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**Construction  
Resource Constraints**

**INGAA Foundation  
Annual Meeting  
November 11, 2006**

**elpaso**

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# Agenda

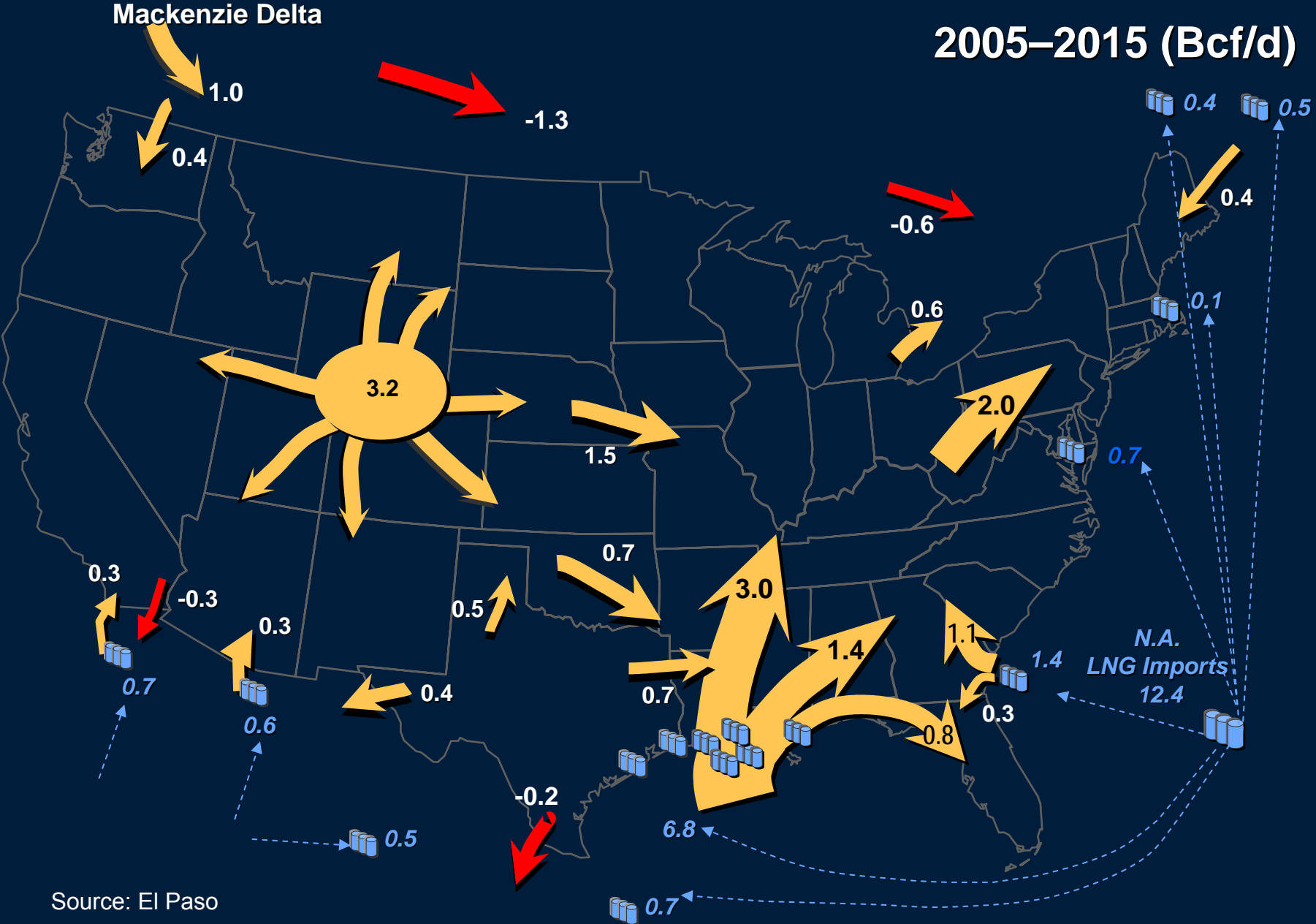
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- El Paso's Perspective of Current Construction Resource Constraints
- What is El Paso Doing About It?
- Regulatory Discussion
- Workforce/Construction Challenges
- Q&A



# Supplies Push Gas Flows

2005–2015 (Bcf/d)



Source: El Paso

# Current Construction Resource Constraints

## ■ Contractor capacity

- Agree with INGAA Foundation study observations
- Pipeline, compressor stations and metering facilities

## ■ Projects

- Monitoring impact of “domino effect”

## ■ Resources

- People (skills, training, and productivity)
- Equipment



# What is El Paso Doing About It?

- Quarterly analysis
  - Awarded and potential projects
  - Material lead times (pipe, compression, valves & fittings)
  - Contractor/construction spread capacity
- Procurement of long-lead materials
  - Earlier commitments
  - Non-traditional sources
  - Inventory
- Contracting strategy
  - Non-traditional bidding proposals
  - Partnering/alliances
  - Leverage maintenance capex and Pipeline Integrity Program



# Regulatory Discussion

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- FERC Certificate process enhancements
  - Pipe staging areas
  - Warehouse/contractor staging area
  - Logistics
- Impact of delays
  - Weather
  - Construction windows
  - Resources



# Regulatory Discussion—Pipe Yards



# Impact of Delays on 7C Pipeline Projects

- Construction costs
  - Standby charges
  - Accelerate schedules
  - Move arounds
  - Remobilization due to construction windows
- Loss of contractor and/or personnel
  - Withdrawals due to other commitments
  - Retention of supervision and labor



# Case Study—El Paso's Western Pipeline Piceance Expansion Project

## ■ Project details

- 143 miles of 24" pipeline from Greasewood Compressor Station in Rio Blanco County, Colorado to Wamsutter Compressor Station in Sweet Water County, Wyoming
- Installation of a Centaur 40 compressor at Greasewood Compressor Station
- Planned construction start: 8/1/2005
- Actual construction start: 11/7/2005
- In-service: March 2006

## ■ Construction cost impacts

- Pipeline: X% increase
- Compressor station: Y% increase
- Total project impact: Z% increase



# Piceance Project—Case Study



# Piceance Project—Winter Construction



# Piceance Project—Greasewood Station Construction



# Piceance Project—Greasewood Station Construction

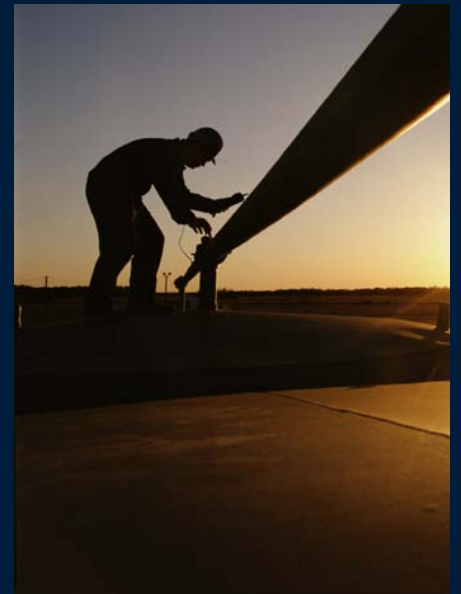


# Workforce/Construction Challenges

- Construction productivity
  - Offshore and onshore construction
- Experience level and training
  - Increased training requirements
  - Applicable to contractor and operator
- Project management
  - Earlier planning required
  - New skills for managing partnering and alliances



# Q&A





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