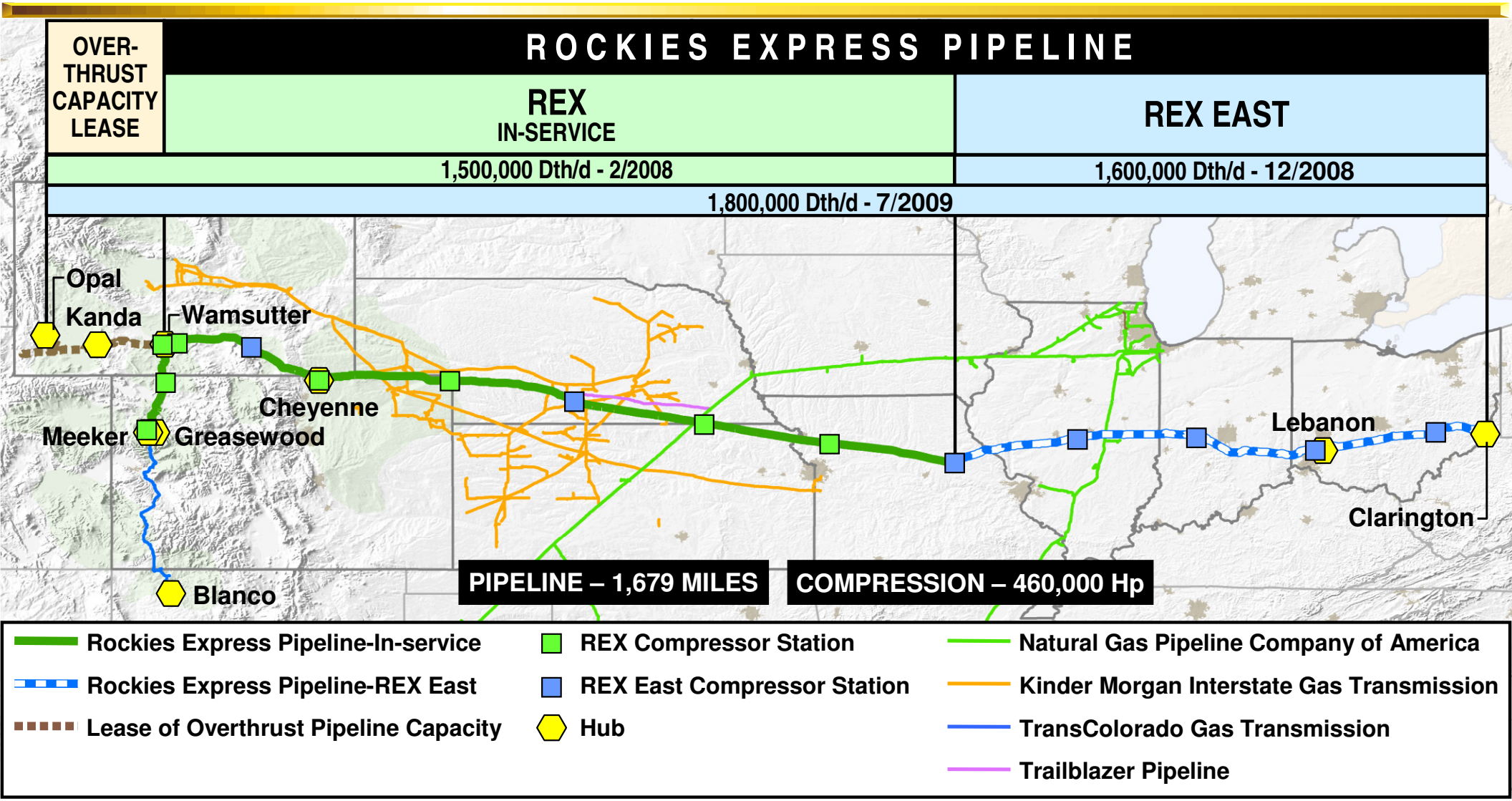
Rockies Express Pipeline (REX)



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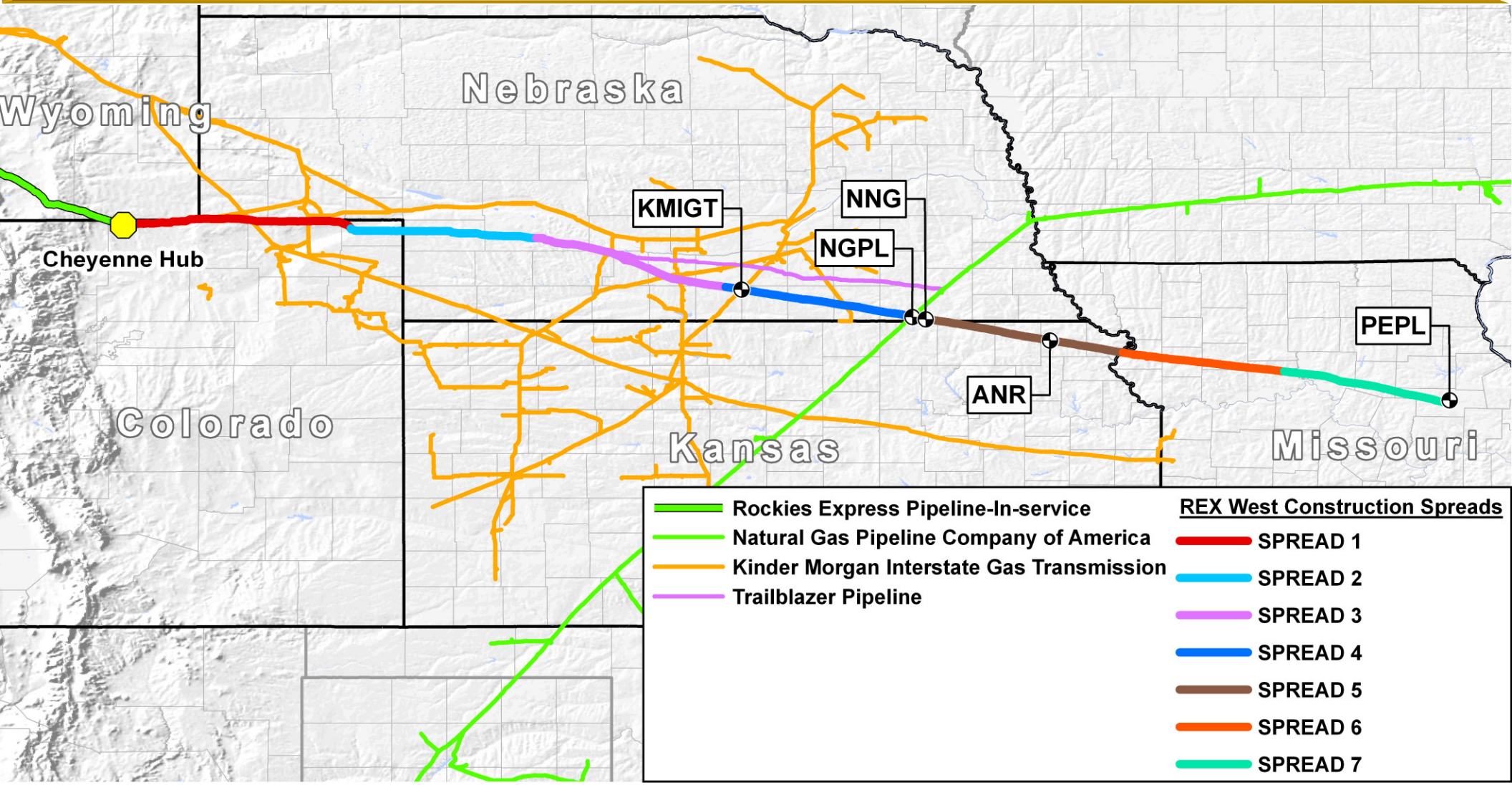
REX West Spreads

In-service Jan 12th up to the ANR Interconnect



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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%

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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)

REX Future Opportunities…

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

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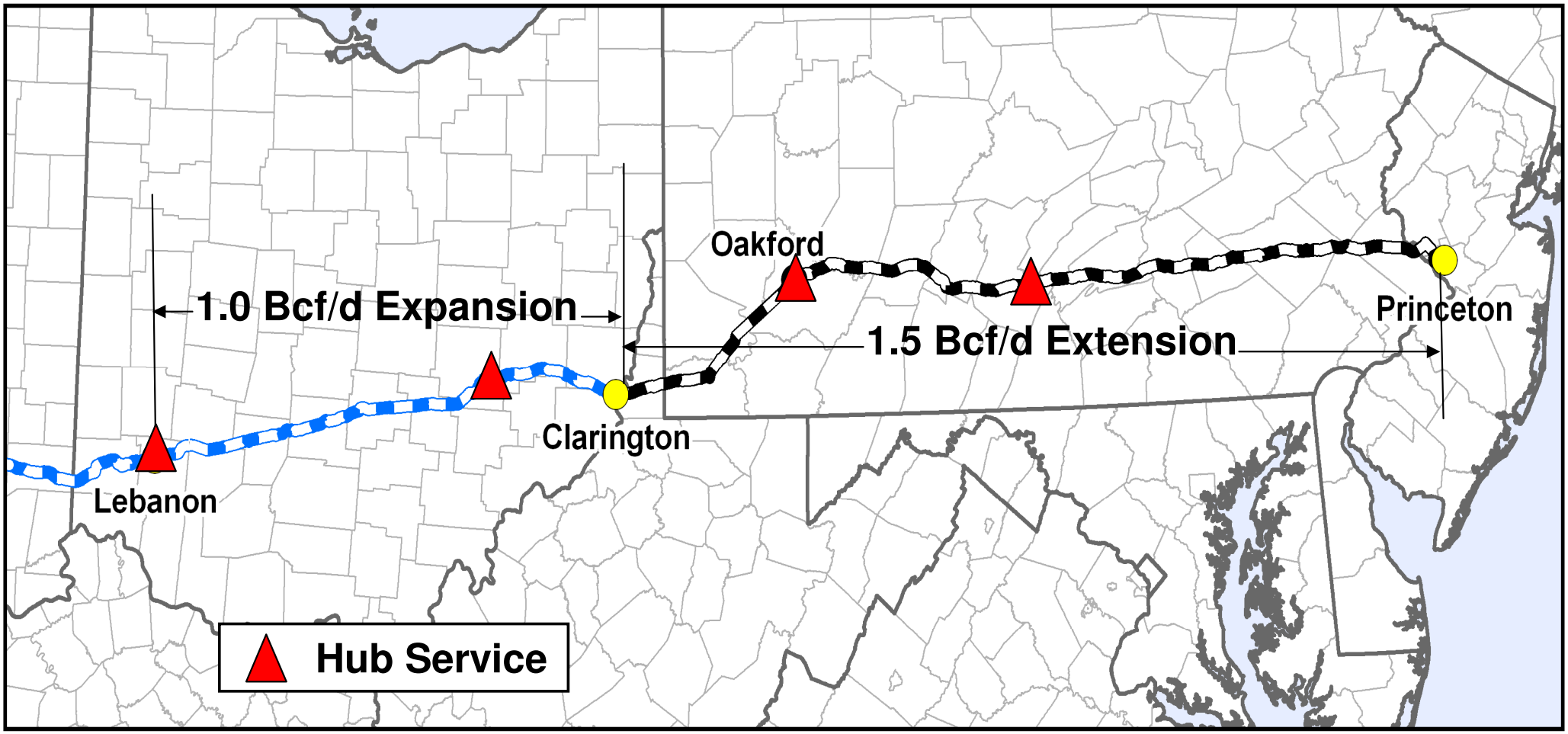
Proposed REX Northeast Express



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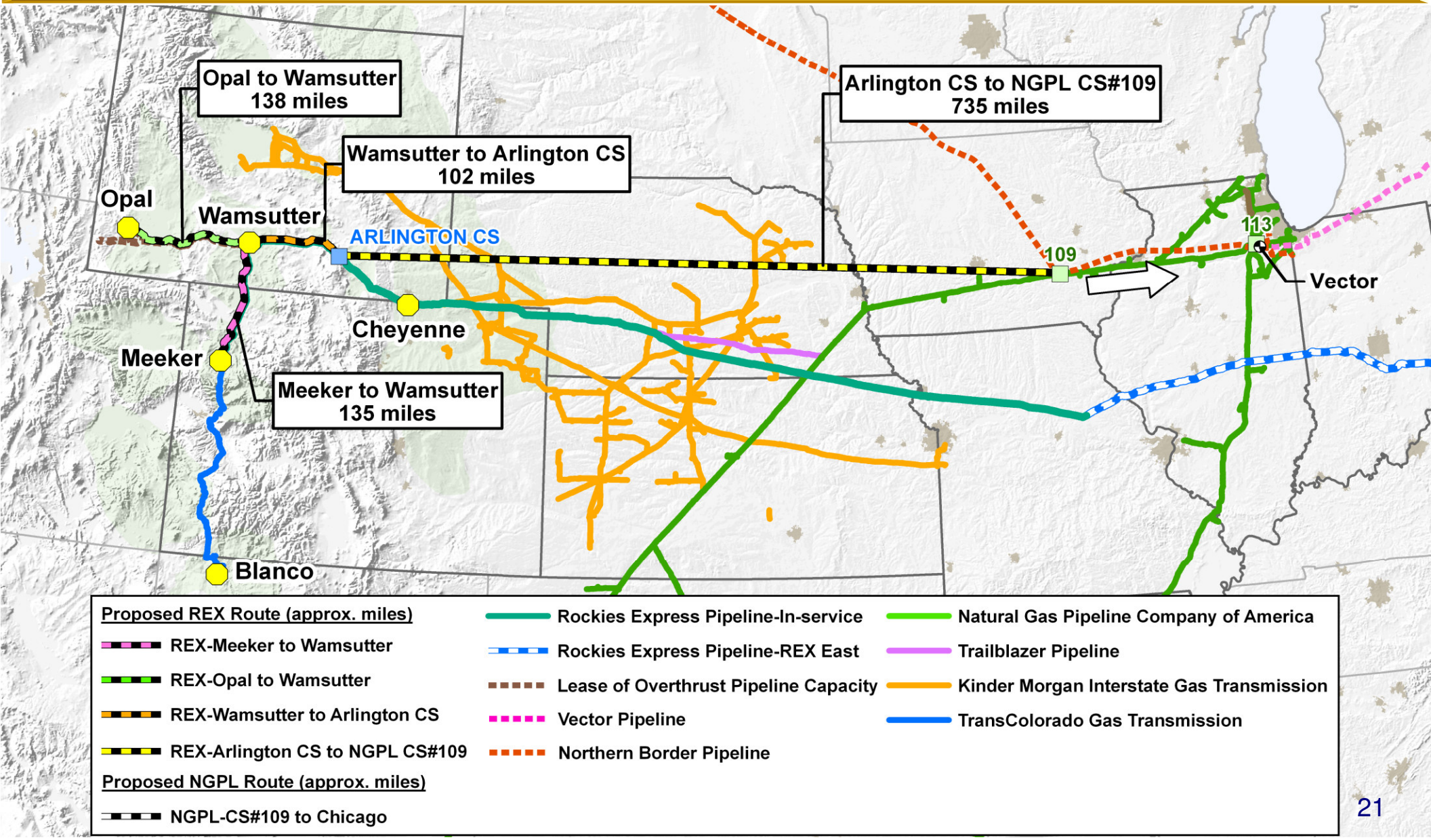
Proposed REX / NGPL Chicago Project



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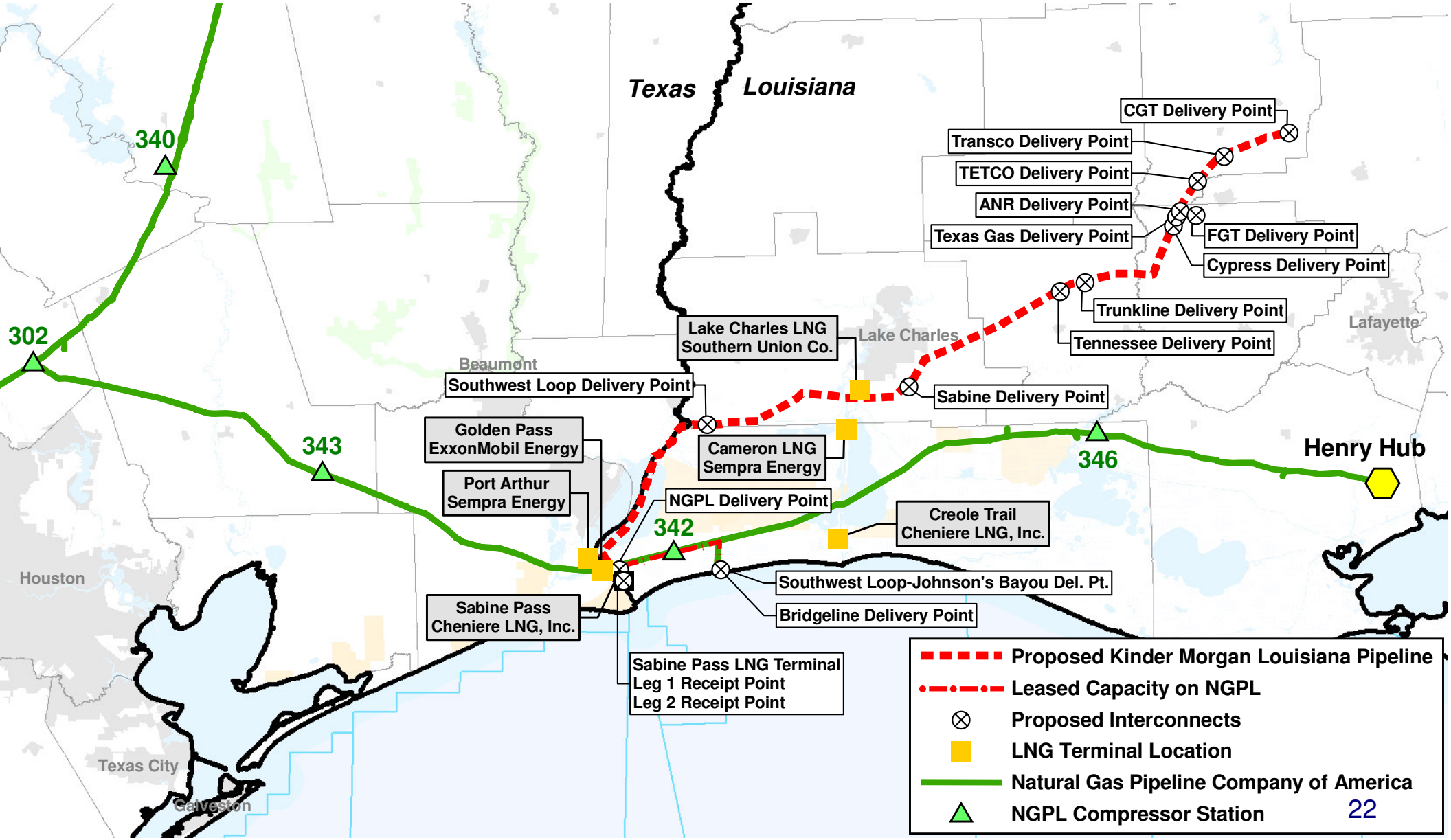
Kinder Morgan Louisiana Pipeline LLC



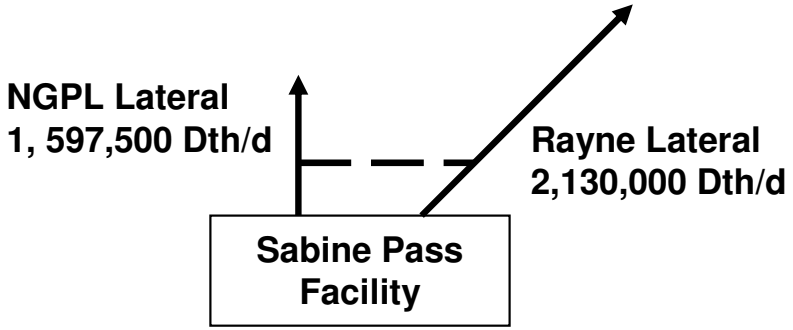
Kinder Morgan Louisiana Pipeline

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



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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

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Kinder Morgan Louisiana Pipeline

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

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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