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FEATURE

Pickens: U.S. Can Either Support North American Energy Production Or Let OPEC Dictate Energy Future

T. Boone Pickens has never been one to mince words and that trait continued as he discussed the state of the U.S. oil and gas industry at Hart Energy's DUG East conference in Pittsburgh recently.

Regarding last week's move by the U.S. State Department to revisit its decision on the Keystone XL pipeline, he said, "That line should be built and we should capture the oil from Canada, but the [government] says this will not be acted on until the second quarter of 2013. I promise that if they wait that long Enbridge will build a pipeline out of Fort McMurray and go west to Kitimat, where the oil will go to the Chinese. If that happens, we are complete fools in this country because we should capture everything in North America that we can to cut off the purchases from OPEC and use our own resources."

T. Boone Pickens
BP Capital Management Chairman

Pickens has long been a proponent of increasing the development and use of North American resources to curtail the use of foreign oil and gas. Indeed, his ultimate goal for the country is for energy independence, which he believes is possible thanks to the shale plays.

"Our energy outlook is vastly different than it was five years ago. Shale gas showed

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TOP NEWS

Enbridge, Enterprise To Reverse Oil Flow At Seaway Pipeline

Enbridge Inc., Calgary, (NYSE, TSX: ENB) and Enterprise Products Partners LP, Houston, (NYSE: EPD) have agreed to reverse the direction of crude oil flows on the Seaway pipeline to enable it to transport oil from Cushing, Okla., to the U.S. Gulf Coast. Pending regulatory approval, the line could operate in reversed service with an initial capacity of 150,000 barrels per day by second-quarter 2012.

"The Seaway Pipeline reversal provides an early opportunity to offer Gulf Coast access to midcontinent producers and other crude oil shippers," says Patrick D. Daniel, president and CEO, Enbridge Inc. "A Seaway reversal will provide capacity to move secure, reliable supply to Texas Gulf Coast refineries, offsetting supplies of imported crude."

Michael A. Creel, president and CEO of Enterprise's general partner, says, "We congratulate Enbridge on its agreement to purchase a 50% interest in Seaway. We believe that reversing the direction of crude oil movement on Seaway and the construction of additional infrastructure will accelerate access to Gulf Coast markets, reduce transportation costs, improve both producer and refiner economics and hasten the development of North America's crude oil reserves."

Following pump station additions and modifications, anticipated to be completed by early 2013, the capacity of the reversed Seaway Pipeline will be up to 400,000 barrels per day in mixed service. Enbridge and Enterprise expect that the reversed Seaway pipeline will be fully contracted. The partners anticipate conducting an

(continued on page 9)

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NGL PRICES

Isobutane Prices Jump At Both Hubs

Isobutane prices experienced dramatic increases the week of Nov. 9 at both Mont Belvieu and Conway as a result of increased propylene alkylation demand combined with an outage of one of Enterprise Products Partners' isomerization units.

This resulted in isobutane prices soaring above all other NGLs at both hubs with the Conway price increasing 15% to $2.21 per gallon (/gal) while the Mont Belvieu price improved 8% to $2.38/gal.

Both prices were the highest at their respective hubs since July 2008, before NGL prices crashed due to the financial recession that caused commodity and stock prices to drop across the board. The Conway price was the highest at the hub since it was $2.26/gal the week of July 16, 2008, and the Mont Belvieu price was the highest since it was $2.44/gal the week of July 9, 2008.

Isobutane prices were also positively impacted by improved crude prices, which also helped push C5+ prices to $1.98/gal at Conway. This 2% gain marked the highest price at the hub in a month. The Mont Belvieu price was largely unchanged from last week as it was down very slightly to $2.28/gal.

Ethane prices remained strong at Mont Belvieu as cracking rates are still above 90% and near 975,000 barrels per day; however, the price did drop 1% to 90¢/gal. This was the lowest price in five weeks at Mont Belvieu, but this still marks the fifth highest price since the fall of 2008. Cracking levels will grow even further next week when it is anticipated that Shell's Deer Park cracker is brought back online from planned maintenance.

While isobutane and Mont Belvieu ethane both approached these 2008 levels, the same could not be said of Conway ethane, which continues to slump because of a limited market. The Mid-Continent price remained largely unchanged at 36¢/gal, which is the third lowest price in 2011.

Although propane export demand dropped in November, domestic demand picked up slightly the week of Nov. 9 as the Mont Belvieu price rose 1% to $1.47/gal. The Conway price was slightly lower at $1.31/gal, but largely unchanged from the previous week.

This increased demand was caused by colder weather in parts of the U.S., which also helped to finally generate crop-drying demand from farmers. Heating demand will certainly pick up around the country at some point when winter finally settles in, but with the harvest nearly over it is largely a lost season for propane demand on that front. It certainly appears that the propane market has also settled as the price has generally stayed flat for the past six weeks at both hubs.

Butane prices have also flattened for the past six to seven weeks at both hubs because of the high favorability of ethane over butane amongst crackers. Both the Mont Belvieu and Conway prices were down very slightly with the Texas price at $1.81/gal and the Kansas price at $1.55/gal.

– Frank Nieto

NGL PRICES

Mont Belvieu	Eth	Pro	Norm	Iso	Pen+	NGL Bbl
Nov. 9 - 15 '11	89.68	147.24	180.52	237.53	228.28	$62.65
Nov. 2 - 8 '11	90.44	145.58	181.12	220.93	228.90	$62.19
Oct. 26 - Nov. 1 '11	91.68	146.90	180.34	207.48	227.06	$62.02
Oct. 19 - 25 '11	93.68	147.12	181.60	209.15	229.83	$62.65
October '11	88.04	147.23	179.87	208.39	226.82	$61.48
September '11	77.53	156.11	192.19	216.45	236.73	$62.45
3rd Qtr '11	76.03	153.87	188.27	208.52	237.59	$61.59
2nd Qtr '11	75.14	149.59	186.75	202.07	248.23	$61.42
1st Qtr '11	63.74	137.32	175.07	186.15	228.46	$55.82
4th Qtr '10	59.07	126.07	162.01	168.24	198.89	$50.59
Nov. 10 - 16 '10	63.90	126.28	162.14	165.88	198.84	$51.30
Conway, Group 140	**Eth**	**Pro**	**Norm**	**Iso**	**Pen+**	**NGL Bbl**
Nov. 9 - 15 '11	36.36	130.84	154.72	221.43	197.67	$48.99
Nov. 2 - 8 '11	36.33	131.60	155.14	192.00	193.36	$48.01
Oct. 26 - Nov. 1 '11	35.58	133.28	154.64	186.95	192.40	$47.86
Oct. 19 - 25 '11	37.08	133.46	151.74	184.38	201.08	$48.50
October '11	37.79	136.85	153.16	189.69	194.62	$48.80
September '11	42.28	142.40	169.17	208.84	200.28	$51.93
3rd Qtr '11	46.69	143.07	166.30	199.68	210.98	$53.06
2nd Qtr '11	52.63	139.38	170.76	192.47	236.00	$55.34
1st Qtr '11	46.30	128.26	164.69	186.06	225.91	$51.80
4th Qtr '10	47.01	120.80	157.16	161.69	193.86	$47.80
Nov. 10 - 16 '10	48.68	120.32	155.12	154.00	192.50	$47.62

Data Provided by Intercontinental Exchange. Individual product prices in cents per gallon. NGL barrel in $/42 gallons | Source: Frank Nieto

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VOLUME 29 / ISSUE 63 / November 18, 2011 *Formerly* GAS PROCESSORS REPORT

FRAC SPREAD

Gas Prices Fall At Both Hubs, Help Improve Frac Spread Margins

Natural gas prices suffered heavy losses the week of Nov. 9 as heating demand, although marginally better of late, remains below normal expectations for late November. At both Conway and Mont Belvieu, gas prices hovered just above $3.00 per million Btu (/MMBtu) with the Conway price down 7% to $3.10/MMBtu) and the Mont Belvieu price down 9% to $3.09/MMBtu.

According to Barclays Capital, this situation is expected to get worse before it gets better with the December forward curve falling to an all-time low this week. "The back of the curve did not fair much better than the front, with calendars 2012 and 2013 falling by 5.4% and 4.1%, respectively. Other than the continuing expectation that production is still growing, the near-term warmer-than-normal weather forecast has consistently put more downward pressure on prices over the past week…[T]his year's La Nina effect is expected to materialize starting in December, causing warmer-than-normal temperatures in the East and colder-than-normal temperatures in the West. As the East is more important for heating demand, this year's La Nina forecast translates to an overall warmer-than-normal December," the firm's *Gas and Power Weekly Kaleidoscope* said.

With feedstock prices this low, frac spread margins greatly benefitted as they rose across the board at both hubs. Mont Belvieu and Conway isobutane and Conway ethane, in particular, showed significant improvements as each experienced double-digit gains.

The biggest of these gains was for Conway isobutane, which improved 20% from last week because of the 15% price improvement at the hub this week. Mont Belvieu, which experienced its own strong isobutane price gain this week, had the second largest improvement in margin this week as the NGL's margin rose 10%. This was closely followed by Conway ethane, which also improved 10%.

The NGL that had the smallest gain in margin at Conway was propane, which improved 1% despite a 1% drop in price. Pentanes-plus (C5+) had the smallest frac spread gain at Mont Belvieu this week at 1%. This margin improvement also occurred despite a price drop at the hub.

While dry gas prices experienced significant losses the week of Nov. 9, liquid prices were much stronger as the theoretical barrel price improved at both hubs. The Conway price increased 2% to $48.99 per barrel (/bbl) while the margin rose 5% to $37.66/bbl. The Mont Belvieu theoretical barrel price increased 1% to $62.65/bbl with a margin improvement of 3% to $51.36/bbl.

The most profitable NGL to make at both hubs was isobutane, which benefitted from increased demand and limited volumes due to the outage of one of Enterprise Products Partners' isomerization units. The Conway margin was $1.91 per gallon (/gal) with the Mont Belvieu margin at $2.07/gal. This was followed, in order, by C5+ at $1.63/gal at Conway and $1.94/gal at Mont Belvieu; butane at $1.23/gal at Conway and $1.49/gal at Mont Belvieu; propane at $1.02/gal at Conway and $1.19/gal at Mont Belvieu; and ethane at 16¢/gal at Conway and 69¢/gal at Mont Belvieu.

Current Frac Spread (Cents/Gal)

November 18, 2011	Conway	Change from Start of Week	Mont Belvieu	Start of Week
Ethane	36.36		89.68	
Shrink	20.55		20.49	
Margin	15.81	10.40%	69.19	1.71%
Propane	130.84		147.24	
Shrink	28.40		28.30	
Margin	102.44	1.24%	118.94	3.77%
Normal Butane	154.72		180.52	
Shrink	32.15		32.04	
Margin	122.57	1.54%	148.48	1.65%
Iso-Butane	221.43		237.53	
Shrink	30.88		30.78	
Margin	190.55	19.90%	206.75	10.41%
Pentane+	197.67		228.28	
Shrink	34.38		34.27	
Margin	163.29	4.31%	194.01	1.36%
NGL $/Bbl	48.99	2.03%	62.65	0.73%
Shrink	11.32		11.29	
Margin	37.66	4.96%	51.36	3.03%
Gas ($/mmBtu)	3.10	-6.63%	3.09	-8.58%
Gross Bbl Margin (in cents/gal)	87.24	4.90%	120.27	3.13%
NGL Value in $/mmBtu				
Ethane	2.00	0.08%	4.94	-0.84%
Propane	4.54	-0.58%	5.11	1.14%
Normal Butane	1.67	-0.27%	1.95	-0.33%
Iso-Butane	1.38	15.33%	1.48	7.51%
Pentane+	2.55	2.23%	2.94	-0.27%
Total Barrel Valuein $/mmbtu	12.14	1.76%	16.42	0.64%
Margin	9.04	4.99%	13.33	3.05%

Price, Shrink of 42-gal NGL barrel based on following: Ethane, 36.5%; Propane, 31.8%; Normal Butane, 11.2%; Isobutane, 6.2%; Pentane+, 14.3%, Fuel, frac, transport costs not included. Conway gas based on NGPL Midcontinent zone, Mont Belvieu based on Houston Ship Channel.

Shrink is defined as Btus that are removed from natural gas through the gathering and processing operation. Source: Frank Nieto

Natural gas in storage for the week of Nov. 11, the most recent data available from the Energy Information Administration, increased 19 billion cubic feet to 3.850 trillion cubic feet (Tcf) from 3.831 Tcf. This was just slightly above the level

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of 3.836 Tcf reported last year at the same time and 6% above the five-year average of 3.626 Tcf.

As stated earlier, the ability to work off storage levels will not be helped by the forecast for the coming week as the National Weather Service is anticipating warmer than normal weather across the country. This warm front is expected to extend from the Southwest through the Midwest and Gulf Coast to the East Coast. The West Coast is expected to experience normal winter temperatures with only Southern California experiencing colder than normal weather.

– Frank Nieto

INSIDE LOOK AT PROCESSING

Impacts Of The TransCanada Keystone XL Delay

The impact of the Obama Administration's Keystone XL pipeline delay has changed the face of the global energy industry since Canada's oil wealth may go to Asia unless other U.S. takeaway options arise to lower U.S. reliance on declining Mexican and Venezuelan heavy oil. But much has also remained the same – no new pipeline-related construction jobs, ongoing internal investigations at the Department of State and environmental opposition to any use of the oil sands.

The Post-Delay Release Response By TransCanada

TransCanada's November 10 release made public shortly after the Obama Administration delay announcement stated that the company has been informed further analysis of route options for the Keystone XL pipeline need to be investigated, with a specific focus on the Sand Hills in Nebraska. The Department of State (DOS) said in its news release the review could be completed as early as the first quarter of 2013.

"We remain confident Keystone XL will ultimately be approved," said Russ Girling, TransCanada's president and chief executive officer. "This project is too important to the U.S. economy, the Canadian economy and the national interest of the United States for it not to proceed."

"Supplies of heavy crude from Venezuela and Mexico to U.S. refineries will soon end," said Girling. "If Keystone XL is continually delayed, these refiners may have to look for other ways of getting the oil they need. Oil sands producers face the same dilemma – how to get their crude oil to the Gulf.

Since 2008, more than 100 open houses and public meetings in six States took place, thousands of pages of supplemental information and responses to questions were submitted to state and federal agencies and the DOS received more than 300,000 comments on the project. A draft, supplemental draft and Final Environmental Impact Statement were all issued for Keystone XL – totaling more than 10,000 pages. This was, by far, the most exhaustive and detailed review ever conducted of a crude oil pipeline in the United States, TransCanada noted.

Among 14 different routes studied for Keystone XL, one alternative route in Nebraska would have avoided the entire Sand Hills region and the Ogallala aquifer. TransCanada said it hopes this work will serve as a starting point for the additional review and help expedite the review process.

TransCanada maintains that the Keystone XL is shovel-ready, and the company is poised to put 20,000 Americans to work to construct the pipeline – pipe fitters, welders, mechanics, electricians, heavy- equipment operators, the list goes on. Local businesses along the pipeline route will benefit from the 118,000 spin-off jobs Keystone XL will create through increased business for local restaurants, hotels and suppliers.

"If Keystone XL dies, Americans will still wake up the next morning and continue to import 10 million barrels of oil from repressive nations, without the benefit of thousands of jobs and long-term energy security," concluded Girling. "That would be a tragedy."

Is The Route Through The Heartland The Heart Of The Problem?

Reuters reported November 14 that the Obama administration decision for delay was predicated on a "call for additional information on alternative routes on just one small section of the line" through the heartland state of Nebraska.

The article seemed to imply the rest of the line was approvable by the Obama administration. "A cynical observer might conclude the administration has approved the rest of the route, while requiring more study on a single minor section across Nebraska's Sand Hills region," the report wrote."

The postponement, wrote the authors, extends "an implicit promise to pipeline operator TransCanada and the oil industry that the line will eventually be approved with only relatively minor modifications."

Furthermore, the report quoted comments by Nebraska's Governor, Dave Heineman, who earlier wrote, "I support

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the pipeline, but I'm opposed to a route that goes through the Sand Hills and over the Ogallala aquifer … TransCanada already has a pipeline route on the eastern side of the state. I would support the proposed pipeline being routed by the current pipeline."

Additionally, *Reuters* wrote that Assistant Department of State Secretary Kerri-Ann Jones during a November 10 press briefing confirmed that "the State Department will only seek information on alternative routes within Nebraska avoiding the Sand Hills, and any new impact statement will be restricted to just that section of the line."

On November 15, *Dow Jones* reported that TransCanada and Nebraskan officials have reached a "tentative deal" to reroute the pipeline outside of the state's Sand Hills region, which locals consider are environmentally sensitive.

TransCanada spokesperson James Miller was quoted in the *Dow Jones* report expressing hopes that the deal "will speed up the approval process."

But DOS officials were also cited in the report saying that a review of a revised pipeline route would take 12 to 18 months.

The More Things Change, The More Things Remain The Same

Much in the energy patch has changed as a result of the Obama Administration delay.

Asian markets must be looking ever more attractive to Canada's oil producers if the westward oil pipelines to Canada's Pacific Coast can be completed.

Alternate pathways of takeaway for Canadian oil that avoid the Sand Hills region in Nebraska are being considered not only by TransCanada but also by Enbridge and other alternative operators of rail and tank barge takeaway logistics.

Vern Yu, vice president and head of business development for Enbridge Inc., in fact made news at the 5th Annual Refining Strategies Summit in The Woodlands, Texas, near Houston, during the conference hosted by the World Trade Group.

Yu said that after the delay was announced last week, substantial inbound calls from producers have been inquiring about the alternative Wrangler pipeline, which seeks to deliver 800,000 barrels per day (b/d) of crude oil from the U.S. Mid-Continent oil hub in Cushing, Okla., to the U.S. Gulf Coast.

New interest is so strong that the company may expand that and/or other routes further beyond that capacity.

On November 16, Enbridge announced the acquisition of a crude pipeline stake previously held by ConocoPhillips in the Seaway pipeline. Enbridge contemporaneously announced a reversal project with the Seaway's other owner, Enterprise Products.

The new owners jointly announced that the now wholly owned and soon-to-be-reversed pipeline should commence deliveries between Cushing and the Gulf Coast by mid-2012.

Initial takeaway rates on the reversed Seaway line will add up to 150,000 b/d by mid-2012, followed by a round of investment that will enable up to 400,000 b/d takeaway by mid-2013.

If an upcoming open season shows shipper support, further expansion of the reversed Seaway pipeline could occur by twinning or looping to expand the capacity further, Rick Rainey, spokesperson for Enterprise Products, told Hart Energy's *Refinery Tracker (RT)* on November 16.

Enbridge's Vern Yu told *RT* in an exclusive interview on the sidelines of the Refining Summit, that "Wrangler is just [delivering oil from] Cushing, Okla., to the Gulf Coast. What was called the 'Monarch North' pipeline is just going to be called 'Flannigan South' or 'Spearhead Twin.'"

When *RT* asked about shipper commitments under the previously reported open season for Wrangler, Yu said that "The open season concluded on the 8th."

Yu confirmed that that open season was very successful. "The difference between the Keystone XL and the Wrangler is that there is a highly central issue that has to get solved – the Presidential permit. When you are building an interstate pipeline within the U.S. there is not the same level of involvement.

For pipeline construction, "you do need some environmental permits, but if you have a pipeline operating directly beside the one you are going to build, it should be generally easier to get through," Yu told *RT*.

That logic would hold for the Flannigan South portion of the plan and also any twinning and looping of the reversed Seaway pipeline.

It remains to be seen if there will be enough shipper interest and regulatory forbearance to allow both an expanded and reversed Seaway pipeline and, someday later, a newly constructed Wrangler pipeline running between Cushing and the Gulf Coast.

Despite all the changes wrought by the Obama Administration's Keystone delay, much also remains the same.

Gulf Coast refiners will continue to represent over half of the nation's refining capacity providing over half of the nation's consumers with fuel. Because of a lack of matching adequate pipeline supply routes, Gulf Coast refiners will continue to import millions of barrels per day of higher priced heavy and light crudes by riskier waterborne methods,

There are still no new jobs for the construction industry as a result of the private funds going to develop the Keystone XL. In fact, for the near term and perhaps

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permanently, the tens-of-thousands of direct and indirect shovel-ready construction jobs have either been deleted or dumped rather than created or saved.

U.S. refiners will continue to be exposed to reliance on costlier, riskier and declining sources of heavy crude from Mexico and Venezuela.

These crude imports entail uncertainty in not only price levels and volatility but also potential supply upsets due to any regime change and waterborne transportation interruptions, among other obvious risks.

And the U.S. has absolutely zero barrels of heavy crude in the U.S. Strategic Petroleum Reserve despite being exposed to importing over 4 million b/d of heavy crude. The pipeline delay by the Obama Administration changes none of this national exposure to waterborne supply-side interruption.

Furthermore, the DOS investigation into the Keystone Permit process has not publicly been called off and therefore will presumably continue. That investigation is into the process itself, not only the small portion of the line in Nebraska. It remains to be seen if the investigation could potentially threaten the entire validity of DOS' final and favorable environmental impact statement issued over the summer after three years of deliberation.

Additionally, the environmental opposition, law endangered species suits, and other anti-oil sands and pipeline activism have not been called off.

Speaking on the environmental front, Enbridge's Yu told *RT* that the pipeline disputes are "100% about the oil sands. It has nothing to do with the Keystone."

RT asked if state permits for the Wrangler and connecting pipeline construction projects, especially in Texas, may be impacted by the relatively novel analyses of "environmental justice," which the U.S. Environmental Protection Agency has recently advanced. U.S. legislators have also called for environmental justice analyses as a consideration for the Port Arthur, Texas, area, which was the proposed terminus of the Keystone XL pipeline.

"We've been through that rodeo," Yu said, referring to a previous suit over environmental justice during a prior pipeline construction project.

In this instance, "it's all heavy crude," Yu said, referring to the crude that refiners would import from Mexico or Venezuela in place of the Canadian crude that could potentially be delivered via a new Wrangler pipeline.

"Venezuelan heavy crude has just as big or probably even bigger footprint than Canadian crude," Yu said, indicating that any environmental justice or other analyses should include environmental justice of alternate supplies/suppliers in consideration as well.

That U.S. Gulf coast refiners remain dependent on waterborne imports of heavy crude via energy-intensive tanker logistic options from far-flung producers of potentially higher environmental footprint will not change either.

– Greg Haas

KEY NORTH AMERICAN HUB PRICES	
2:30 PM CST / NOVEMBER 17, 2011	
Gas Hub Name	Current Price
Carthage,TX	3.04
Katy Hub, TX	3.11
Waha Hub, TX	3.07
Henry Hub, LA	3.12
Perryville, LA	3.10
Houston Ship Channel	3.12
Agua Dulce TX	3.40
Opal Hub, Wyo.	3.41
Blance Hub, NM	3.15
Cheyenne Hub, Wyo.	3.23
Chicago Hub	3.39
Ellisburg NE Hub	3.49
New York Hub	3.52
AECO , Alberta	3.24

Source: Bloomberg

Atlas Pipeline To Build Permian Basin Processing Plant

Atlas Pipeline Partners LP (NYSE: APL) will build the 200 million cubic feet per day (MMcf/d) Driver cryogenic processing plant in the Permian basin.

The two-phase project will begin service in Q1 2013 with a capacity of 100 MMcf/d before adding another 100 MMcf/d in Q1 2015.

Completion of both phases will increase processing capacity at WestTX from 255 MMCFD to 455 MMCFD. The plant will increase the total capacity on the WestTX system to 255 MMcf/d to 455 MMcf/d. Construction costs will be shared with Pioneer Natural Resources Inc. (NYSE: PXD), which owns 27.2% of the facility.

"We are excited to announce a significant 200 million cubic feet per day expansion at our West Texas facility. This expansion, the second announced expansion of this facility this year, is the result of increased activity in the Permian basin by our producer customers, including Pioneer, who is a partner on the system. We will continue to invest in our assets to serve our customers as opportunities arise to ensure we are the service provider of choice in the areas in which we operate," Eugene N. Dubay, chief executive of Atlas Pipeline, said in a news release.

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Pickens… ***(continued from page 1)***

up at a time when we can use our own resources and save ourselves," he said. He also noted the shale plays elsewhere in the world haven't shown the same promise as in North America and stated that it was quite possible that the U.S. has more unconventional oil and gas than any other place in the world.

Pickens said that if the U.S. is able to recover more than half of the 8,000 trillion cubic feet of natural gas reserves that JP Morgan Chase estimated was in United States basins that it would roughly equal 700 million barrels of oil equivalent, or approximately three times the oil in Saudi Arabia.

"We're in a position now where we can pull up to the big table for world energy and we haven't had a chair at that table in a long, long time, but Washington doesn't understand it yet. They don't realize what we have in this country and how it could be deployed or how many jobs you could get from it," he said.

In addition, these reserves would provide the U.S. with greater international negotiating power. According to Pickens, former U.S. Secretary of State Condoleezza Rice told him that energy was always part of the State Department's negotiations with other countries. If the U.S. were energy independent, this obstacle would be removed and make the department's job easier while also helping to improve the U.S. economy.

"Since 1976, according to the Milken Institute, we have spent $7 trillion on oil from the Middle East. We have $15 trillion in debt and by next year's elections it will be $16 trillion. In the past 10 years, we've spent $1 trillion for OPEC oil. If you go forward 10 years at $100 per barrel it will be $2.5 trillion," Pickens said.

Using more of our own resources would not only help to reduce spending, but create jobs, he stated, both within and outside of the industry. "I was in Williamsport [Pa.] last month and a reporter told me they had a lot of problems with the drilling. I asked what they were and he said there aren't enough houses. I said, 'That's a problem?' and told him to classify that as a high-class problem. He then complained about the industry tearing up the roads. I said, 'Fix them – that's new jobs. You don't have problems, you have an economy turning around.'"

T. Boone Pickens, chairman of BP Capital Management, and Leslie Haines, editor-in-chief of Hart Energy's *Oil and Gas Investor*, chat during the Q&A portion of Pickens' keynote speech at Hart Energy's DUG East conference in Pittsburgh. Source: Tom Fox

Much of the initial focus of the ballyhooed "Pickens Plan" to encourage the increased use of natural gas was focused on the passage of legislation to provide government support for natural gas. However, even as it appears likely that Congress will pass legislation to encourage heavy duty trucks converting from diesel to natural gas, Pickens said that the trucking industry is moving in that direction without Congress.

"These trucks are switching over anyway because of the difference in the cost of fuel. Passing this legislation would make it happen faster – maybe the switch would take four years instead of eight, but it will happen," he said.

According to Pickens this legislation is not a government subsidy to support natural gas because the users of natural gas will be paying taxes at the pump, so there is no cost to the government. He also claimed that neither the Pickens Plan nor any legislation supported by the plan is designed to force the federal government to pick an energy winner, rather they are designed to encourage the government to support energy in the U.S. because otherwise they pick the winner – OPEC. Pickens noted that OPEC countries are not engaged in free market practices so a modicum of government support is necessary to truly compete on this stage.

"If we strictly let the free market dictate energy, then OPEC wins."

Although leery of the OPEC threat, Pickens remains upbeat on the future of U.S. and its energy policy. "The first industrial revolution was built on the back of cheap energy and we're back in that same crossroads again today. We have the cheapest energy in the world, so if we're willing to work in this country and we have some leadership you'll see a lot of industries that have moved away from us move back to us."

– Frank Nieto

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VOLUME 29 / ISSUE 63 / November 18, 2011 *Formerly* GAS PROCESSORS REPORT

Chesapeake Monetizes Utica Shale Holdings; Will Continue Yearly Dropdowns To MLP

Chesapeake Energy Corp. (NYSE: CHK) continues to benefit by monetizing its various holdings as it recently announced its seventh joint venture (JV) from its unconventional gas and oil holdings.

The JV agreement provides an undisclosed international major with a 25% interest in its 650,000 Utica shale acres and follows similar agreements in the Haynesville, Fayetteville, Marcellus, Barnett, Eagle Ford, and Niobrara. Full details of the Utica JV will be disclosed upon completion of the agreement.

"In these seven JV areas, the company initially acquired approximately 5.1 million net leasehold acres at a cost of $11.1 billion…We then sold 1.5 million of those acres for a total consideration of $16.4 billion in cash and carries, meaning we recovered 150% of our total leasehold cost in all the plays combined," Aubrey McClendon, chairman and chief executive of Chesapeake Energy, said during a conference call to discuss the company's Q3 2011 earnings.

While some analysts and commentators have claimed that Chesapeake didn't get as much as they desired in this particular JV, McClendon was emphatic that this agreement will allow the company to recoup its leasehold costs and will pay for the development of a play that he thinks will be the most profitable play in the U.S. in the future.

In addition to the seven already completed JVs, the company is also considering three more JVs to work on in 2012 in the Williston Basin, the Mississippi Lime, and an undisclosed oil play. As the company begins its development of the Utica's oily phase, it is likely to pursue another JV in the play.

Although Chesapeake has acreage holdings in the Anadarko Basin, the Cleveland Tonkawa and Granite Wash, it doesn't anticipate completing JV deals in these plays since they don't need to be de-risked as drilling has already been ramped up.

The company will continue to focus on production from liquids-rich plays over the next five years, which will help to improve dry gas prices, according to McClendon. He noted that the company increased its natural gas production by 472% since 2000 while the rest of the industry increased its production by 12%. By focusing on increases in liquids production, Chesapeake's dry gas production will remain flat for the next five years.

"Natural gas markets during the past five years were basically changed singlehandedly by the efforts of one company… During the next five years it will be very different from now. The futures curve is currently pricing natural gas, we believe incorrectly, because the same company that helped bring you the gas oversupply is now dedicated to increasing its liquids production and its gas production will not increase much from here," he said. Once natural gas demand begins to pick up, Chesapeake will return to growing its production to ensure that U.S. gas markets remain well supplied.

While gas production will remain flat until 2015, the company's liquids production is expected to increase 50% between 2011 and 2015. By 2015, the company anticipates liquids production to reach an average of 250,000 barrels per day (b/d), which Chesapeake anticipates will increase earnings by 50% compared with 2011.

McClendon stated that the company is confident in not only this production growth, but the ability to gather and transport these volumes because of its vertical integration with its midstream segment.

"There are a lot of aspects to our business that are challenging and certainly building infrastructure in new play areas is one of those. But that is one advantage to the Chesapeake business model in that we are vertically integrated all the way from our service operations up to our midstream operations. There will be some delays, but we have built those in…You don't see us miss our numbers and then blame unforeseen circumstances. We plan for those and take it in stride," he said.

Once these systems are in place, they serve as a major boon for the company's midstream MLP, Chesapeake Midstream Partners LP (NYSE: CHKM), in the form of dropdown acquisitions. In a separate conference call to discuss its Q3 2011 earnings, CHKM officials announced that they increased their projections for FY 2011 earnings by $8 million to $340 million.

Mike Stice, chief executive of CHKM, said that its gathering systems in the Haynesville and Barnett shales continue

RESIN PRICES – MARKET UPDATE – NOVEMBER 18, 2011					
TOTAL OFFERS: 36,730,052 lbs		SPOT		CONTRACT	
Resin	Total lbs	Low	High	Bid	Offer
HDPE - Blow Mold	5,920,428	0.58	0.66	0.56	0.60
LDPE - Film	5,849,956	0.62	0.75	0.63	0.67
LLDPE - Film	5,248,256	0.62	0.71	0.57	0.61
PP Homopolymer - Inj	4,510,544	0.68	0.78	0.66	0.70
HDPE - Inj	4,307,324	0.60	0.70	0.58	0.62
LDPE - Inj	3,012,576	0.62	0.69	0.63	0.67
HMWPE - Film	2,364,140	0.67	0.70	0.62	0.66
LLDPE - Inj	2,344,000	0.60	0.69	0.60	0.64
PP Copolymer - Inj	1,842,828	0.68	0.79	0.68	0.72
HIPS	760,000	0.96	0.97	0.90	0.95
GPPS	570,000	0.85	0.88	0.81	0.86

Source: Plastics Exchange – www.theplasticsexchange.com

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to perform strongly and the company is evaluating further dropdown opportunities from Chesapeake. "We will continue to benefit from the inventory, as the assets mature appropriately and are absorbed into our business model."

He added that CHKM will focus on assets that increase its exposure to liquids-rich plays as well as diversify its holdings in various basins. This diversification could lead to the dropdown of assets in the Marcellus due to its maturation, according to Stice.

"We have a footprint already in the Mid-Continent in Oklahoma, which is relatively well positioned to some of the NGL-rich plays and the Granite and Colony Wash plays. But there are also opportunities there for expansion into the broader plays in Oklahoma that are NGL-rich as well as the NGL-rich component of the Marcellus," he said.

These drop-downs will continue to occur once a year with the MLP largely staying away from third-party acquisitions aside from bolt-ons. "What we're finding more often than not is that when other parties are buying into a basin, they're paying quite a bit of premium for that. Frankly, we don't need to pay and compete for that premium because of our relationship to Chesapeake," Stice said.

– **Frank Nieto**

Enbridge... *(continued from page 1)*

open season to validate shipper support for an expansion of Seaway, through looping or twinning.

After reversing the direction that crude oil flows on the 500-mile (805-kilometer), 30-inch diameter, long-haul pipeline, Seaway will deliver crude from Cushing into the Houston-area market by utilizing existing affiliate and third-party pipelines as well as its Texas City local pipeline system. Enbridge and Enterprise plan to build a 45-mile (72-kilometer) pipeline that will link Seaway directly to Enterprise's ECHO crude oil storage terminal located southeast of Houston. This will provide shippers with enhanced connectivity and more efficient transportation to the Houston refining market. Additional investment required by the joint venture partners to reverse the line and construct supporting lateral and related facilities is expected to be approximately $300 million.

DUG East: Three New Shale Plays On The Horizon

Three new shale plays will be discovered and defined during the next two years, said W. Henry Harmon, president and chief executive of Triana Energy, as he addressed about 3,500 attendees at Hart Energy's Developing Unconventional Gas Conference and Exhibition held in Pittsburgh this week.

"We've been in the eastern U.S. for a long time, and in the Canadian Maritimes, and we see some really good things coming out of the Maritimes region," he explained. "The shales up there have been well established, but there has not been a concerted development program. There are so many other plays going on that they haven't received the attention they need. The geology that we've worked there shows some very dramatic things—both in conventional and unconventional formations."

Triana Energy has been working in the Triassic basins along the eastern coast of the U.S. for a long time, he said, and some of the shales "look a whole lot like Appalachia."

Also, today's oil and gas exploration and production environment is motivated by compelling forces that are driving specific results, he said. For example, new opportunities are attracting new investment, resulting in the refinement of exploitation plans.

Other driving forces are operational progress that creates competitive tension, resulting in partnerships, whereas the need for growth and distinction results in an escalation of resource costs. And today's imbalance of gas and oil supply and demand results in market gate-keepers that "rule the day." As profit margins are squeezed, so innovation occurs. When investments become "stranded," the industry sees a consolidation of players.

Meanwhile, the drivers of innovation are operators that use the principles defined by private-equity strategies, he said. Other drivers include using science to expand developments, living by principles of continuous improvement, focusing on reducing environmental impacts and experimenting with technologies that have the capacity to drive change.

Going forward, Harmon predicted that "disruptive technologies" will advance during the next two years and will drive improved recovery from shale plays and reduce development costs. Some of those technologies will include breakthroughs in water consumption and fracturing designs, among others.

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"We are n the process of building prototypes of some interesting new tools," he said. "We expect to be testing those tools in the spring. We will probably have a lot more to say about those next summer."

Finally, he predicted that the conversion of coal-fired power generation to natural gas fuel as a feedstock will reduce the need for long-haul, high-voltage power systems to connect to coal-fired power plants. And fuel blending will be proven to optimize energy consumption while mitigating environmental impacts. "Propane will lead the way," he said.
– Jeannie Stell

PIPELINES & TECHNOLOGY

Pembina To Expand NGL Pipeline Transportation Capacity

Pembina Pipeline Corp. (TSX: PPL) announced plans to expand its natural gas liquids throughput capacity on its Northern NGL System, which consist of the Peace and Northern Pipelines, by 55,000 barrels per day (b/d) to accommodate increased customer demand resulting from strong drilling results and increased field liquids extraction by area producers.

The NGL Expansion will require Pembina to install five new pump stations and upgrade five existing pump stations, which Pembina expects to cost approximately $100 million and is subject to reaching long-term commercial arrangements with its customers and receipt of regulatory approval. Pembina expects 20,000 b/d of the NGL Expansion can be brought into service by the end of 2012 and the remaining 35,000 b/d by the end of 2013.

Pembina's Northern NGL System is strategically located across some of the most prolific liquids rich natural gas production areas in the Western Canadian Sedimentary Basin and serves producers in the Deep Basin, Montney, Cardium and emerging Duvernay Shale plays. Currently, the Northern NGL System's capacity is 115,000 b/d with average daily volumes of approximately 88,000 b/d. Using its existing infrastructure, Pembina expects to end 2011 with throughput on the Northern NGL System of approximately 100,000 b/d due to higher volumes resulting from the commissioning of Pembina's Edson pipeline expansion and the Musreau Deep Cut Facility. Once completed the proposed NGL Expansion will increase capacity on the Northern NGL System by 48% to 170,000 b/d.

Pembina has existing long-term contracts in place for a portion of the capacity on its Northern NGL System. During the third quarter of 2011, Pembina began consulting with its customers and has since entered into several new long-term firm service incentive arrangements for additional capacity on the system. Combined, the existing and new contracts have secured 55% of the 170,000 b/d capacity. Pembina continues to consult with its customers in order to increase the volumes under long-term, firm service incentive contracts to underpin the NGL Expansion

"Pembina's growth strategy is designed to take advantage of the increased activity by producers in key plays in the Western Canadian Sedimentary Basin and enhance the services we provide customers while adding value to our shareholders," said Mick Dilger, Pembina's chief operating officer. "Together with our recent announcements to increase our NGL processing capacity through our Gas Services business, today's announcement is really about meeting the requirements of shippers with a truly integrated approach throughout the value chain."

Pembina's plans for the NGL Expansion can be completed very cost-effectively by upgrading and modifying existing infrastructure where possible and will reduce environmental and community impact by using existing right-of-ways.

US Infrastructure Holdings To Acquire Wildcat Sabine Gas Gathering System

US Infrastructure Holdings LLC, Houston, has reported that the company will acquire the Wildcat Sabine Gathering System (Wildcat System) located in the Bossier-Haynesville Shale.

The newly constructed 28-mile pipeline is strategically located along the Texas-Louisiana border in the northwest corner of Sabine Parish, La., a core development area of the Bossier-Haynesville Shale trend. The Wildcat System gathers and transports natural gas for producers including Eagle Oil & Gas Co., which has dedicated substantial acreage from its North Toledo Bend Project in the company's Bossier-Haynesville shale development program. The system has current takeaway capacity of 200 million cubic feet per day (MMcf/d) and includes treating and compression facilities.

USI will immediately begin construction of a 20-mile extension at the southern end of the Wildcat System to provide producers with direct access to markets served by Gulf South Pipeline Company LP and Tennessee Gas Pipeline. The expansion project will bring

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Wildcat's total takeaway capacity to 400 MMcf/d and is expected to be complete by mid-2012. The Wildcat System currently offers interconnects to four regional gathering systems: Enterprise Products' State Line Gathering System, KinderHawk's Gas Services, Producers Gas Transmission and Tristate Sabine Gathering System.

USI CEO Gil Burciaga says, "We are looking forward to working with Eagle Oil & Gas Co. and other producers in the region to provide the expanded midstream infrastructure necessary to rapidly and effectively deliver gas from this exciting play to multiple high-value markets. We have a very experienced team that understands that competition increases value. We want to provide our customers with strategic options for moving gas out of the play."

Exterran Debuts Enclosed Gas Production Unit To Meet Marcellus Demands

Exterran Holdings Inc., Houston, (NYSE: EXH) introduces the Enclosed Gas Production Unit (EGPU), designed to accommodate the high pressure environment and frigid climate of the Marcellus shale. The Exterran EGPU regulates the well-stream flow, pressure and temperature, and also separates gas and liquids in cold-weather environments.

Utilized on natural gas wells to remove liquids from gas prior to further processing or delivery to a pipeline, the Exterran EGPU will help customers in the Marcellus shale get to market faster. With Exterran's commitment to rapid and efficient delivery of quality products, the pre-engineered, pre-assembled EGPU is in stock to meet the immediate needs of oil and gas producers. This integrated package includes a gas-fired heater and a horizontal three-phase separator mounted on an enclosed oilfield skid with instrumentation and interconnect piping that are operation-ready, allowing for quick connection to a natural gas well. The enclosure protects the instrumentation and piping in frigid climates. To serve each client's wellhead needs, the unit is available in single-unit, dual-unit and quad-unit configurations for cost-saving multi-well service.

"With flexible package options and customizable configurations, our EGPU is built to accommodate each client's specific needs," says Don Ray, Global Product Line director of Production Equipment at Exterran. "We have pre-engineered the standard design and applied rigorous quality control and testing procedures. The Exterran EGPU delivers the high performance and dependability gas producers expect from Exterran."

To address the high pressure gas found in the Marcellus shale, the EGPU heats the well-stream both before and after flowing through a pressure-reducing choke to help avoid the freezing of water and condensates. Additionally, the temperature controllers in the unit maintain the temperature to help avoid freezing, overheating and the formation of hydrates. Standard product features include a heavy duty quarter-inch steel heater enclosure, interchangeable and removable fire tube, interchangeable and removable split coils, as well as a fuel gas scrubber with internal high-level shutdown and fuel gas manifold with high and low pressure regulators.

Compared to other gas production units on the market, Exterran's unique round heater design and durable heater shell results in improved unit efficiency. Customizable configurations allow for easy installation of a different separator, coil, fire tube and meters. With technicians and locally stocked parts in every major oil and gas producing area, Exterran provides reliable support and service for the EGPU as well as other products in its comprehensive portfolio.

New Baker Hughes Water Treatment Improves Efficiency,

Baker Hughes introduced a new water treatment technology designed to cost-effectively remove suspended solids and heavy metals without chemicals and treat 100% of flowback and produced water for reuse, according to a company news release.

The H2prO water treatment service uses an exclusive electrocoagulation technology that reliably eliminates contaminants without chemicals and reduces costly non-productive time. The service combines high mobility and proven technology to conserve freshwater use; reduces transportation and disposal costs and complies with all regulatory requirements.

"This service addresses water supply limitations and enhances the pace of our customers' pressure pumping operations," says Tom Whalen, Baker Hughes' vice president of water management. "We improve overall efficiency of operations and reduce total water cost because this is part of a fully integrated process from pressure pumping to water treatment and disposal."

Application starts with in-depth water tests to analyze the unique characteristics of each well or other water source. Next, Baker Hughes mobilizes the right water treatment equipment to enable operators to reuse the water for

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drilling or hydraulic fracture. This pretreatment analysis reduces the risk of formation damage.

"Operators are no longer constrained by permanent equipment that may not be ideal for their needs," Whalen adds.

"We work with each operator on an individual basis to come up with a collaborative plan to conserve water, reduce transportation and disposal costs and design the best solution for each basin, reservoir or field to recycle and reuse produced and flowback water. We have the field-proven technology, solutions and the equipment that operators who look to us need."

NEWS & TRENDS

BENTEK: U.S. NGL Production To Increase By More Than 40% By 2016

A joint market study from BENTEK Energy and Turner, Mason & Co., titled *The Great NGL Surge!,* reveals that U.S. natural gas liquids (NGL) production from gas plants will increase more than 950,000 barrels per day (b/d) during the next five years, with volumes growing to more than 3.1 million b/d by 2016. At the same time, crude oil production from the U.S. and Canada will grow by more than 2.8 million b/d, adding to the NGL surplus.

The Great NGL Surge! provides a comprehensive five-year analysis of North American NGL markets and extensive projections of supply, demand, transportation and infrastructure for every NGL product, including butane, propane, ethane, petrochemicals and y-grade. In addition, the study analyzes the impact of refinery developments on NGL demand, including shifting crude oil slates on refinery NGL production. This market study drills down to a product-by-product, region-by-region review of the data behind each assertion and conclusion.

The key takeaways from this report are:

- Current processing, pipeline and fractionation infrastructure is inadequate to handle the growth in NGL production.
- New quantities and qualities of crude and condensates will produce both challenges and opportunities for refiners.
- For the next few years, regional basis differentials for crude oil and NGLs will be wide and volatile due to logistical constraints.
- A surplus of propane and normal butane is developing, with the U.S. becoming a net exporter of both products by 2012.
- By 2014 a surplus of ethane will develop, resulting in ethane rejection in regions with high transportation costs to market.
- Growth in Canadian demand for natural gasoline as a diluent is expected to continue, with exports growing up to almost 170,000 b/d by 2016.

Flint Hills Engages Rangeland To Handle Bakken Shale Crude

Rangeland Energy LLC, Sugar Land, Texas, has executed a long-term agreement with Flint Hills Resources, Wichita, Kansas, for handling significant crude oil volumes at Rangeland's crude oil loading terminal in Williams County, N.D.

Flint Hills Resources is a transporter, marketer and refiner of crude oil and petroleum products in the United States. The company's Midwest operations include the Pine Bend refinery in Rosemount, Minn., which has a crude oil processing capacity of approximately 320,000 barrels per day.

Known as the COLT Hub and the COLT Connector, Rangeland's terminal and pipeline facilities are expected to be in service by the first quarter of 2012. Strategically located in the heart of the prolific Bakken and Three Forks shale areas, the COLT system will provide producers, marketers and refiners with North Dakota's first open-access crude oil marketing hub. Rangeland announced a long-term anchor contract with Tesoro Corporation (NYSE: TSO) in July and executed a second long-term contract with another major crude oil company in August.

Construction of the COLT Hub began in May. With five 120,000-barrel storage tanks, an eight-bay truck station and two 8,700-foot rail loops, COLT will accommodate large 120-car unit trains and will be capable of moving more than 80,000 barrels per day by rail. Rangeland also provides pipeline services into and out of the Hub through its COLT Connector. The Connecter is a 21-mile, 10-inch, bidirectional pipeline that will connect the COLT Hub to the Beaver Lodge/Ramberg junction and will be capable of transporting an additional 70,000 barrels per day. Rangeland is building an additional 120,000-barrel storage tank at Ramberg to facilitate these movements.

"Rangeland is looking forward to working with Flint Hills Resources to help grow its Bakken presence and facili-

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tate the transportation of Bakken crude oil to the various markets it serves," says Christopher W. Keene, Rangeland president and CEO. "Flint Hills Resources is a major crude oil player in the U.S., a strong strategic fit for COLT and the third major customer to contract with us for services at the COLT facility. We are working with other key Bakken players to provide gathering services into the COLT Hub, tankage and terminal services, as well as pipeline and rail transportation options out of COLT. The COLT system is well positioned to grow with the industry in the Bakken."

"We're very pleased to join forces with Rangeland to improve our position in North Dakota," adds Brad Razook, Flint Hills Resources president. "Rangeland's state-of-the-art facility will greatly enhance our ability to serve our customers in the Williston Basin."

Stolt-Nielsen Opens Chemical Storage Terminal In Singapore

Stolt-Nielsen Limited announced the formal opening of its new petrochemical terminal in Tembusu on Jurong Island, Singapore. The terminal has commenced operations with three gas spheres, with plans for a total of 300,000 cbm of storage to be built over the next two to three years.

Stolthaven Terminals' newest facility is strategically situated in the Jurong Island petrochemical complex, among a number of major plants operated by such firms as Shell, ExxonMobil and Lanxess. When fully operational, the Tembusu terminal will employ about 60 people in mainly engineering and management positions.

Commenting on the opening, Walter E. Wattenbergh, president of Stolthaven Terminals, said, "We have ambitious growth plans for Stolthaven Terminals and our investment here in Singapore is a reflection of that. With its central location, deep water draft at all times and good transshipment possibilities, this new terminal significantly strengthens our service capabilities in Asia Pacific. The excellent business environment here in Singapore was also a very important consideration for us."

Stolthaven Terminals now operates nine terminals worldwide, plus a network of nine smaller terminals serving Australia and New Zealand. The company recently announced plans to acquire a further terminal located in The Netherlands. Stolthaven's total global storage capacity is now in excess of 3.3 million cubic meters.

SNAPSHOT

Trunkline Gas To Add To Diversity

The 4,100-mile Trunkline Gas Co. pipeline is one of the most diverse systems in North America as it not only transports natural gas from the Gulf Coast to the Midwest and the East Coast, but also connects offshore supplies to the continental U.S. In addition, the system will also add the South Texas expansion to move rich gas bi-directionally in the Eagle Ford.

Currently the Southern Union Co.-owned pipeline has the capacity to ship 1.7 billion cubic feet (Bcf/d) to such markets as Chicago, Memphis, St. Louis directly and via interconnections to Eastern markets. Its Terrebonne system has the capacity to transport up to 1.5 Bcf/d of natural gas from offshore supply basins to onshore markets. It also has 12 Bcf of seasonal storage capacity.

Trunkline is in the process of building the 165-mile South Texas system that will help Eagle Ford producers move production between their facilities in that region. DCP Midstream LLC has signed on as an anchor shipper for the system, which will help DCP Midstream create a super system in the region by plumbing its South and Central Texas gathering systems and six processing plants together in the system.

According to Hart Energy's Mapping & Data Services, the top transport customers on the system in 2010 were BG Energy Merchants LLC at 1.525 million dekatherms per day (Dth/d). This was followed by ETC Marketing Ltd. at 325,000 Dth/d; Consumers Energy Co. at 240,000 Dth/d; Louis Dreyfus Energy Services LP at 210,000 Dth/d; Enbridge Marketing (US) LP at 120,000 Dth/d; Proliance Energy LLC at 120,000 Dth/d; Tennessee Valley Authority at 105,000 Dth/d; Quicksilver Resources Inc. at 100,000 Dth/d; PSEG Energy Resources & Trade LLC at 89,000 Dth/d; and Laclede Energy Resources Inc. at 75,000 Dth/d.

Its top five storage customers were Memphis Light, Gas & Water at 3.75 Bcf; Amerencips at 82 million cubic feet (MMcf); Ohio Gas Energy Services Co. at 50 MMcf; the Town of Newbern, Tenn., at

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17 MMcf; and the Village of Bluford, Ill., at 3 MMcf.

Trunkline's transportation revenue increased from 2006 to 2009 from $136 million to $213 million in accordance with an increase in transportation throughput, which rose from 1.332 million Dth/d in 2006 to 1.870 million Dth/d in 2009.

The top receipt point in 2010 was Richland Parish, La. – Centerpoint, followed by TGC Receipt – Regency Intrastate Gas.The top delivery points in 2010 were Elkhart – Consumers Energy and PEPL @ Bourbon – TGC.

• Click here to download map and charts.

– Frank Nieto

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