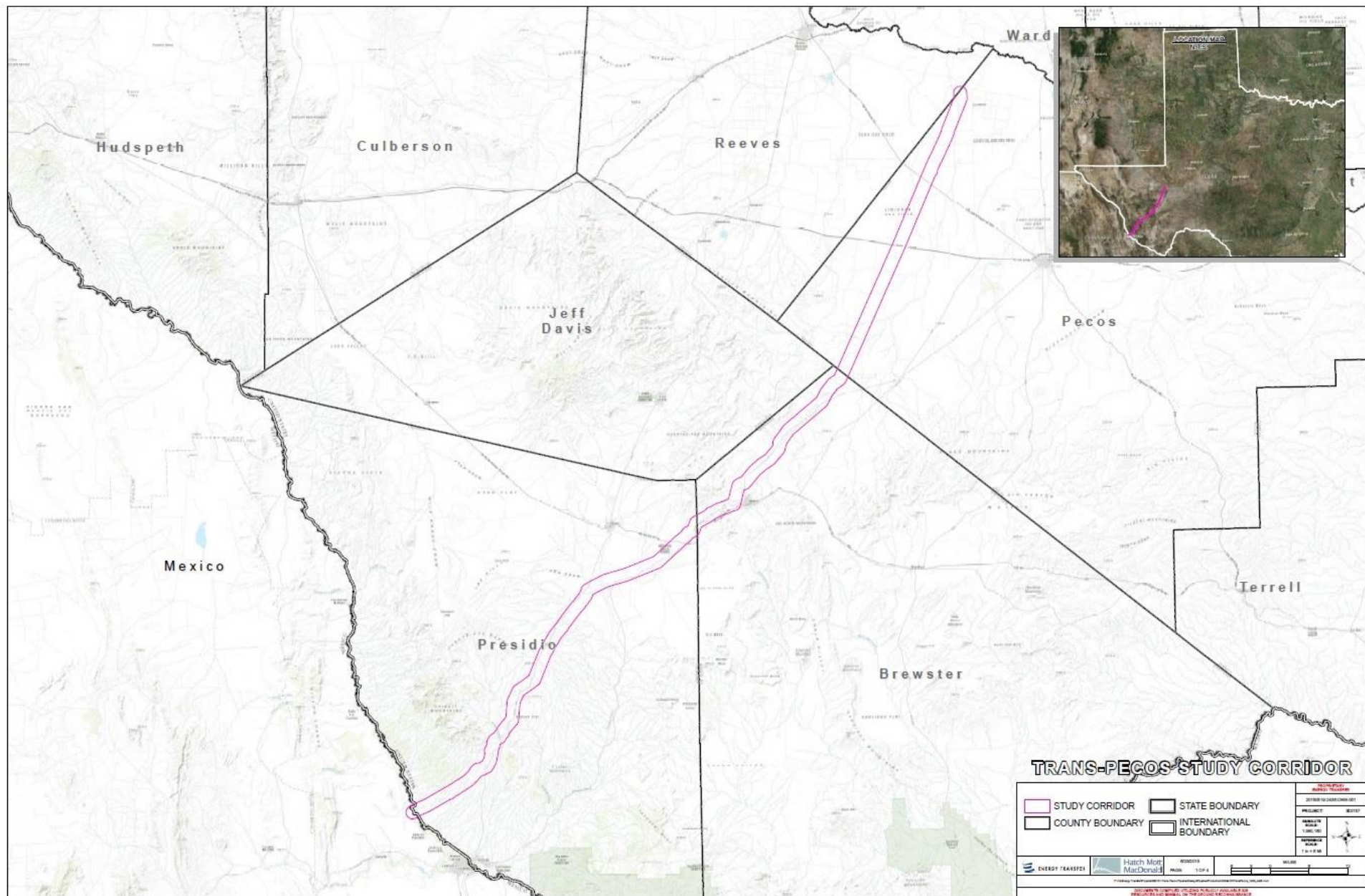




Trans-Pecos Pipeline Project

July 2015



Trans-Pecos Pipeline Project



The Trans-Pecos Pipeline is a Texas intrastate pipeline⁽¹⁾ designed to transport 1.4 billion cubic feet per day of clean-burning natural gas as part of an agreement with Comisión Federal de Electricidad, Mexico's federal electricity commission.

The approximately 143-mile, 42" pipeline will originate at the existing Waha Hub outside Fort Stockton, Texas in northern Pecos County crossing through Pecos, Brewster and Presidio counties.

- The pipeline will include delivery locations with local towns and utilities in West Texas.
- Trans-Pecos Pipeline will terminate at the international boundary in the Rio Grande River.
- The pipeline will then interconnect with a pipeline near Ojinaga, Chihuahua, Mexico.

(1) The pipeline will be an intrastate pipeline as defined in Section 2(16) of the Natural Gas Policy Act of 1978 ("NGPA") and 15 U.S.C. §3301(16).

Trans-Pecos Pipeline Project



THE FACTS:

- The preliminary pipeline corridor will follow existing power lines and railroads where feasible in order to reduce the pipeline's impact on the surrounding areas.
- Approximate mileage per county:
 - Pecos: 47 miles
 - Brewster: 33 miles
 - Presidio: 63 miles
- Landowners will be compensated for both permanent and temporary easements.
- Initial plans do not include compression beyond the point of origination, resulting in no noise or odors along the route.
- All safety lighting will comply with outdoor lighting ordinances.



Trans-Pecos Pipeline Project Timeline



March 2015	Sent letters to approximately 300 landowners along the proposed route introducing the project and the company
April 2015	Trans-Pecos project team begins outreach to elected officials and community leaders along the proposed route corridor
	Right-of-Way agents begin outreach to individual landowners to answer questions and discuss permission to survey property
	Trans-Pecos Pipeline receives T4 permit from The Texas Railroad Commission granting status as a gas utility
May 2015	Continue outreach and continue surveys to solidify safest route with the least environmental impact
June 2015	Submitted Presidential Permit to FERC for border crossing
Summer 2015	Begin securing easements
Q1 2016	Construction begins (may be as early as late Q4 2015)
Q1 2017	Trans-Pecos Pipeline begins transporting natural gas

A photograph showing a large stack of steel pipes in an outdoor storage yard. The pipes are arranged in rows, with the foreground pipes showing their dark, hollow interiors. The background features a dense line of green trees under a bright sky. A semi-transparent grey box is overlaid on the right side of the image, containing the title text.

Intrastate Pipelines & Regulatory

How is This an Intrastate Pipeline?



- Trans-Pecos Pipeline is located solely in Texas and is designated as a Texas ‘utility’ pipeline in accordance with state regulations.
 - Delivery points in Texas and on behalf of CFE to a point on the Texas-Mexico border.
- Initial taps installed along the route in each county.
 - Pecos: 1 Brewster: 1 Presidio: 3

RAILROAD COMMISSION

- Intrastate pipelines are subject to Texas/Federal permitting requirements and oversight by the Railroad Commission of Texas:
 - Oversight responsibility with regard to design, safety, construction and operation.
 - T-4 Permit permission to operate a pipeline in Texas.

Federal Regulations?



FEDERAL ENERGY REGULATORY COMMISSION (FERC)

- Has previously determined that “foreign commerce” does not constitute “interstate commerce”. As such, the pipeline is transporting gas in foreign and intrastate commerce, not interstate commerce.
- Application with FERC for a Presidential Permit for border crossing pipeline.

SAFETY REGULATIONS

U.S. Dept. of Transportation’s Pipeline and Hazardous Materials Safety Administration (PHMSA) w/delegated authority to the Railroad Commission of Texas

- Safety of the design, construction, operation and maintenance of natural gas pipelines.



Tax Revenue & Benefits

Benefits of Tax Revenue?



ECONOMIC BENEFITS

The Trans-Pecos Pipeline will provide a direct tax benefit to the counties traversed by the project. The following represents the approximate projected ad valorem taxes* that will be paid annually to each county:

• Pecos:	\$1.4 million
• Brewster:	\$1.0 million
• Presidio:	\$1.9 million
• Addnl. costs to be allocated:	<u>\$2.8 million</u>
Total:	\$7.1 million

Each county allocates funds collected to the various taxing jurisdictions such as schools, roads, hospitals, etc.

*Taxes calculated by cost-per-mile based on the age, size and diameter of the pipeline.

Local Effects and Benefits?



CONSTRUCTION

- The project will financially benefit local communities via the use of goods and services.
- Additional spending on local hotels, restaurants and businesses from the construction workforce.
- Bringing the Texas-Pacífico Railroad back in business in the area.

JOBS

- The project will create construction jobs and encourage continued production in the U.S. energy sector, therefore helping restore jobs from the recent market downturn.

AIR QUALITY

- Availability of natural gas to Mexico will help replace Northern Mexico's fuel source.
- Mexico's power generation plants currently produce harmful emissions from burning diesel, coal and wood.

NATURAL GAS SUPPLY DIVERSITY

- Multiple supply points from various companies at the Waha Hub to leverage the market for the best price.



Our Commitment to Safety

What Safety Measures Are Put in Place?



SAFETY:

- At Energy Transfer, safety is our top priority – the safety of the community, the safety of the environment and the safety of our employees. This commitment is held as a fundamental core value of our company and as a good business partner in your community.
- The Trans-Pecos Pipeline will be regulated by the Texas Railroad Commission with delegated authority by the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA).
- It also will be governed by state/federal environmental laws including the Clean Water Act, the Clean Air Act, the Rivers and Harbor Act, the Endangered Species Act and the Historical Preservation Act.
- The pipeline has/will be filing for permits with, provided information to, or engaged in required consultations with the U.S. Army Corps of Engineers, the U.S. Fish and Wildlife Service, the U.S. Department of Energy, the Texas Parks and Wildlife Department, the Texas Historical Commission, and numerous state entities.



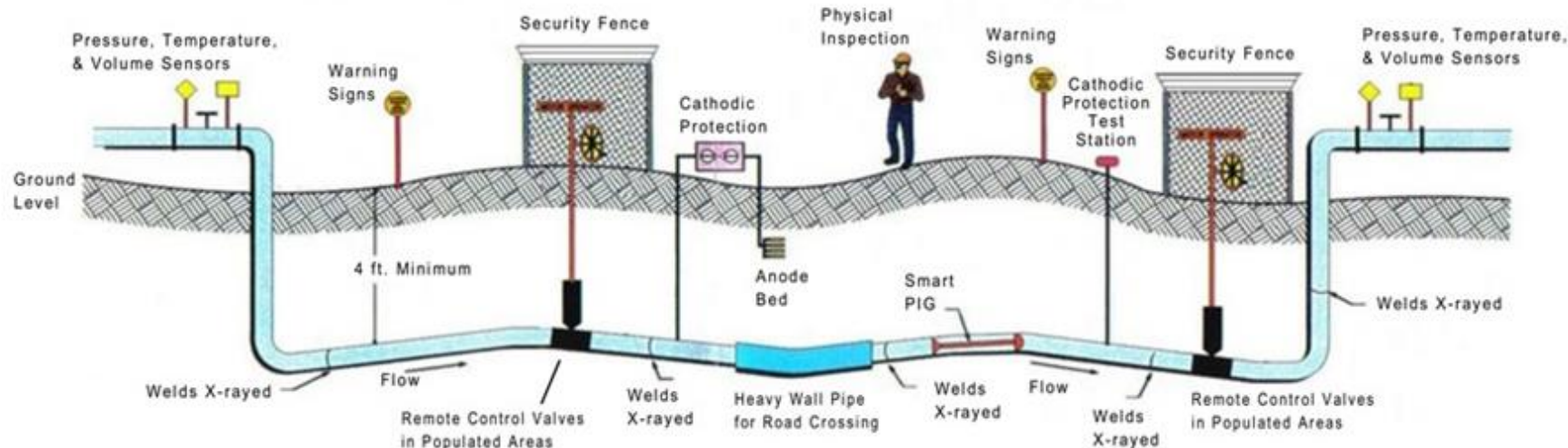
Safety Inspections?



SAFETY (CONT.)

- Design, construct, operate and maintain the pipeline to meet or exceed federal safety requirements and use equipment and materials that meet or exceed industry standards.
- Inspect every joint weld visually and with x-ray technology.
- Install pressure/temperature sensors at mainline valves and meter stations to automatically shut off the flow of gas through pipeline sections in emergencies.
- Before placing the pipeline in service, water is used to hydrostatically test the ability of each weld to hold against a minimum of 150% of the maximum operating pressure of the pipeline.
- Trans-Pecos Pipeline hydrotests 100% of the welds; though Federal Regulations only require that 10% of the welds be tested.
- Monitor gas flows 24/7 from a centralized gas control center.
- Ongoing aerial and on-the-ground inspections.





PRIMARY SAFETY MONITORING



Mass Balance System
-Pressure
-Temperature
-Volume

Constant reading intervals varying per location ranging from 15 seconds to 15 minutes

Right-of-Way surveillance

Pipeline markers along the route

PIPE



High tensile strength steel

Protective coating

Pressure tested at the mill

Extra wall thickness pipe under rivers up to .500 inches thick

Reinforced at road crossing

Cased at railroad crossings

CONSTRUCTION



All welds 100% x-rayed

Hydrostatically tested at a minimum of 150% of maximum operating pressure

Inspections
-Environmental
-Right-of-Way clearing
-Spread crossings
-Road crossings
-Communications

Major river crossings are directionally drilled

SMART PIG



Measures integrity & wall thickness

Detects any loss of wall thickness

Preventative measure

VALVE



Located at approx. every 15 miles and at each side of river crossings

Inspected every 12 to 15 months

CATHODIC PROTECTION



Inhibits corrosion by application of electrical charge

Effective protection requires very low DC voltage

Strategically located

Inspected and tested annually

Rectifier inspected every other month

Separate test stations approx. one mile apart and at road crossings

ONE-CALL SYSTEM



800 phone number hotline

24-hour operation

48-hour notice before digging

Pipeline company will send crew to monitor digging

It's the law

Severe penalties for failing to notify prior to digging

Pipeline markers along route

PUBLIC AWARENESS



Mailed annually to:

Property owners, local government officials, police, fire & emergency planning organizations

1. Explanation of who we are

2. Emergency 24-hour number

3. Pipeline markers info and maps

4. Info on One-Call

5. Nature of products transported



Construction



WHAT DOES CONSTRUCTION LOOK LIKE?

- The pipeline will be buried a minimum of 48" – deeper in some areas
- The thickness of the pipe is 0.600" and 0.864"
- 50 foot permanent easements, with additional 75 feet of temporary workspace
- River/road/railroad crossings will be bored below ground – no public roads will be closed
- No mainline construction activities performed at night

HOW LONG WILL CONSTRUCTION CREWS BE HERE?

- Anticipated start of construction: Late Q4 2015/Q1 2016, will take less than a year.
- Construction happens in separate spreads at varying locations along the route.

RESTORATION?

- Typically property owners can use the right-of-way just as they did before construction.
- Easement agreements: restore contours, re-seed/re-plant native vegetation.
- No deep rooted trees or permanent structures within right-of-way.





WILL IT BE BIDIRECTIONAL?

- No. Designed and engineered to flow one way: Waha Hub to the Texas-Mexico border.
- Transportation Agreement with CFE does not require bi-directional flow.
- Presidential Permit with FERC lasts a lifetime and will not need to be amended should a change occur in the future that would require the importation of natural gas into the U.S.

WHAT WATER IS USED?

- Water for safety hydrotesting will be sourced through negotiations with private landowners. Protection of local resources is taken into account.

WHERE IS THE COMPRESSOR STATION(S)?

- 1 compressor station at the point of origination at the Waha Hub near Cayanosa, TX.
- Initial plans do not include additional compression.
- Dual Drive Units – operated with gas engine or electric motor.
- No other structures along the route aside from unobtrusive safety valves.



What Happens At The Border Crossing?



The natural gas changes custody at the Texas-Mexico border in the center* of the Rio Grande River.

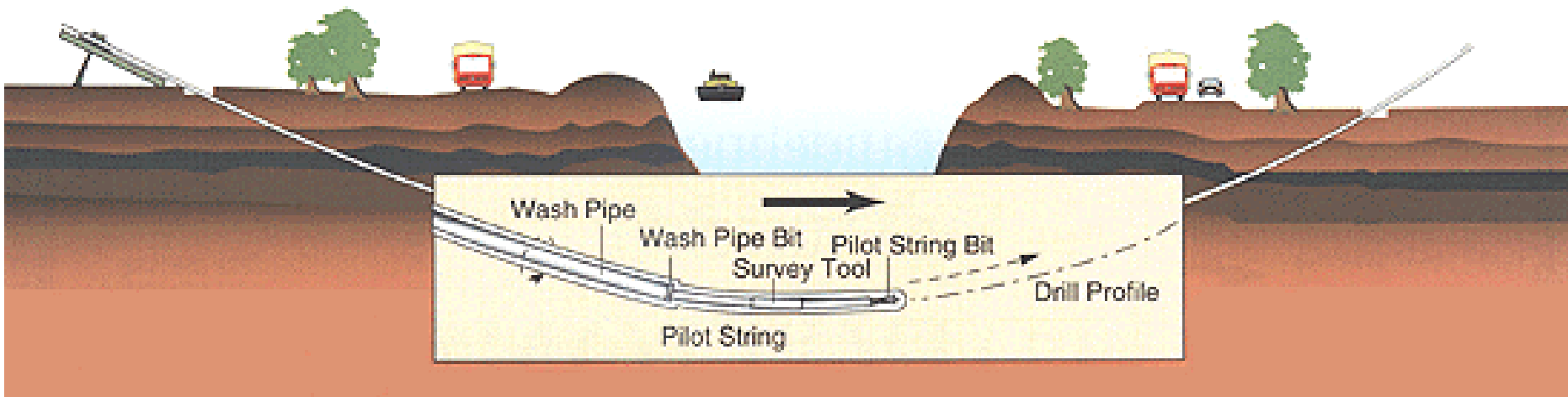
To ensure pipe integrity and overall safety, we will complete the full horizontal directional drill (HDD) under the river.

1. Drill Pilot Hole

2. Enlarge Hole (Ream)

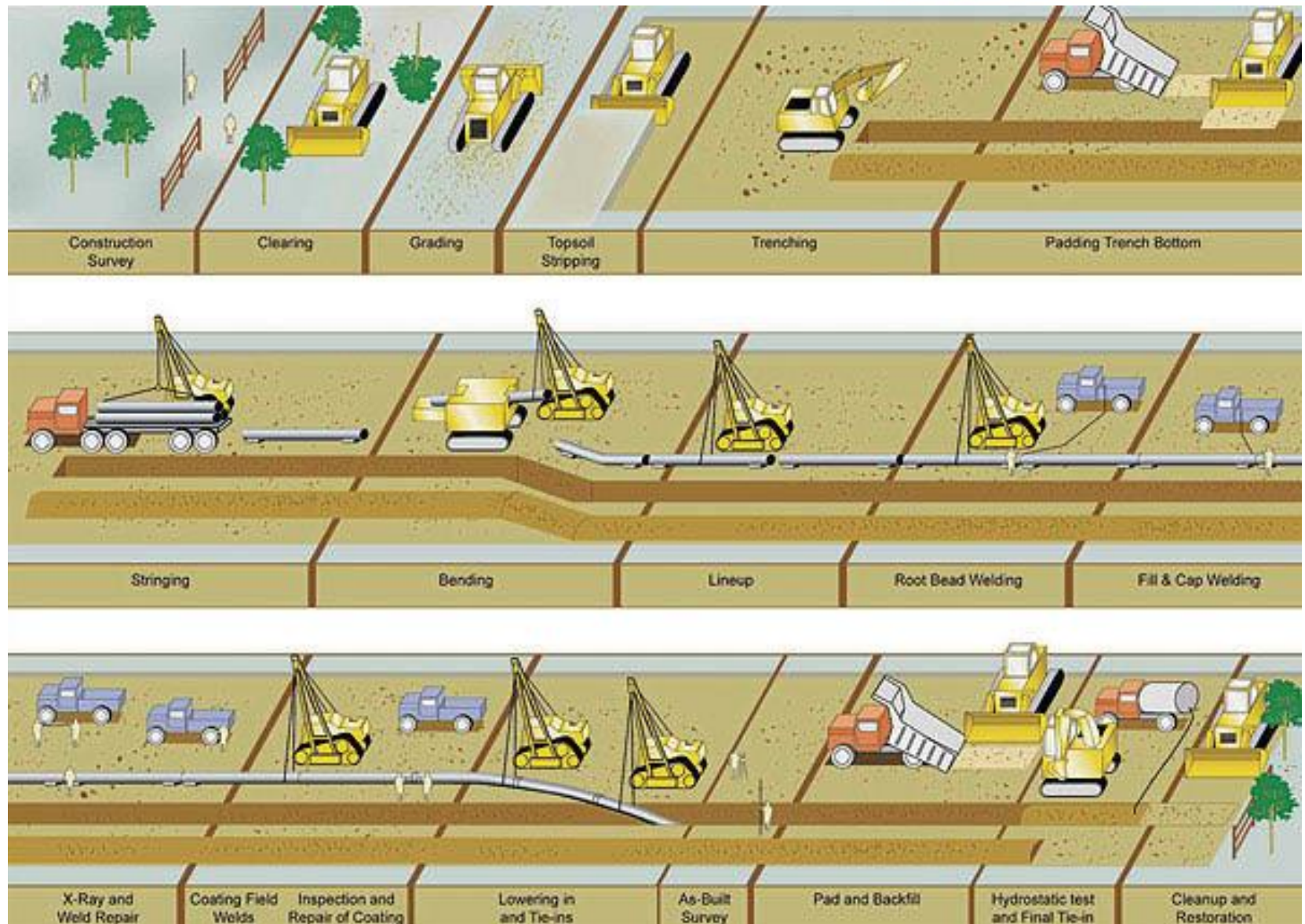
3. Pull Back (Install Pipe)

I.D.1. Pilot Hole



*Planned depth of pipe under Rio Grande riverbed is 70 feet.

Construction Process





Route



HOW IS THE ROUTE SELECTED?

- *Minimize*: number of water body crossings and length of wildlife habitat crossings.
- *Avoid*: population centers, historic landmarks, cemeteries, documented cultural sites, rock outcrops, severe terrain, etc.
- To determine the safest, most reliable route for the pipeline, we must conduct civil, environmental and archeological surveys of the area.

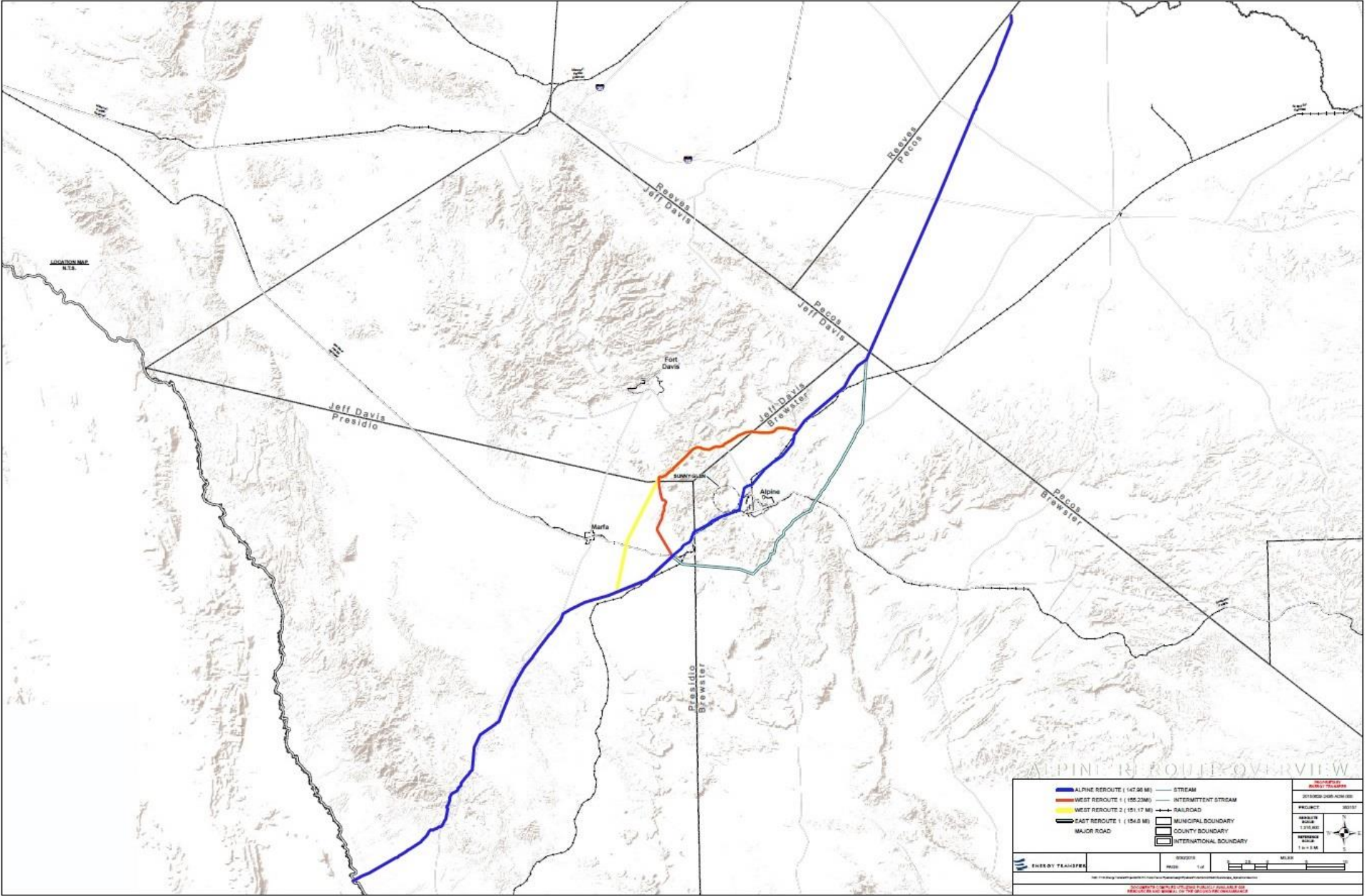
EMINENT DOMAIN?

It is the policy of Energy Transfer Partners to work with individual landowners to secure voluntary land easements. The use of eminent domain is a last resort.

WILL CONSTRUCTION AFFECT TOURISM?

Construction workforce will bring additional revenue through use of local goods and services. We will try to avoid overlapping construction in areas with festivals or special events on particular weekends.

ROUTE ALTERNATIVES



Construction Near The City of Alpine



ADDITIONAL DESIGN MEASURES - ALPINE

We are committed to being a good neighbor, a good business partner, a valued member of your community.

- Pipe wall will be thicker at 0.864 inches.
- Pipe will be buried 10 feet deep.
- Additional emergency shut-off valves will be placed on north and south side of city area.
- We are looking at ways to safely construct near the Sunny Glenn community while avoiding road congestion.

Additional Information



For additional information regarding the Trans-Pecos Pipeline Project:

Call toll-free to 1-800-321-7423

www.TransPecosPipelineFacts.com

