



## Ruby Update

**Roland Harris**  
Business Development  
Colorado Springs, CO.

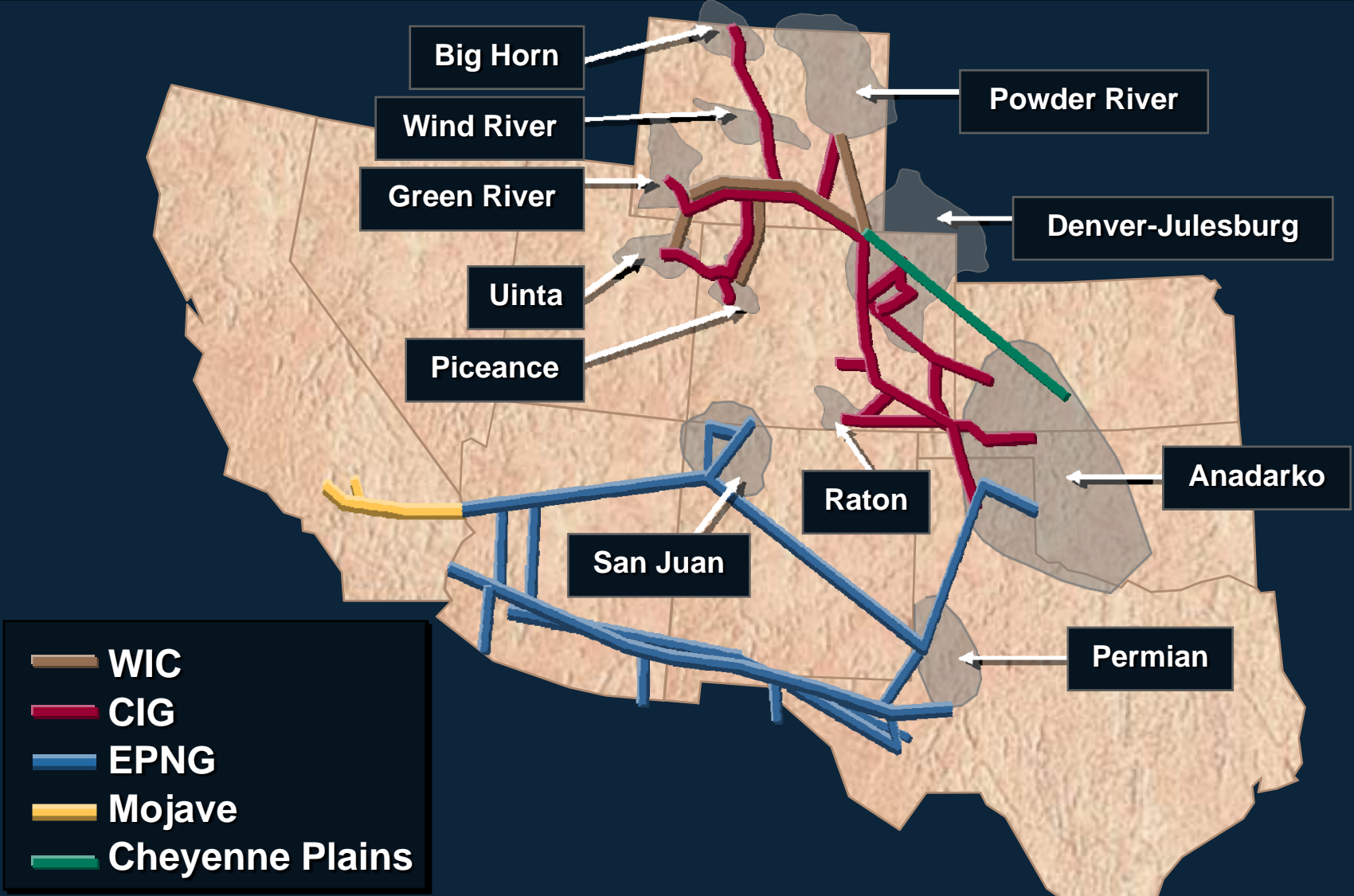
Wyoming Pipeline Authority  
Casper, Wyoming  
May 20, 2008

# Cautionary Statement Regarding Forward-looking Statements

This presentation includes forward-looking statements and projections, made in reliance on the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The company has made every reasonable effort to ensure that the information and assumptions on which these statements and projections are based are current, reasonable, and complete. However, a variety of factors could cause actual results to differ materially from the projections, anticipated results or other expectations expressed in this presentation, including, without limitation, our ability to successfully contract, build and operate the pipeline projects described in this presentation; changes in supply of natural gas; general economic and weather conditions in geographic regions or markets served by El Paso Corporation and its affiliates, or where operations of the company and its affiliates are located; the uncertainties associated with governmental regulation; competition, and other factors described in the company's (and its affiliates') Securities and Exchange Commission filings. While the company makes these statements and projections in good faith, neither the company nor its management can guarantee that anticipated future results will be achieved. Reference must be made to those filings for additional important factors that may affect actual results. The company assumes no obligation to publicly update or revise any forward-looking statements made herein or any other forward-looking statements made by the company, whether as a result of new information, future events, or otherwise.

- Why Ruby?
- Why Now?
- Progress Update
- Conclusion

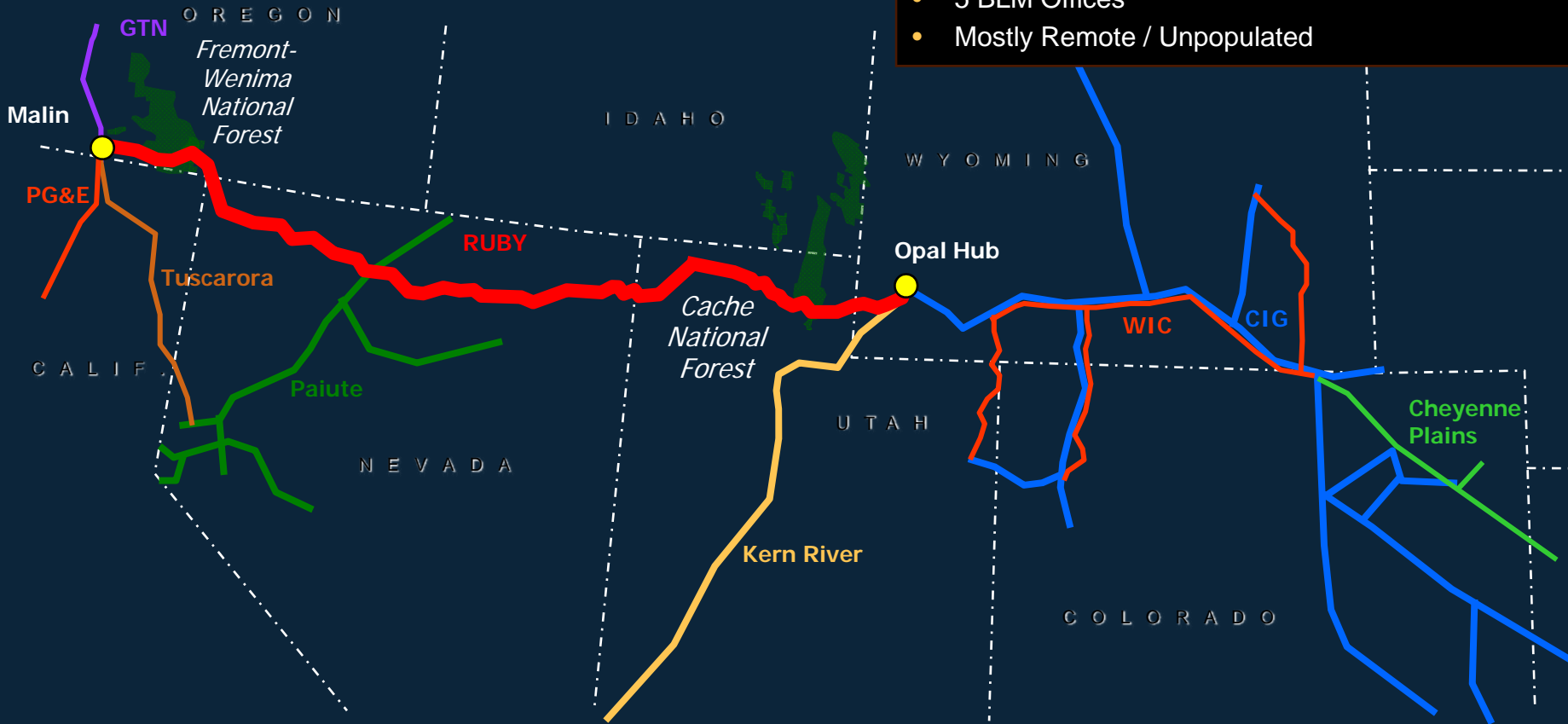
# El Paso Western Pipelines



Note: Includes El Paso Corporation and El Paso Pipeline Partners, L.P.

# Ruby Pipeline Map

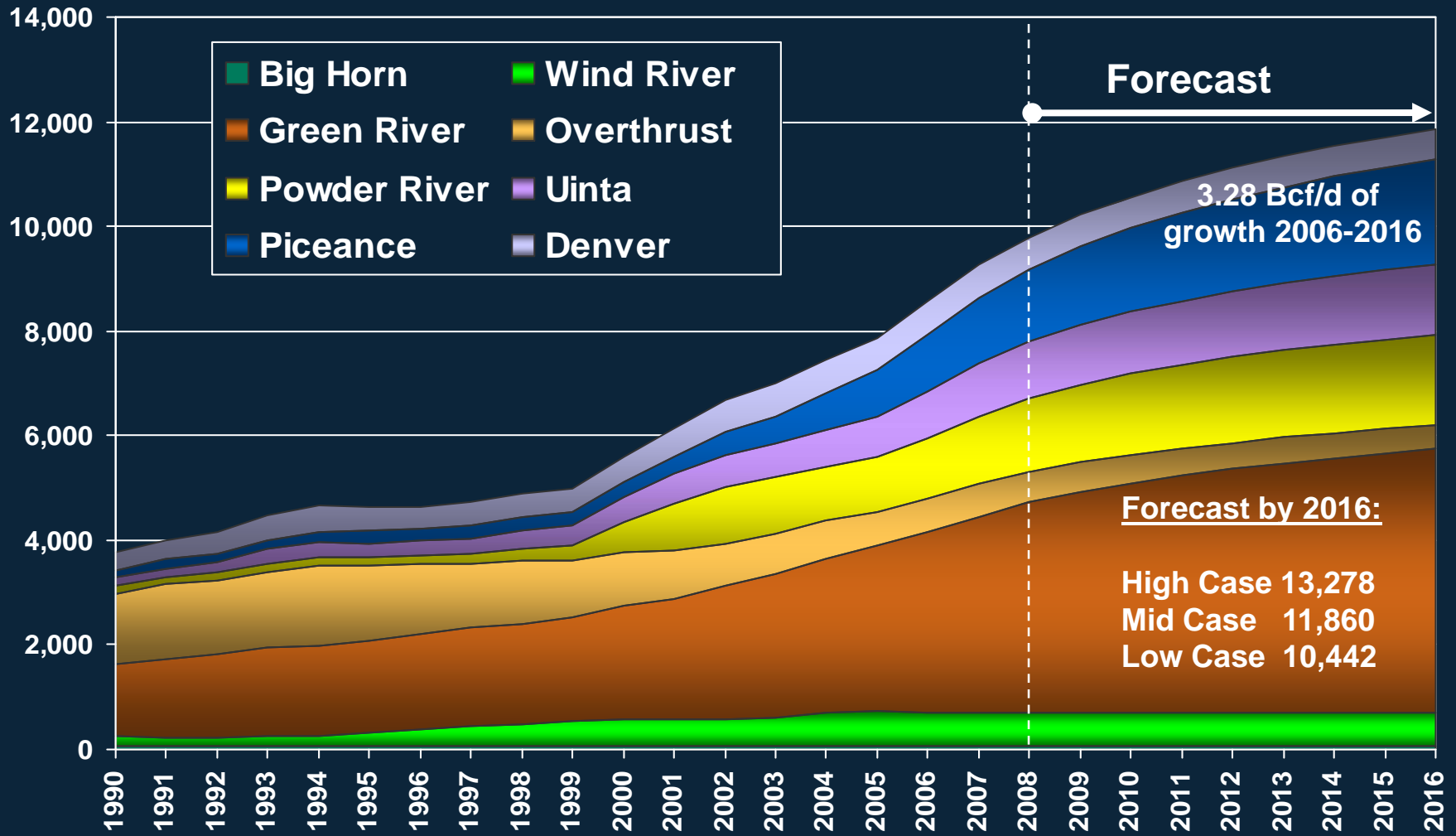
- 680 miles of 42-inch Opal to Malin
- 1.2 Bcf/d expandable to 2.0 Bcf/d
- 1,440 psig MAOP
- Compression: Head Station (76,500 hp) & Mid Point (30,000 hp) (possibly 3<sup>rd</sup> location)
- Measurement – 9 Locations
- 64% +/- Public Land
- 2 National Forests: Cache and Fremont-Winema
- 5 BLM Offices
- Mostly Remote / Unpopulated



**Why Ruby?**

**Why Now?**

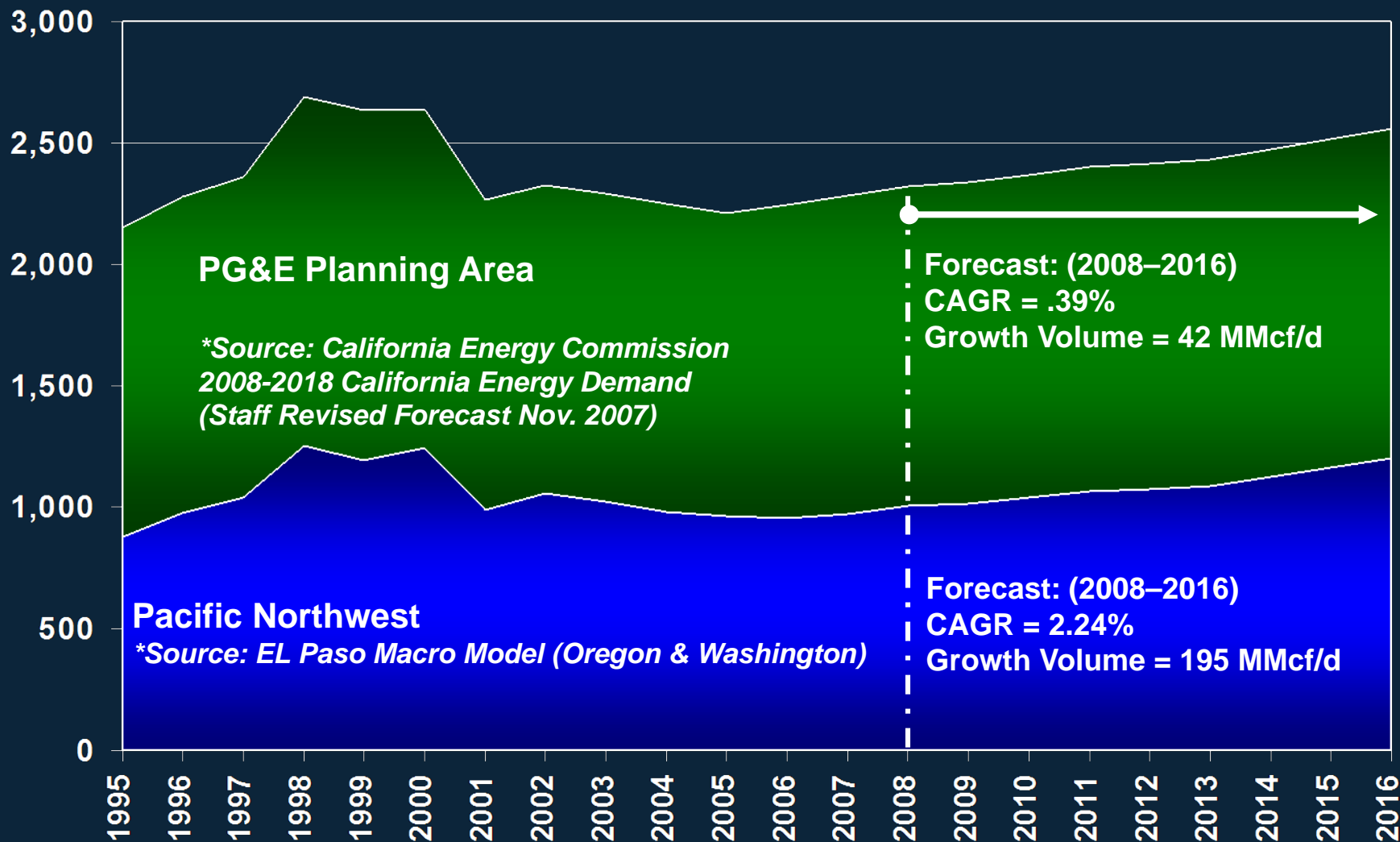
# Rocky Mountain Production (Volumes are Wellhead – Measured in MMcfd)



1990-2006: Wellhead total data from IHS database  
 2007-2015: El Paso forecast

# Historical and Forecasted Gas Demand (Northern CA and the Pacific Northwest)

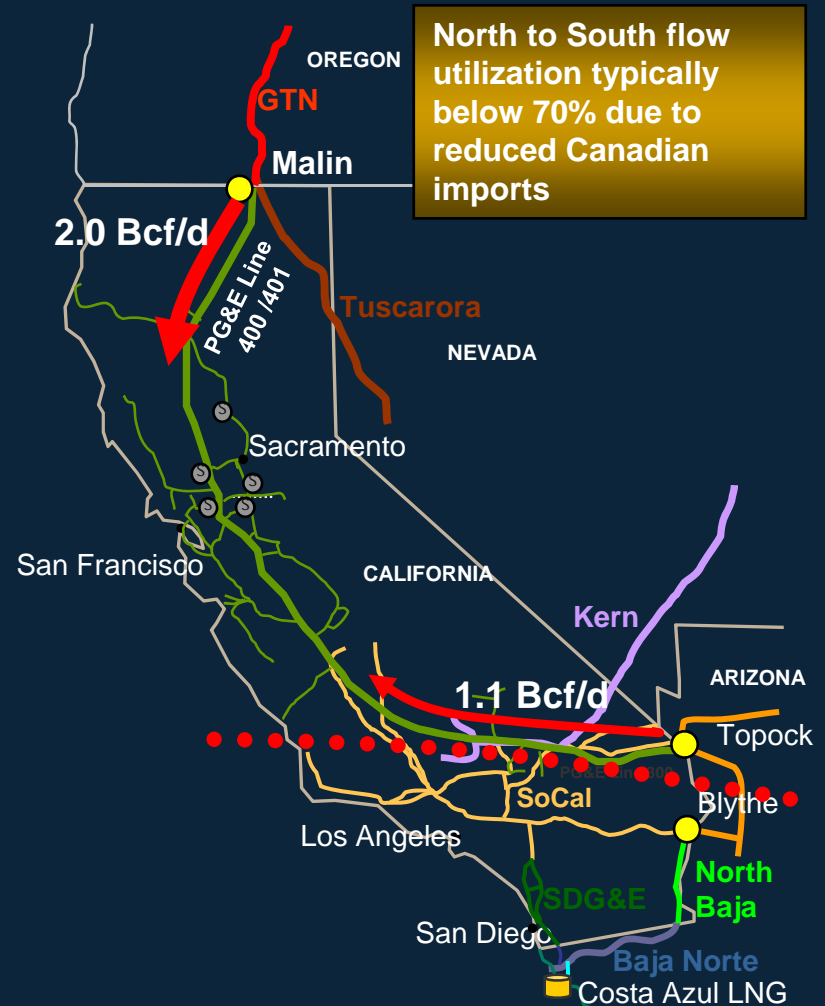
MMcf/d



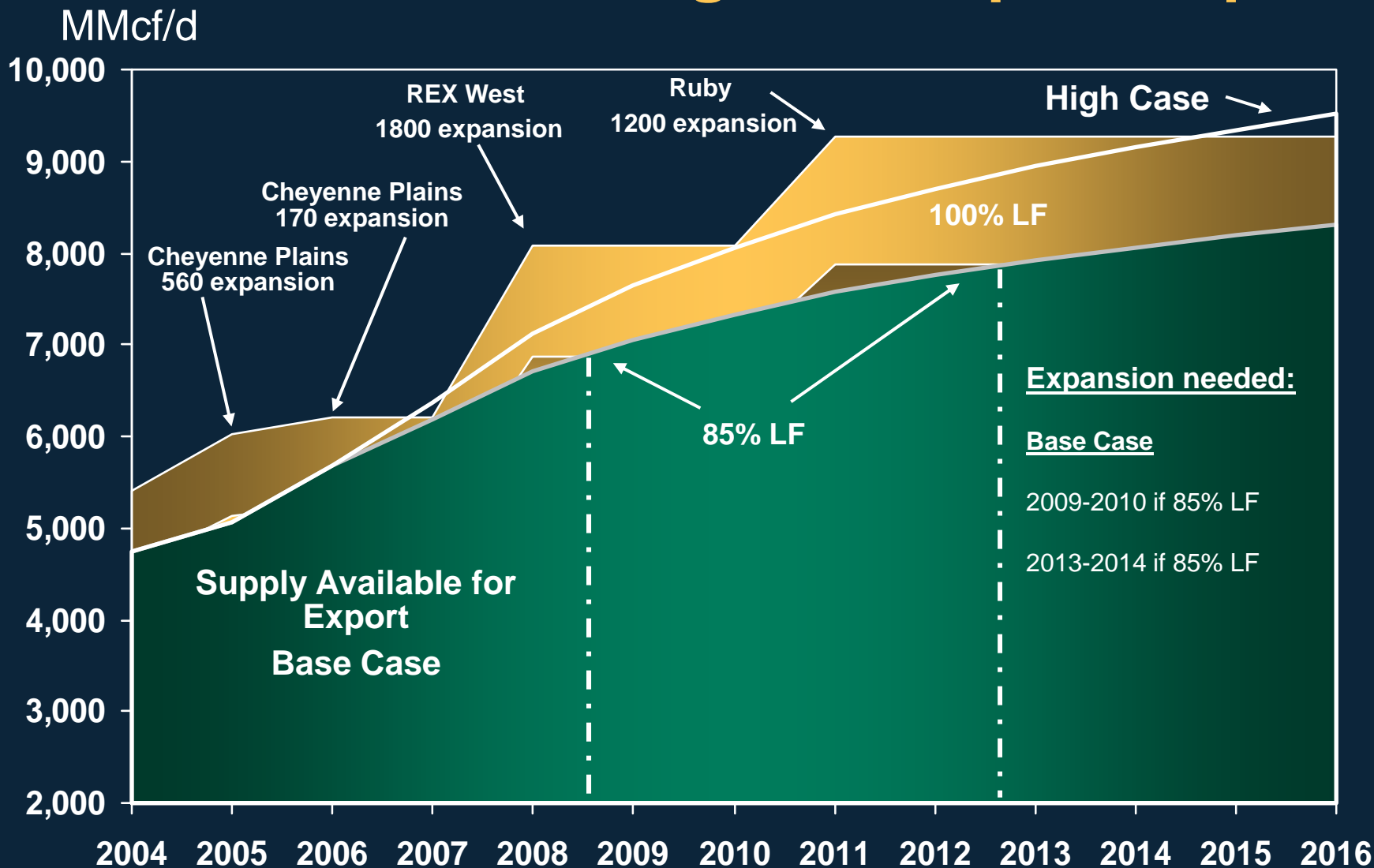


# Northern/Central California Market Detail

- The northern/central California market is served by PG&E
  - PG&E system is supplied from Canada and US (Rockies, San Juan and Permian Basins)
  - Reduced imports have resulted in PG&E Lines 400/401 (north to south flow) being underutilized
- Current California pipeline infrastructure allows for limited gas deliveries from southern to northern California
- SoCal system has limited physical ability to flow LNG from Mexico or Southern California into PG&E



# Rockies Supply vs. Regional Export Capacity



\*Source – El Paso supply Forecast

# Project Progress

# Development

- In development for over a year
- Analyzed 3 major routes & 4 variations of the preferred route
- Route selected after extensive agency/stakeholder discussions
- BLM application filed: November 2007
- Precedent agreement (PA) signed with PG&E (anchor shipper): December 2007
- CPUC filing for approval of PG&E PA: December 2007
- FERC Pre-filing process began: January 2008
- Binding Open Season began: February 2008

# Project Progress: Outreach

- Centerline and detailed surveys underway
- Survey permission received from Land-owners and the BLM for 75% of the route
- 25% of ROW is already surveyed
- 6 Scoping meetings with BLM
- 10 Open Houses covering the entire route from Opal to Malin
- 6 Scoping meetings with BLM and FERC
  - Meetings with NGOs: ONDA and Nature Conservancy
    - More scheduled: Extensive outreach underway
  - Oregon Department of Energy
  - On the ground: Opened Brigham, Utah office
  - Congressional meetings
- 6 construction spreads: 8-9 month construction period
  - U.S. Pipeline-Led Consortium
  - Risk / reward sharing contract

# Key Objective: Reducing the Ruby GHG Footprint

- Through various mechanisms, GHG emissions of 700,000 tonnes from construction to over the life of the project can be economically offset
- GHG reduction techniques would:
  - Reduce carbon footprint
  - Reduce the overall cost of fuel
  - Show environmental stewardship
  - Provide a hedge against costs of future GHG regulation
  - Reduce NGO risk

# Results of Cost /Benefits Analysis of Options: GHG Mitigation Actions to Pursue for Ruby

- Combine gas with electric compression
- Purchase renewable power (e-tags) to run e-motors
- Internal coating of the pipeline
- Apply Best (methane) Management Practices (BMPs)
- Leadership in Energy and Environmental Design (LEED)
- Reforestation along Ruby route
- Purchase Voluntary Emissions Reduction (VER) credits to mitigate residual emissions to zero

# Looking Forward

- Extensive on the ground construction planning: May-June 2008
- Complete civil, archaeological, and environmental surveys: by September 2008
- On track for CPUC approval of PG&E PA: October 2008
  - Approval supported by DRA and TURN (CPUC consumer advocates)
- FERC filing: January 2009
- FERC Certificate expected: 1<sup>st</sup> Qtr 2010
- Construction: 2<sup>nd</sup>-4<sup>th</sup> Qtr 2010
- In-service target: 1<sup>st</sup> Qtr 2011



# Ruby NEPA Process

- Historically NEPA work has taken a minimum of 10 months to accomplish
  - REX East
  - TW Phoenix
- Pushing this process in less than 10 -12 months leaves no time for unexpected issues and virtually leaves no margin for error
- Ruby has allowed enough time to address issues that surface during this process
  - Removes possibility of delay due to either wintertime construction in the 2010 timeframe 1 year delay of construction
- Ruby is not making promises that it may not be able to keep

# MARKETPLACE



**Penguin Sets a Push  
On Children's Books**  
WHO'S NEWS B5



**How Coffee Brewed  
A Battle on Logos**  
ADVERTISING B7



**BP Has a G  
Of Russian T  
CORPORATE NEWS**

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THE WALL STREET JOURNAL

Thursday, Ma

## \*Fast-Rising Steel Prices Set Back Big Projects

**ArcelorMittal's Net  
Rises but Shipyards,  
Builders Feel Pinch**

BY ROBERT GUY MATTHEWS

**R**ELENTLESS INCREASES in the price of steel are halting or slowing major construction projects world-wide and investments in shipbuilding and oil-and-gas exploration, setting the stage for a potential backlash against steelmakers.

In Turkey, a construction association said this week it will begin a 15-day strike in eight cities Thursday to press steelmakers to cut their prices, which have more than doubled locally since late last year.

In New Delhi, India, an ambi-

tious bridge project has been put on hold because of steel-related cost overruns, and contractors are postponing or reining in construction of much-needed housing for the poor, prompting the Indian government to freeze steel prices for the next three months.

Venezuela, aiming to control prices, renationalized its largest steelmaker and is limiting exports. Oil executives in the U.S., meanwhile, say costly steel is threatening their energy exploration efforts.

Globally, steel prices are up 40% to 50% since December, and industry executives say they haven't hit their peak. On Wednesday, ArcelorMittal, the world's largest steelmaker by volume, boosted prices by €120 (\$186), or 20%, a metric ton in Europe, citing increases in its own

costs—from iron ore to energy and transportation.

"We have not yet seen that prices have peaked, what we have seen is the costs increasing every month," said ArcelorMittal Chief Executive Lakshmi Mittal on a conference call with reporters.

Iron-ore prices have risen 71% this year. Two other crucial steelmaking ingredients, coking coal and scrap steel, have doubled in price. The run-ups are part of a broader surge in raw-materials prices amid tight supplies and soaring global demand, fueled in part by the rapid industrialization of China, India and other developing nations.

ArcelorMittal said Wednes-

day that its earnings grew 5.4% to \$2.37 billion in the first quarter from \$2.25 billion a year earlier.

Both sales and shipments grew sharply as the Luxembourg-based company sold more steel in emerging markets.

The world's voracious appetite for steel shows little sign of easing. In Turkey, a new shipyard, once completed, will need 100,000 tons of steel a year. And demand in the U.S. is rising, despite a sluggish economy.

While still in a position of pricing power, steelmakers are concerned that over time, their high prices will affect sales. "There will be impact on demand, and that is not a good

development for the steel industry," said Aditya Mittal, chief financial officer of ArcelorMittal, on a separate conference call.

As a result, steelmakers are taking steps to cut their costs. To shield themselves from higher raw-material prices, more of them are acquiring their own iron-ore and coal mines or deposits, as well as producers of scrap steel. Nippon Steel Corp. and other Japanese steelmakers announced this month that they would accelerate cost-cutting efforts, which could include layoffs and developing cheaper steel substitutes.

The industry is also consolidating, which should allow producers to become more efficient and gain economies of scale that could ultimately result in more

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Lakshmi Mittal

## SEC C Broad Found Optior

BY DON CLARI  
AND JUSTIN S

A governme stock-options getted two big founders of Br Southern Calif that epitomiz growth of the 1

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## Car Dealers Set 'Green' Blueprints

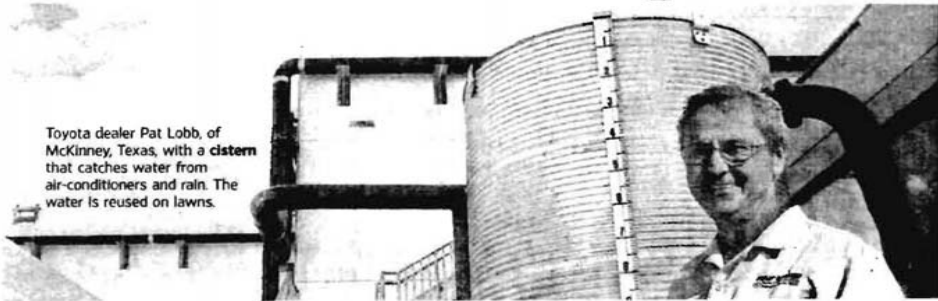
**Toyota and GM Push  
Eco-Friendly Showrooms  
To Attract Customers**

BY JOHN D. STOLL

**T**HE LAFONTAINE Automotive Group has spent about \$15 million in the last two years building a sprawling, multibrand auto dealership in Highland, Mich., investing \$2 million in "green" initiatives.

The hydraulic lifts in the service bay are lubricated with vegetable oil. Eighty-five skylights dot the ceiling. Doors are

Toyota dealer Pat Lobb, of McKinney, Texas, with a cistern that catches water from air-conditioners and rain. The water is reused on lawns.



# Ruby Pipeline: The Final Analysis

- ↓ • Project cost increase
  - ↑ – Rate increase mitigated by improved basis spreads
  - – All industry “in the same boat” with steel costs
- ↑ • In-service timeline intact
  - 1<sup>st</sup> Qtr 2011
- ↑ • Rockies production growth on target
  - “A good problem to have”
- ↑ • Anchor shipper contracted
  - 375 MDth/d secured
- ↑ • Malin-Northern California is one of the few growth markets without significant nearby production discovery

# Revised Project Timeline

- June 12 – Final Shipper Contracts
  - Shipper Bid with Board Approval
- Week of June 16<sup>th</sup>
  - El Paso Board Approval
  - Order Steel Coil
- June 23: Notice to Proceed
- January 2009
  - File 7(c)
  - Receive Certificate
  - Start Construction
- **2011: In Service First Quarter**

# Conclusion

- **Canadian export decline suggests the Western Markets require supply diversity**
- **Rockies Supply push requires additional infrastructure in the next few years**
- **Considerable progress has already been made on Ruby Pipeline development**
- **Ruby is the project that can meet the market's timeline and needs**